METRO

ANNUAL REPORT 2023/24

WHOLESALE.
MORE THAN EVER.

A whole lot of wholesale. With the sCore strategy, that's what METRO stands for, today more than ever. That means not only: more own brands, more delivery and more digitalisation. But also: more passion, more commitment and more team spirit.

WHOLESALE. MORE THAN EVER.

METRO IN FIGURES

METRO in figures

Key financial figures (in € million)	2022/23	2023/24	Change	Change in %
Sales (net)	30,551	**31,029**	478	1.6
Adjusted EBITDA	1,174	**1,058**	−116	−9.9
EBIT	598	**218**	−380	−63.6
Earnings per share in € (basic = diluted)	1.21	**−0.33**	−1.54	–
Dividend[1]	0.55	**0.00**	−0.55	–

1 Subject to the resolution of the respective Annual General Meeting.

Network	2022/23	2023/24	Change	Change in %
Stores and delivery (number of countries)	32	**33**	1	–
Marketplace (number of countries)	6	**6**	0	–
DISH POS[1] (number of countries)	4	**6**	2	–
Stores (number of locations)[3]	625	**624**	−1	–
thereof delivery OOS[2] (number of locations)	(529)	**(522)**	(−7)	–
FSD depots (number of locations)	76	**94**	18	–

1 DISH POS is a cloud-based all-in-one POS system with solutions for the hospitality industry. The product was developed by POS provider Eijsink. The product has undergone further development and been integrated into the offering of digital DISH tools since it was acquired by DISH Digital Solutions in March 2022. The system is called Booq in the Netherlands and Belgium.

2 OOS refers to the existing METRO location portfolio and includes METRO stores that deliver from the store on the one hand and stores that operate their own depot in the store on the other.

3 2 stores in Ukraine (Mariupol and Kharkiv) have been excluded from the consideration of locations, as they are temporarily not operating due to the war.

Multichannel development

Sales development (in € million)	2022/23	2023/24	Change in %	Ambition 2030
Store-based and other business	23,342	**22,923**	–2	~1.2× vs. 2020/21
FSD	7,099	**7,942**	12	>3× vs. 2020/21
METRO MARKETS sales	110	**165**	49	
METRO MARKETS marketplace sales[1]	172	**256**	48	>€1.5 bn

1 Total volume of METRO MARKETS platform (and third-party platforms) excluding VAT and after cancellations but before any deductions; includes seller sales in full.

sCore KPIs (%)	2022/23	2023/24	Change in percentage points	Ambition 2030
Strategic customer sales share	74	**76**	2	>80%
Own-brand sales share	22	**24**	3	>35%
Stock availability	96	**97**	1	>98%
FSD sales share	23	**26**	2	>33%
Digital sales share	11	**14**	3	40%

Medium-term ambition	2022/23	2023/24	Growth target	Ambition 2030
Sales development (%)[1]	9	**6**	5–10% CAGR	>€40 billion
EBITDA development (%)[2]	–13	**–6**	5–7% CAGR	>€2 billion
Investments (% of sales)[3]	1.8	**1.7**		<1.5%
Free cash flow (€ million)	–147	**–24**		>€0.6 billion
Net debt/EBITDA (0.0×)	2.0×	**2.9×**		<2.5×

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

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LETTER TO THE SHAREHOLDERS

Dear Ladies and Gentlemen,

Financial year 2023/24 was again notable for the implementation of the sCore strategy. 3 years ago, we embarked on a systematic growth path with a focus on food-based wholesale. With this strategy we achieved sales growth for the 3rd year in succession. Although we find ourselves in a difficult geopolitical situation and are facing cost inflation, we achieved both currency-, portfolio-adjusted growth and expanded our business in all channels and regions, while improving our market position. We have now entered a phase in which we increasingly focus on the topics of productivity and profitability, without losing sight of sustainable growth. We have singled these topics out as our priorities for the coming year: we will continue to invest into growth and increase our productivity in this process.

The core of our **sCore** strategy and our recipe for success is our multichannel business model. Why are we pursuing this approach?

- Our combination of wholesale stores, delivery service and online marketplace is unique and meets different customer needs.
- Our holistic, demand-driven offering gives us a competitive advantage in a highly fragmented market with structural growth.
- With our existing infrastructure as the basis, the transformation of wholesale stores into combined delivery locations enables us to achieve capital-efficient growth.
- Our business channels are providing synergy effects, as we are seeing disproportionately rapid sales growth among our multichannel customers.

For these reasons, we will continue to **invest in** our **long-term growth** in future, and we have already achieved further **milestones:**

- **Customers:** our customers are our priority, as our employees demonstrate every day. In addition, we support international culinary events. As the rise in the willingness to recommend our company (+10 percentage points in the Net Promoter Score compared with financial year 2020/21) shows, our strategy is working.
- **Stores:** we continued to roll out our volume-based ‘buy more, pay less’ **pricing model** (>120,000 articles since October 2022).

- **Delivery:** we have again expanded our **sales force** (+>700 employees) and further reduced our **product range** (by >400,000 articles). This has allowed us to reduce complexity and create **delivery space** (+42 locations in financial year 2023/24).
- **Digital:** at METRO MARKETS, we nearly doubled sales in 6 top HoReCa countries, which generate 60% of our HoReCa sales. We also rolled out the DISH POS payment system in Italy and Spain (total now 6 countries). We have developed DISH Pay and introduced it in Germany, Italy, France and Spain.
- **Portfolio:** following the acquisition of Johan i Hallen & Bergfalk (JHB) in the previous year, we successfully acquired 2 high-performance companies that promise to deliver synergies in our Scandinavian business: the food service distribution specialists Fisk Idag in Sweden and Donier Gastronomie in Finland. In addition, in Caterite Food and Wineservice in Great Britain, we found a suitable complement for Classic Fine Foods UK to allow us to operate countrywide.
- **Sustainability:** in the reporting period, 8 further photovoltaic plants were installed with a total additional capacity of 22,122 kWp.

These measures are paying off: with sales growth of 6%[1], we reached the upper half of the outlook range in financial year 2023/24. Adjusted EBITDA declined by €67 million in line with expectations. The reasons are the continuous transformation requirements in wholesale, persistent cost pressure and the expiry of post-transaction effects. As described above, we currently focus in particular on productivity. In financial year 2023/24 alone, we increased productivity by 5%, especially by optimising our wholesale locations. We want to intensify our efforts in financial year 2024/25 and have initiated the corresponding measures.

The progress made regarding the strategic key performance indicators also speaks for itself:

- **We have never been so wholesale:** 76% of sales generated with strategic customers (versus 66% before implementing sCore), 24% own-brand sales share (versus 17% before implementing sCore); 97% stock availability (versus 95% before implementing sCore)
- **We have never been so FSD:** 26% food service distribution sales share (versus 17% before implementing sCore)
- **We have never been so digital:** 14% digital sales share (versus 6% before implementing sCore)

The reported earnings per share (EPS) are €−0.33 (2022/23: €1.21). The previous year's earnings were to a significant extent influenced by the sale of part of the METRO Campus, the sale of the Indian business and non-cash currency effects in the net financial result. In accordance with our dividend policy (payout ratio of 45% to 55% of EPS), the Management Board and the Supervisory Board propose to the Annual General Meeting not to pay a dividend for financial year **2023/24**.

We managed to refinance METRO on attractive terms this year. In February 2024, we successfully placed a bond of €500 million with a term of 5 years, followed by a promissory note loan of €300 million at the beginning of October 2024. As a result, METRO's financing remains on a solid footing and the company has sufficient liquidity reserves.

We expect a total sales growth of 3% to 7% for financial year 2024/25. Operating performance continues to face rising costs, which we aim to control with our productivity measures. Accordingly, we expect adjusted EBITDA to increase slightly. We can see that our sCore strategy is working. However, we are faced with major cost-related challenges in this regard. Transformation costs of up to €150 million are planned for this purpose in financial year 2024/25. We are taking this step in order to achieve our sCore targets for 2030.

1 Currency- and portfolio-adjusted.

None of this would be possible without the tireless efforts of our employees. We are working with a great deal of commitment as **ONE METRO**. Together, we will achieve the targets we have set for ourselves by 2030. We are doing what we do best – multichannel wholesale. Dear shareholders, we sincerely thank you for your support.

Yours truly,

Dr Steffen Greubel
Chairman of the Management Board of METRO AG

THE MANAGEMENT BOARD

DR STEFFEN GREUBEL

Chairman of the Management Board

AREAS OF RESPONSIBILITY

METRO Germany, METRO France, Corporate Communications, Corporate Office, Corporate Responsibility & Public Policy, Investor Relations, M&A | Legal & Compliance, IT Security, Strategy & Transformation, DISH Digital Solutions, METRO MARKETS, METRO PROPERTIES.

GUILLAUME DERUYTER

Chief Customer & Merchandise Officer

AREAS OF RESPONSIBILITY

Customer & Sales, E2E Supply Chain Management, Food Service Distribution (incl. Aviludo, Classic Fine Foods, Johan i Hallen & Bergfalk (JHB), Pro à Pro, Pro a Pro Spain, R Express), Global Procurement, Global Quality Assurance, Multichannel Network Transformation, Retail Franchise, METRO ADVERTISING, METRO SOURCING International.

CHRISTIANE GIESEN

Chief Operating Officer and Labour Director

AREAS OF RESPONSIBILITY

METRO Austria, METRO Bulgaria, METRO Croatia, MAKRO Czech Republic, METRO Hungary, METRO Italy, METRO Kazakhstan, METRO Moldova, MAKRO Netherlands, METRO Pakistan, MAKRO Poland, MAKRO Portugal, MAKRO Spain, METRO Romania, METRO Russia, METRO Serbia, METRO Slovakia, METRO Turkey, METRO Ukraine, Regional People & Culture Operations, Global Talent & Organisational Development, People & Culture Management and Services, Transformation & Change, METRO Campus Services, METRO LOGISTICS.

ERIC RIEGGER

Chief Financial Officer

AREAS OF RESPONSIBILITY

Corporate Accounting, Corporate Controlling, Corporate Tax, Corporate Treasury, METRO Global Solution Centre, Group Internal Audit | Group Risk Management, METRO DIGITAL, METRO Financial Services, METRO Insurance Broker, MIAG.

- **More information about the members of the Management Board (including curricula vitae and terms of appointment) can be found on the website www.metroag.de/en in the section About us – Management Board.**

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

METRO celebrated its 60th birthday this year, and the many messages of congratulation we received from our customers, from the business world and from political figures are testimony to the value of what we have built over the last 6 decades. The group-wide implementation of our sCore strategy, with its consistent wholesale orientation and multichannel approach, resulted in positive sales development once again this financial year, generating growth across all regions and sales channels. METRO posted sales growth of 6% in the outlook view with an increase in total sales to €31 billion. The ongoing transformation requirements in the wholesale business, persistent cost pressures and the expiry of post-transaction effects meant that adjusted EBITDA came to €1,058 million.

A challenging economic landscape is to be expected again in the coming financial year. The Management Board will continue to drive sales growth and improve cash flow by boosting efficiency and productivity. To signal our focus on this goal, we streamlined our Management Board back in June and reorganised responsibilities so that all Board departments received additional operational functions. CEO Dr Steffen Greubel took on responsibility for METRO France in addition to METRO Deutschland. CFO Eric Riegger, who joined the Management Board of METRO AG in February, now also has overall responsibility for IT (METRO DIGITAL). Christiane Giesen has taken on the COO function alongside her role as Labour Director, and the new member of the Management Board Guillaume Deruyter is responsible for the CCMO department. We would like to thank Claude Sarrailh and Rafael Gasset, who have left the Management Board, for the valuable work they have done for the company.

I would also like to take this opportunity to say farewell to Xaver Schiller, the long-standing member and Vice Chairman of the Supervisory Board, and Prof. Dr Edgar Ernst, the former Chairman of the Audit Committee. They both have a long association with the Supervisory Board of METRO AG and I offer them my sincere thanks on behalf of the entire Supervisory Board for their dedication and constructive approach.

Finally, my thanks go to you, our shareholders, for believing in us during these turbulent economic times and for your confidence in the lasting success of our transformation.

JÜRGEN STEINEMANN

Chairman of the Supervisory Board

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

Advice and supervision in consultation with the Management Board

In financial year 2023/24, 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 has provided us with detailed written and verbal information on all significant matters within METRO at the Supervisory Board meetings and on other occasions in a timely manner and in accordance with the statutory requirements. Its reporting in particular included information on current business developments, on the intended business policies and other fundamental concerns relating to corporate planning as well as information about the situation of the company and the group (including the risk position, risk management and compliance). The Management Board provided explanations for any deviations from planned business performance. We have given our approval for individual business transactions, if it was required by law, the Articles of Association or internal regulations. Since no matters requiring clarification arose, we did not make use of the Supervisory Board's rights of inspection and audit pursuant to § 111 Section 2 Sentences 1 and 2 of the German Stock Corporation Act (AktG). Managers from the relevant departments or subsidiaries of METRO attended Supervisory Board meetings to address particular agenda items.

As the Chairman of the Supervisory Board, I also worked especially closely with the Chief Executive Officer, Dr Steffen Greubel, but also the other members of the Management Board, outside of meetings and regularly exchanged information with regard to key issues and pending decisions. I was in contact with the members of the Supervisory Board outside of meetings. In our capacity as committee chairmen, Willem Eelman and I also reported on the work and recommendations of the respective committees at the subsequent 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

The terms of office of Prof. Dr Edgar Ernst, Roman Šilha, Stefan Tieben and myself ended at the close of the Annual General Meeting of METRO AG on 7 February 2024. Roman Šilha, Stefan Tieben and myself were elected by the Annual General Meeting for a further term of office, although my term of office was limited to 1 year at my own request. Prof. Dr Edgar Ernst was not available for another office term. By appointment by the Annual General Meeting, he was succeeded by Willem Eelman as new shareholder representative on the Supervisory Board. Xaver Schiller, the previous Vice Chairman of the Supervisory Board, resigned from the Supervisory Board at the end of financial year 2023/24. Manuela Wetzko joined the Supervisory Board to replace him as his elected alternate member. The Supervisory Board subsequently elected Paul Loyo as the new Vice Chairman of the Supervisory Board at the beginning of October 2024.

Effective 1 February 2024, we appointed Eric Riegger to the Management Board as Chief Financial Officer (CFO). In June 2024, we then reduced the size of the Management Board of METRO AG from 5 to 4 members. Moreover, all Board departments received additional operational functions. This is intended to further increase the efficiency of the Management Board’s work in the course of implementing sCore. In the course of this, the appointment of Rafael Gasset was terminated by mutual agreement and his responsibilities as Chief Operating Officer were transferred to Christiane Giesen, who assumed this role additionally to her function as Labour Director. Claude Sarrailh (Chief Customer & Merchandise Officer) had already indicated at an early stage that he was no longer interested in prolonging his contract, which was due to expire at the end of 2024. His appointment was therefore also terminated by mutual agreement. As his successor, we appointed Guillaume Deruyter, who was already responsible for the Food Service Distribution (FSD) cluster as Executive Vice President, to the Management Board. In addition to METRO Deutschland, CEO Dr Steffen Greubel also assumed responsibility at country level for METRO France, and Eric Riegger assumed responsibility for METRO DIGITAL alongside his existing functions.

Main topics of the Supervisory Board meetings and resolutions

The Supervisory Board held a total of 6 meetings in financial year 2023/24, of which 1 was convened as an extraordinary meeting. Moreover, 1 resolution was passed in a written procedure outside a Supervisory Board meeting. In every ordinary meeting, the Supervisory Board received a detailed status update on the current business developments in the group, in particular on financial reporting during the year. As part of this, the Management Board informed us about the progress of implementing the sCore corporate strategy. It also reported to us regularly on the status of significant projects at METRO and on changes in top management. In addition to these regular topics, the Supervisory Board dealt with the following topics in the past financial year:

November 2023 – At this meeting, Eric Riegger introduced himself to the full Supervisory Board as a candidate for the CFO position and was appointed as a member of the Management Board effective 1 February 2024. In the course of the country deep dive, the Supervisory Board received an update on the business development of METRO Deutschland and approved the extension of lease agreements for a portfolio consisting of 31 METRO Deutschland locations, as well as the associated gross investments. The Supervisory Board addressed the strategic alignment of METRO LOGISTICS and was informed about the current status of the project for enhancing the technology structure and governance at METRO. The Supervisory Board also received an update on sustainability and discussed the annual report on governance functions in the group. With regard to Management Board remuneration, the Supervisory Board passed a resolution on the individual performance factors of the short-term incentive for financial year 2022/23 for the individual members of the Management Board as well as the amount of the variable remuneration components to be granted for financial year 2022/23. Furthermore, resolutions on the Corporate Governance Statement and the 2022/23 report of the Supervisory Board were passed.

December 2023 – At the beginning of the meeting, Willem Eelman – the candidate recommended by the Nomination Committee for initial appointment to the Supervisory Board – introduced himself. When it was informed about current business developments, the Supervisory Board received a country deep dive on MAKRO Czech Republic. Afterwards, the annual financial statements were reviewed and discussed. The Supervisory Board passed a resolution on the acknowledgement or approval of the annual financial statements, the consolidated financial statements, the combined management report for METRO AG and the group, including the non-financial statement, the report of the Management Board on the company's relationships with affiliated companies (dependency report) and the corresponding audit reports of the auditor. The Supervisory Board also adopted the remuneration report that was jointly prepared with the Management Board and subsequently submitted to the Annual General Meeting in February 2024 for approval. Furthermore, we adopted a resolution on the proposed resolutions for Annual General Meeting 2024 of METRO AG. As a precautionary measure, we also passed a resolution to engage a law firm to handle any legal action against resolutions of the Annual General Meeting. With regard to the METRO project environment, the Management Board provided a further update on the projects to enhance the technology structure and governance at METRO, and to modernise and standardise financial processes and systems. The Supervisory Board also resolved amendments to the Code of Procedure of the Supervisory Board and the schedule of responsibilities of the Management Board.

February 2024 – At its meeting on the day prior to the Annual General Meeting, the Supervisory Board again received information about the current status of the project to enhance the technology structure and governance at METRO, and on the further implementation planning. At the same time as a further amendment to the schedule of responsibilities for the Management Board was implemented, the Supervisory Board resolved the specific total target remuneration for financial year 2023/24 for Eric Riegger and discussed his strategic targets for the short-term incentive. Subject to the election of the auditor by Annual General Meeting 2024, the Supervisory Board passed a resolution on the audit assignments of the auditor for financial year 2023/24.

In a written procedure directly following the Annual General Meeting, the Supervisory Board again elected me as its Chairman and made appointments to the committees. As part of this procedure, the shareholder representatives on the Supervisory Board passed a resolution on the assessment of the independence of its members.

May 2024 – At an extraordinary meeting, the Supervisory Board approved optional location-specific lease extensions for a range of METRO Deutschland locations. These were part of the portfolio of locations that was already the subject of a Supervisory Board resolution in November 2023. Personnel matters relating to the Management Board were also resolved: the appointment and employment contract of Claude Sarrailh were terminated by mutual agreement and the Supervisory Board resolved to appoint Guillaume Deruyter as Chief Customer & Merchandise Officer as his successor, and approved the corresponding employment contract. The appointments and employment contracts of Rafael Gasset and Christiane Giesen were also terminated by mutual agreement, and at the same time, Christiane Giesen was appointed for a further term of 5 years. The Supervisory Board approved the conclusion of a new employment contract with amended total target remuneration to reflect her additional responsibility as Chief Operating Officer. The Supervisory Board subsequently resolved the resulting amendments to the schedule of responsibilities of the Management Board.

June 2024 – The main focus of the 2-day strategy meeting in Rome was the implementation status of the sCore corporate strategy at the national subsidiaries, in particular with regard to the main components (i) wholesale focus, (ii) multichannel customer experience and (iii) network optimisation. Potential modifications to the strategy in certain countries to strengthen profitability as well as productivity were also discussed. The management of METRO Italy presented the status of its sCore development with a clear focus on HoReCa customers. The Supervisory Board approved further expenditures for the project to modernise and standardise financial processes and systems, and resolved the target achievement for tranche 2020/21 of the long-term variable remuneration of the Management Board. The new Chief Transformation & Strategy Officer also provided an updated overview of the general METRO project environment, and the Supervisory Board discussed succession planning in the Management Board.

September 2024 – The scheduled topic of the meeting was the approval of the budget and medium-term planning. The Supervisory Board also received an update on METRO Russia in the form of a country deep dive. In addition, the Supervisory Board resolved to modify the engagement of the auditor to audit the remuneration report, confirmed the diversity concepts for the Management Board and the Supervisory Board and resolved the declaration of conformity pursuant to § 161 of the German Stock Corporation Act (AktG). With the support of the independent remuneration consultants Willis Towers Watson, the Supervisory Board examined and confirmed the horizontal and vertical appropriateness of the remuneration of the members of the Management Board. The Supervisory Board was also informed about the status of the variable remuneration components for financial year 2023/24. Following this, the individual total target remuneration for financial year 2024/25 and the financial STI and LTI performance targets of the members of the Management Board were defined, and the strategic STI targets of the entire Management Board and the individual members of the Management Board were discussed.

Work in the Committees

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

Presidential Committee – The Presidential Committee is mainly concerned with the personnel and remuneration issues of the members of the Management Board and monitors compliance with legal regulations and the application of the German Corporate Governance Code. In addition, the Presidential Committee is responsible for urgent resolutions and issues that the Supervisory Board has delegated to it for resolution. The Presidential Committee held 5 meetings in financial year 2023/24; 1 of the meetings was convened as an extraordinary meeting. The discussions and resolutions in financial year 2023/24 focused on changes in the Management Board and the corresponding contractual issues: at the beginning of the financial year, the committee addressed the appointment of Eric Riegger as a member of the Management Board for the position of Chief Financial Officer, and made a corresponding proposal for resolution to the Supervisory Board. At the extraordinary meeting in May 2024, the committee prepared the reduction in the number of members of the Management Board, with changes in the appointments to the Management Board and the areas of responsibility of the individual members of the Management Board, and made corresponding proposals for resolution to the Supervisory Board. In addition, the Presidential Committee reviewed the horizontal and vertical appropriateness of the remuneration of the members of the Management Board and prepared the resolutions of the Supervisory Board for Management Board remuneration for 2023/24 and 2024/25. 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 well as the Corporate Governance Statement. The committee also addressed the remuneration report. Long-term succession planning on the Management Board was one of the regular topics of discussion in the committee.

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

The Audit Committee convened 6 times in financial year 2023/24 and adopted 1 resolution outside the meetings. The Management Board was represented by the Chairman of the Management Board and the Chief Financial Officer. Representatives from the METRO departments were available at the meetings to discuss specific topics. The auditor participated in discussions on agenda items that were relevant to the audit of the financial statements, and the committee frequently discussed issues with the auditor without the Management Board being present. The Chairman of the Audit Committee frequently and closely communicated with the Chairman of the Supervisory Board and with the Management Board, especially with the Chief Financial Officer, outside the meetings to exchange information and ideas on important topics and upcoming decisions. To support this, there were also frequent one-on-one discussions with the auditor and the heads of various METRO departments.

The Audit Committee prepared the meeting of the Supervisory Board and reviewed the annual and consolidated financial statements for financial year 2022/23, the combined management report of METRO AG and the group for financial year 2022/23, including the combined non-financial statement contained in the combined management report, as well as the report of the Management Board on relationships with affiliated companies. The auditor reported on the results of the audits and was available to answer additional questions and provide information in the absence of the Management Board. In the presence of the auditor, the committee also discussed the results of the audit and recommended to the Supervisory Board to approve the annual and consolidated financial statements for financial year 2022/23. The Audit Committee also decided to recommend to the Supervisory Board that they should suggest to Annual General Meeting 2024 to elect KPMG AG Wirtschaftsprüfungsgesellschaft as auditors for financial year 2023/24. Following Annual General Meeting 2024, the members of the Audit Committee elected Willem Eelman as the successor to Prof. Dr Edgar Ernst, who had resigned, as Chairman of the Audit Committee, in a written procedure.

Before publication in each case, the members of the Audit Committee discussed in detail the quarterly statements for the first and third quarters and the half-year financial report for financial year 2023/24 in the presence of the auditor.

Furthermore, the Audit Committee prepared the issuance of the audit engagements for financial year 2023/24 and addressed the auditor's audit planning and areas of emphasis. In line with the recommendation in the German Corporate Governance Code, the committee also discussed the assessment of the audit risk, the audit strategy and the audit planning as well as the areas of emphasis. In addition to ensuring the independence of the auditor, it also supervised the quality of the audit by surveying committee members and representatives of the internal finance organisation and by examining the auditor's quality report. The committee addressed the governance functions in the group (internal control systems, risk management system, internal audit and compliance), group tax planning and the Internal Audit unit's audit planning. The Audit Committee was also informed about the awarding of donations and the capital market's perspective on METRO. In August and September, the focus of the Audit Committee was on preparing the resolutions for the 2024/25 budget planning. It also frequently addressed the non-audit services of the auditor, received an update on financial reporting standards and prepared the engagement of the auditor by the Supervisory Board for the modified audit of the remuneration report. The committee was also frequently updated about the cybersecurity situation and was informed about the current status of the project to enhance the technology structure and governance at METRO.

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 2023/24, a total of 2 committee meetings were held for the purpose of preparing election proposals to the Annual General Meeting for 2024 and 2025.

Mediation Committee – In financial year 2023/24, the Mediation Committee established in accordance with § 27 Section 3 of the German Co-determination Act (MitbestG) did not have to be convened.

Meeting format and individual attendance at meetings

In financial year 2023/24, 1 meeting of the Supervisory Board and 1 meeting of the Audit Committee were held as hybrid meetings, and 1 meeting of the Presidential Committee was held virtually. The other meetings were held as in-person meetings, although we also generally offer the option of virtual participation via telephone or video conference if physical attendance is not possible for any of the members. The average attendance rate at meetings of the Supervisory Board and its committees in financial year 2023/24 was 94%. Attendance at meetings is disclosed for each member in the following. Only those meetings that took place during the respective membership on the Supervisory Board or committee are listed.

Members	Supervisory Board	Presidential Committee	Audit Committee	Nomination Committee	Total in %
Jürgen Steinemann (Chairman)	6/6	5/5	6/6	2/2	100
Xaver Schiller (Vice Chairman)	6/6	5/5	4/6	–	88
Marco Arcelli	5/6	–	–	–	83
Gwyn Burr	5/6	–	–	2/2	88
Jana Cejpková	6/6	–	–	–	100
Willem Eelman, since 7/2/2024	3/3	–	3/3	–	100
Prof. Dr Edgar Ernst, until 7/2/2024	3/3	2/2	3/3	–	100
Sabine Gatz	5/6	–	–	–	83
Michael Heider	6/6	–	–	–	100
Udo Höfer	6/6	–	–	–	100
Arlind Idrizi	6/6	–	–	–	100
Paul Loyo	6/6	5/5	6/6	_	100
Heidi Müllenberg	6/6	–	–	–	100
Klaus Pollmann	6/6	–	6/6	–	100
Roman Šilha	4/6	3/5	4/6	2/2	68
Eva-Lotta Sjöstedt	4/6	–	–	–	66
Marek Spurný	6/6	–	–	–	100
Stefan Tieben	6/6	–	6/6	–	100
Georg Vomhof, Presidential Committee since 7/2/2024	6/6	3/3	–	–	100
Manfred Wirsch	6/6	–	5/6	–	92
Silke Zimmer	6/6	5/5	–	–	100
Attendance rate (total)					**94**

Corporate Governance

In September 2024, the Management Board and the Supervisory Board of METRO AG 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). The declaration of conformity is permanently published on the website www.metroag.de/en in the section About us – Corporate Governance. Further information on METRO's corporate governance can be found in the Corporate Governance Statement, which has also been published on the website www.metroag.de/en in the section About us – Corporate Governance.

The Supervisory Board held 1 training event in financial year 2023/24. The subject was 'Artificial Intelligence and its impacts on METRO'. In addition, there were individual onboarding events for the newly elected Chairman of the Audit Committee with both the Chairman of the Supervisory Board and with members of the Management Board and managers from departments relevant for the Audit Committee.

The members of the Supervisory Board are required to disclose any conflicts of interest without delay. No such conflicts of interest arose in financial year 2023/24.

Annual and consolidated financial statements, report on relationships with affiliated companies 2023/24

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 2023/24 as well as the remuneration report prepared by the Management Board and the Supervisory Board pursuant to § 162 of the German Stock Corporation Act (AktG) and issued an unqualified audit certificate. The auditor also issued an unqualified certificate about the combined non-financial statement contained in the combined management report as a result of his audit to provide limited assurance. The auditor provided a written report on these audits.

In accordance with § 312 of the German Stock Corporation Act (AktG), the Management Board of METRO AG has prepared a report on the company's relationships with affiliated companies for financial year 2023/24. 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 Company´s consideration with respect to the legal transactions listed in the report was not inappropriately high.'

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 5 December 2024 and in the Supervisory Board meeting on 6 December 2024 in the presence of the auditor. The required documents were distributed to all members of the Audit Committee and the Presidential Committee as well as the Supervisory Board in due time prior to these meetings. In all mentioned meetings, the auditor reported about the key findings of his audits and was at the Supervisory Board's disposal to answer questions and provide additional information, even in the absence of the Management Board.

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

Based on our own review of the annual financial statements, the consolidated financial statements and the combined management report, including the combined non-financial statement, as well as the report of the Management Board on relationships with affiliated companies for financial year 2023/24, 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. After our own careful review and in consideration of the interests to be taken into account, we agree to the Management Board's proposal to Annual General Meeting 2025 on the appropriation of the balance sheet profit. 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 2023/24.

Düsseldorf, 6 December 2024

The Supervisory Board

Jürgen Steinemann
Chairman

METRO SHARE

Performance of the METRO share

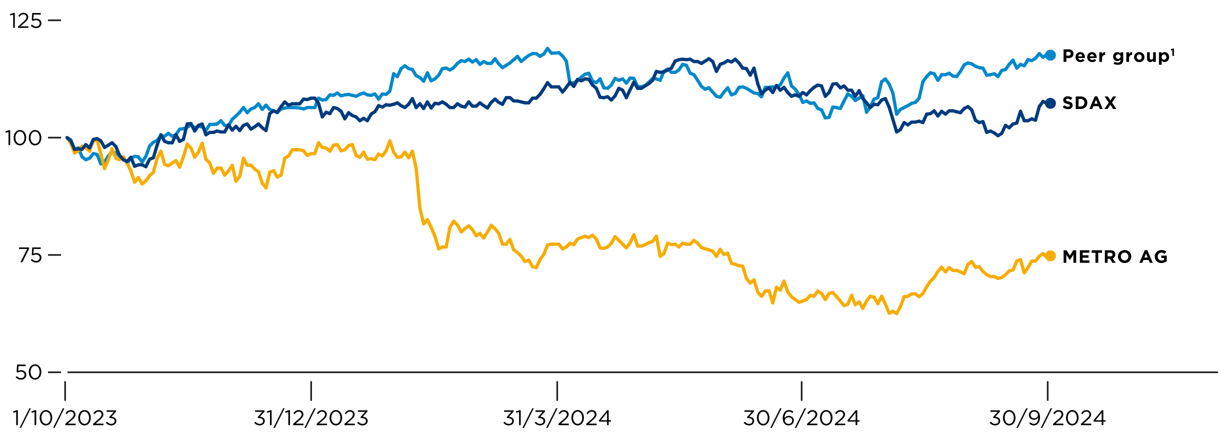
In financial year 2023/24, stock markets demonstrated stable performance despite global challenges, including persistent cost inflation pressures and geopolitical uncertainties. The SDAX rose sharply until June to more than 15,200 points, but lost several percentage points by the end of the financial year.

The performance of the METRO share experienced fluctuations due to both internal and external factors. Following the Annual General Meeting in February 2024, the share price reflected the dividend payment of €0.55 per ordinary share for financial year 2022/23. Cost inflation and market-driven challenges, including a softer summer season in the HoReCa sector, contributed to further volatility in the months that followed.

METRO's performance compared with its competitors varied regionally. Whereas European companies faced similar challenges, the stronger performance of companies in other regions, especially the USA, ensured that the peer group index performed better than the METRO share.

On 30 September 2024, METRO's ordinary share closed at €4.87, representing a 25% decline from the previous year.

Development of the METRO ordinary share (indexed)



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

METRO share

			2022/23	2023/24
Closing price	Ordinary share	€	6.53	**4.87**
	Preference share	€	6.70	**5.20**
High	Ordinary share	€	9.71	**6.51**
	Preference share	€	8.95	**8.00**
Low	Ordinary share	€	6.17	**4.08**
	Preference share	€	6.15	**4.92**
Dividends[1]	Ordinary share	€	0.55	**0**
	Preference share	€	0.55	**0**
Market capitalisation (billion)		€	2.4	**1.8**

Data based on Xetra closing prices.
Source: Bloomberg.
[1] Subject to the resolution of the respective Annual General Meeting.

Dividend and dividend policy

The reported earnings per share (EPS) amounted to €−0.33 (2022/23: €1.21). The previous financial year benefited from the sale of a property, the divestment of the India business, and positive non-cash currency effects. In financial year 2023/24, there were no comparable positive impacts. In line with METRO's dividend policy (payout ratio of 45% to 55% of EPS), no dividend payments are planned for the financial year 2023/24.

- **For more information, see chapter 5 takeover-related disclosures – composition of the subscribed capital.**

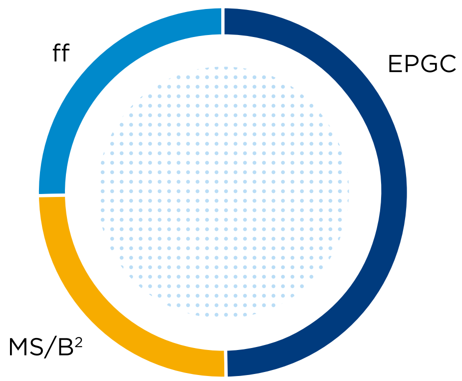
Shareholder structure of METRO AG

Based on information received in the context of Annual General Meeting 2024, EP Global Commerce GmbH holds 49.99% of the voting rights of METRO AG, while Meridian Stiftung and the Beisheim companies in total hold 24.99% (voting rights are exercised under a pooling agreement). 25.02% of shares are in free float. These percentages refer to the total number of ordinary shares. Notifications of voting rights in accordance with the German Securities Trading Act (WpHG) were not received.

- **For more information about details of the pooling agreement between Meridian Stiftung and Beisheim Holding, see chapter 5 takeover-related disclosures in the combined management report.**

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

Shareholder structure[1]



EPGC	49.99%	EP Global Commerce
MS/B²	24.99%	Meridian Stiftung/Beisheim
ff	25.02%	free float
	100.00%	

[1] Based on the information made available in the context of Annual General Meeting 2024.
[2] Vote on exercising voting rights under the pooling agreement.

Market capitalisation

As of the end of September 2024, METRO AG's market capitalisation stood at €1.8 billion. In financial year 2023/24, a typical trading day at the Frankfurt Stock Exchange saw an average of around 147,000 of METRO's ordinary shares traded. On average, about 2,100 of the significantly fewer liquid preference shares were exchanged on each trading day.

Analysts’ recommendations

In financial year 2023/24, 10 analysts regularly covered the METRO share and published their reports. The number of active analysts continued to be above the SDAX average. At the end of the reporting period, 2 analysts recommended buying the shares, 4 analysts recommended holding the METRO share and 4 analysts recommended selling the share. The median share price target as of the end of September 2024 was €5.45 (end of September 2023: €8.00).

- **More information about the METRO share can be found on the website www.metroag.de/en in the section Investors – Shares.**

GOALS AND STRATEGY

METRO

- **sCore growth strategy:** Implementation of the long-term strategy with high growth ambitions through 2030 defined for the group as well as for the METRO countries and delivery specialists[2].
- **Strategic value drivers:** Increasing customer value through clear wholesale alignment, multichannel and digitalisation for professional customers with a focus on HoReCa and Traders.
- **Strategy implementation:** Wholesale transformation as a significant key enabler for the successful implementation of sCore. Advance of multichannel business model and digitalisation.

sCore growth strategy

METRO is implementing its sCore growth strategy, which was defined in financial year 2020/21 and is geared towards 2030. sCore emphasises the group's exclusive focus on wholesale. The ambitious endeavour until 2030 encompasses more than €40 billion for sales and more than €2 billion for earnings (EBITDA).

Long-term growth in out-of-home consumption and the highly fragmented competitive environment provide the external conditions for our sales and earnings targets. From an internal perspective, we see great growth potential in a strong expansion of our HoReCa delivery business, the digital sales share with goods and services and our traditional wholesale business. Our different channels and services are closely interwoven. With regard to sales and costs, they complement each other synergistically and do not compete with each other. By 2030, we want to grow our market share by significantly expanding our role as a leading international food wholesaler. To achieve this aspiration, we want to triple our delivery sales, increase sales in wholesale stores by more than 20% and grow the sales of our online marketplace METRO MARKETS to more than €1.5 billion compared to base financial year 2020/21.

2 In the remaining part of the chapter, the term 'countries' includes our delivery specialists (Classic Fine Foods, Pro à Pro, R Express, Aviludo, Pro a Pro Spain and Johan i Hallen & Bergfalk), unless the delivery specialists are explicitly differentiated.

Strategic value drivers

- **Wholesale value proposition:** The sCore strategy streamlines the goods and services business exclusively towards wholesale. HoReCa and Traders are our core customer groups. METRO has a wide reach in both customer groups and strives to maximise its customer potential through high customer retention. By 2030, we want to generate more than 80% of sales with our core customer groups. To achieve this goal, we are significantly improving our value proposition for our target customers as part of our sCore implementation in order to further differentiate ourselves from the competition. In addition to a product range explicitly tailored to professional customer needs with a focus on increasing the share of own brands, we use tiered pricing to reflect our wholesale focus even more strongly than today in our price positioning. We will also ensure the highest possible product quality and availability as well as product, quantity and delivery reliability for the delivery business. To increase our productivity, we are reducing the product range in specific product groups that do not address the needs of our core customers.
- **Multichannel:** The delivery business recorded strong growth again in financial year 2023/24. We are continuing to strongly expand the delivery channel and our delivery expertise to continuously increase the delivery sales share. This will allow us to address the channel preferences of our customers better than before. Furthermore, we are opening up access to customer groups who only want delivery, such as in the communal catering sector. By combining the pick-up and delivery business, we serve the different needs of our customers in the best possible way. The online marketplace METRO MARKETS complements our delivery solution to include non-food products with a focus on the needs of HoReCa customers.
  In order to increase customer loyalty and to better tap into customer potential, we are further optimising our sales processes and expanding customer support through the sales force. In financial year 2023/24, we created more than 700 new sales positions, nearly as many as in the previous year, thus enabling us to offer our customers the most efficient and best possible shopping experience across all channels. Similarly, we are continuing to improve the digital customer experience and strongly promoting the use of our digital ordering platform M-Shop as well as the METRO Companion app, which integrates our sales channels. The digital sales share is expected to grow to at least 40% by 2030. In addition, the increasing marketing of digital solutions for the hospitality industry will contribute to this growth. This is not only highly significant in the sCore strategy in terms of increasing customer retention. The digital solutions also support the shift from a transactional to a service-oriented and partnership-based business relationship with our customers.
- **Network optimisation:** The cash-and-carry wholesale is the origin of our business and the root of our success. Wholesale stores continue to be pivotal. Their role is increasingly changing from a pure pick-up store to a multichannel fulfilment centre that ensures the fastest and most efficient fulfilment of needs across multiple channels. Accordingly, wholesale stores will be gradually integrated into the delivery network. Depending on the location as well as the market and customer structure, we are adding dedicated delivery-only locations to the existing network in order to realise our sales ambition in the delivery business.
- **New business models:** sCore also includes the development and scaling of new business models with the goal of acquiring additional segments as customers within our core customer groups HoReCa and Traders. For example, the focus in the Traders segment is on convenience solutions and the expansion of our franchise models. In the HoReCa segment, the focus is on business models tailored to internationally operating key account hospitality customers.

STRATEGY IMPLEMENTATION

Our countries continue to play a key role in the successful implementation of our strategy. All countries and delivery specialists have aligned their local strategy with the content and ambition of sCore until 2030. As part of a review process, the respective strategies were confirmed by the national subsidiaries in financial year 2023/24. We have further bolstered the delivery business portfolio with the acquisitions of Caterite (Great Britain), Donier Gastronomie (Finland) and Fisk Idag (Sweden).

The successful sCore implementation requires a cultural change, which we are supporting with a transformation programme. As part of this ‘wholesale transformation’, we are also reorganising the collaboration between the countries and the central functions. The objective of the transformation is to realise synergies wherever this is possible from a business and operational point of view. Responsibility for strategy implementation continues to be locally manifested.

In an effort to provide the best possible support for the local strategy implementation by the group headquarters, we have analysed the sCore strategies of the countries to identify common initiatives and priorities. The operationalisation of the strategy is continuously tracked through a key figure system that reflects the strategic value drivers (cf. table ‘sCore key figure system’).

To achieve our sCore multichannel ambition for the wholesale and delivery business, we have updated the detailed network plan that all countries developed as part of the strategy development. Except for the local sales ambition, the network target vision takes capacity requirements and productivity targets into account. Based on these parameters, we are able to target investments in wholesale stores, delivery depots and warehouses/transhipment points.

The METRO MARKETS online marketplace is operational in 6 countries. This footprint highlights the strategic importance of METRO MARKETS for the multichannel approach as well as for digitalisation. In the course of the annual strategy review, we have adjusted the growth plan of METRO MARKETS and the sales target to €1.5 billion (originally: €3 billion). METRO offers HoReCa customers a comprehensive system consisting of various digital tools with the wide range of DISH solutions.

sCore key figure system

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

COMBINED MANAGEMENT REPORT

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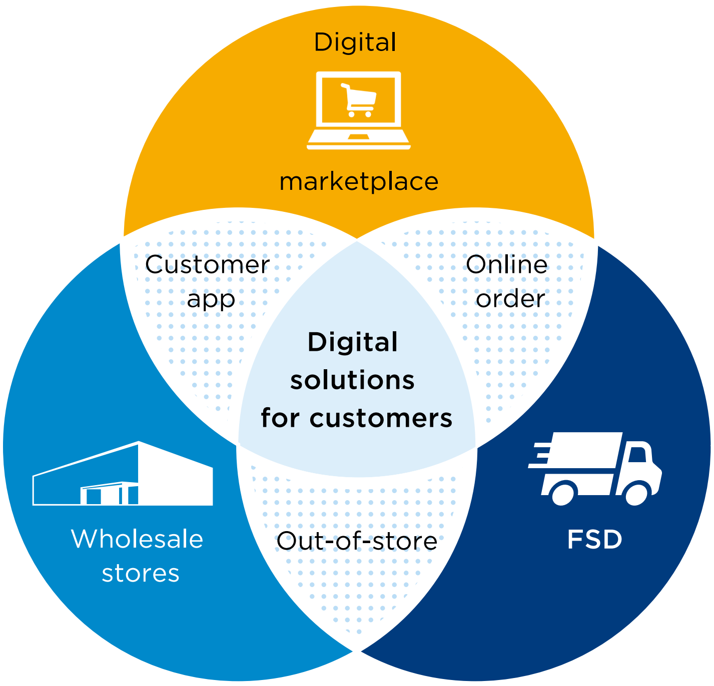
73	3	Outlook report
75	4	Opportunities and risk report
87	5	Takeover-related disclosures
90	6	Supplementary notes for METRO AG

1 PRINCIPLES OF THE GROUP

1.1 Group business model

METRO is a leading international food wholesaler that does business in 33 countries. The group is headed by METRO AG, which acts as the central management holding company. It handles group management tasks and bundles central management and administrative functions for METRO.

The central element of the corporate strategy is the **multichannel approach,** which is reflected in the business model through dovetailing of the **wholesale stores,** whose sales share of business still makes up around 74%, with the **delivery business** and **digital solutions.** This business model is consistently aimed at professional customers: HoReCa and Traders are core customer groups of METRO. The assortments comprise food and non-food items.



Under the brands **METRO** and **MAKRO,** the company operates the segments Germany, West, Russia and East. In the area of Food Service Distribution (FSD), METRO maintains a strong presence with its METRO delivery service and the delivery companies (including Classic Fine Foods, Pro à Pro, R Express, Johan i Hallen & Bergfalk (JHB), Aviludo and Pro a Pro Spain). Out-of-store delivery (OOS) refers to the existing METRO store network and includes METRO stores that supply from the store as well as wholesale stores that operate their own depot in the store.

The segment **Others** mainly includes the **DISH Digital Solutions, METRO MARKETS** and **METRO PROPERTIES** business units. In the digital business sector, METRO MARKETS plays a special role with its B2B online marketplace for professional equipment for HoReCa customers. Through this distribution channel, METRO offers non-food articles from its own product range as well as products from third parties. DISH Digital Solutions pools the group’s digitalisation efforts for customers from the hospitality industry and offers innovative digital solutions under the DISH brand. METRO PROPERTIES develops, operates and markets an international real estate portfolio. This segment also includes companies providing services in logistics, IT, advertising and procurement.

Store network by country and segment

as of 30/9/2024

	Store-based business	Food Service Distribution (FSD)			METRO MARKETS	DISH POS
	Stores	Out-of-store (OOS)[1]	Depots[2]	Delivery companies	Countries	Countries
Germany	**102**	**(73)**	**7**	R Express[3]	x	x
France	99	(94)	18	CFF, Pro à Pro	x	x
Italy	49	(48)	2		x	x
Netherlands	17	(4)	1		x	x[7]
Austria	16	(15)	3	R Express		
Portugal	10	(8)	7	Aviludo	x	
Spain	37	(30)	4	Pro a Pro Spain	x	x
West	**228**	**(199)**	**43**	Caterite, JHB[4]		
Russia	**93**	**(87)**	**0**			
Bulgaria	11	(9)	1			
Kazakhstan	6	(6)	7			
Croatia	10	(7)	0			
Moldova	3	(1)	0			
Poland	29	(24)	2			
Romania	30	(26)	0			
Serbia	9	(9)	0			
Slovakia	6	(6)	0			
Czech Republic	13	(13)	0			
Turkey	35	(21)	1			
Ukraine	26[5]	(20)	0			
Hungary	13	(11)	0			
Pakistan	10	(10)	13			
East	**201**	**(163)**	**44**	CFF[6]		
Total	**624**	**(522)**	**94**		6	6[8]

1 OOS refers to the existing METRO store network and includes METRO stores that supply from the store as well as stores that operate their own depot in the store.
2 The 20 CFF depots (segment East) as well as 2 Caterite and 6 JHB depots (segment West) are included in the total number of depots.
3 Additional R Express location: Switzerland.
4 Locations – Caterite: United Kingdom, JHB: Sweden, Finland.
5 2 stores in Ukraine (Mariupol and Kharkiv) have been excluded from the consideration of locations, as they are temporarily not operating due to the war.
6 Additional CFF locations: China, Indonesia, Japan, Malaysia, United Arab Emirates, United Kingdom, Vietnam, Singapore.
7 The POS system is called Booq in the Netherlands.
8 Additional DISH POS country: Belgium; the system is called Booq.

1.2 Management system

With the sCore strategy, METRO is aligned towards long-term, profitable growth. Our primary objective here is to increase the company value permanently. In the course of sCore, METRO also introduced specific key figures which are used to continuously measure and review the implementation status of the key strategic elements. At the top of the key figure system are core key figures, which are supplemented or operationalised at subsequent levels with other specific key figures. In addition to the management system, the remuneration system for the Management Board is also intended to support implementation of the business strategy through the value-oriented and long-term management of METRO which takes sustainability aspects into account. Specifically, METRO uses the key figures described in the following for the planning, management and control of our business activities as well as for the majority of Management Board remuneration:

Financial key performance indicators

In line with the focus on long-term, profitable growth, **total sales growth** and **adjusted EBITDA** are the most important key performance indicators for METRO. As such, they are crucial for internal management and the assessment of our business development and form the core of our guidance. In order to reflect operational performance adequately, **total sales growth** is adjusted for currency effects. In addition, we consider total sales growth as a key figure adjusted for portfolio changes, that is, adjusted for significant acquisitions and/or divestments in the financial year. This perspective adjusted for portfolio changes also basically represents the starting point for the guidance.

With respect to earnings, adjusted EBITDA, that is, excluding earnings contributions from real estate transactions and transformation costs (+) or transformation gains (−), reflects the operating efficiency of METRO in a transparent format. In the reporting period, transformation costs only comprise non-regularly recurring expenses and gains from strategic portfolio adjustments.

METRO has defined targets and measures to achieve those targets for total sales growth and adjusted EBITDA that are presented in chapter 2 economic report – 2.2 asset, financial and earnings position, and in chapter 3 outlook report.

Profit or loss for the period and **earnings per share** are other important key performance indicators, which take account of depreciation, amortisation and impairment losses and the tax and net financial result in addition to the operating result. Thereby, they allow for a holistic assessment of METRO's earnings position from the perspective of the shareholders.

The **strategic customer sales share,** the **FSD sales share,** the **digital sales share** and **the own-brand sales share** are further important sales-related key figures in connection with the implementation of our sCore strategy.

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

We regularly analyse the **net working capital** for the purpose of managing the operational business and capital deployment.

Additionally, with regard to the appropriation of funds, we separately consider the **investments** that form the foundation for METRO's future growth, the long-term earnings performance as well as its digitalisation and decarbonisation. Investments are defined as additions to non-current assets (excluding financial instruments and deferred tax assets).

We use the key figures of **net debt** and **free cash flow** to manage liquidity and capital structure. Free cash flow represents the unrestricted funds generated throughout the financial year, which are primarily available for redemption of borrowings, distribution of dividends or for M&A activities.

The return indicator **return on capital employed (RoCE)** is used to assess the profitability of the operational business. It measures the return on capital employed (RoCE = EBIT/average capital employed) in a certain period and enables an assessment of performance by comparing it to the cost of capital before taxes, which is based on capital market models. It is determined annually at the end of the financial year.

Non-financial key performance indicators

In addition to the financial key figures presented, METRO factors selected non-financial key figures into its management system: **availability of goods, net promoter score (NPS)** of strategic customers and sustainability aspects, specifically the **reduction of CO_2 emissions** and the **reduction of food waste.** METRO has defined long-term targets in this regard that are presented in chapter 1.3 combined non-financial statement and separately in the ESG Key Figures Report 2023/24.

Changes to key performance indicators from financial year 2024/25 onwards

In connection with the productivity measures implemented to meet our sCore targets by 2030, restructuring costs will be incurred, starting in financial year 2024/25, which will be adjusted for the **adjusted EBITDA** key figure. In order to continue to present METRO's performance efficiency in a transparent and comparable manner, adjusted EBITDA will in future continue to show earnings excluding real estate transactions and transformation costs (+)/income (−), but transformation costs will then include not only portfolio measures, but also costs incurred in connection with group-wide restructuring initiatives. All other most important and important key figures will remain unchanged.

1.3 Combined non-financial statement of METRO AG

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

The NFS was produced in consideration of the GRI standards for corporate responsibility reporting. 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 commissioned by the Supervisory Board.

- **The limited assurance report can be found at the end of the report after the independent auditor's report.**

Business model

- **For more information about METRO's business model, see chapter 1 principles of the group – 1.1 group business model.**

METRO ESG strategy

The METRO ESG strategy comprises aspects related to environmental, social and corporate governance topics which have a significant influence on our operations and which we can make a major impact on through our business activities.

Our ESG strategy sets out 3 sustainability priorities. Climate and carbon; ethics and trust; as well as diversity, equity and inclusion:

1. Climate and carbon: we reduce emissions and waste in our business operations and contribute to reducing CO_2 in the food sector, for example by using renewable energy and implementing measures to reduce food waste.
2. Ethics and trust: we hold safe and fair working conditions in our own business operations in high regard and promote supply chains in which business is conducted in an ethically appropriate and transparent manner with respect to human rights and environmental impact.
3. Diversity, equity and inclusion: in line with the inclusive 'ONE METRO' culture and based on the understanding that our employees are essential to our business, the focus is on promoting the health and well-being of employees.

METRO's core objective is to drive the transformation towards responsible and sustainable business practices – within our own business operations, but also in our collaboration with our suppliers and customers.

We regularly carry out a review of the completeness of the material non-financial matters to be reported, the so-called materiality analysis. In doing so, we determine whether we cover the sustainability topics which are relevant to us. In addition, we ensure that we account for potentially changing business interests and impacts on the environment or society and that we illustrate these matters in our NFS.

In financial year 2023/24, the material topics arising in financial year 2022/23 were reviewed and revalidated. The members of the ESG Peer Group, METRO's central ESG steering committee, assessed whether the material topics identified in financial year 2022/23 were still relevant in the reporting period, particularly in the light of our business model and the environment in which METRO operates. Moreover, an assessment was conducted to determine whether any new material topics should be added to the catalogue. After analysis and discussion, the members of the ESG Peer Group, who address the most important core functions at METRO, unanimously determined that the topics that had been identified in financial year 2022/23 were also relevant in the reporting period and cover the non-financial aspects 'Environmental matters', 'Employee matters', 'Social matters', 'Observance of human rights' and 'Anti-corruption and anti-bribery'. The topics identified or revalidated as part of the process described and the matters of the materiality analysis are the subject of this combined non-financial statement and meet the requirements of § 315c Section 2 of the HGB and § 289c Section 3 of the HGB.

ESG management

Sustainability management takes into account interdependencies between economic, environmental, social and corporate-governance-related aspects. The Management Board of METRO AG is involved in the work related to the topics presented here. As part of the Commercial Board, it is regularly informed about work progress and is involved in decision-making on a case-by-case basis. This is done by the ESG Peer Group. In addition, the long-term component of the remuneration system for the Management Board and senior management (below the Management Board) is coupled with the achievement of the sustainability targets of reducing CO_2 emissions and reducing food waste. The ESG Peer Group enables the top levels of management to engage in dialogue on topics related to sustainability. This body defines the strategic framework as well as objectives which apply throughout the group and submits them to the Commercial Board for informational purposes or for a decision. The ESG Peer Group is comprised of top representatives of the core functions of Corporate Responsibility & Public Policy, M&A | Legal & Compliance, Investor Relations, Global Procurement, Global Offer Processes & Master Data Management, Global Quality Assurance, People & Culture, Corporate Treasury, Corporate Accounting, Corporate Controlling, E2E Supply Chain Management, Strategy & Transformation, Group Internal Audit | Group Risk Management, Corporate Communications and Energy Management, as well as representatives from METRO companies.

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.

METRO analyses non-financial risks along the material non-financial matters. In the reporting period, METRO focused in particular on risks in the areas of human rights as well as environmental and social issues in order to implement new regulatory requirements. In addition, sustainability risks are being gradually integrated in our opportunities and risk management. Due to the risk analyses carried out, the Management Board is able to identify, evaluate and control deviations from the sustainability goals and the associated opportunities and risks. An analysis of potentially reportable risks in connection with the non-financial aspects was carried out. After applying the net method and considering the risk mitigation measures, it did not reveal any material risks as defined in § 289c Section 3 Sentence 1 Nos. 3 and 4 of the German Commercial Code (HGB) with a likely or definitely serious negative impact on the aforementioned aspects. For more detailed descriptions of this system, we refer to the section on environmental and social risks in chapter 4 opportunities and risk report.

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

Assessment in relevant sustainability indices and rankings

Index/ranking	Rating/points	Scale	Time of publication
CDP Climate Change	B	A to F	February 2024
CDP Water Security	C	A to F	February 2024
CDP Forests	B– Palm oil C– Soy B– Paper D– Cattle	A to F	February 2024
ISS ESG (Institutional Shareholder Services)	C+ Prime Status	A+ to D–	September 2024
MSCI	AAA	AAA to CCC	July 2024
Sustainalytics	Low risk (17.9)	0 to 40+	May 2024

Disclosures pursuant to the EU Taxonomy Regulation

Sustainable business is an important element in achieving the climate and energy goals of the European Union (EU). The EU Taxonomy Regulation[3] created a common classification system to identify sustainable economic activities in order for the EU to target investments in companies that operate sustainably. The EU Taxonomy defines which economic activities are considered environmentally sustainable.

The EU Taxonomy includes the following 6 environmental objectives:

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

Companies that publish a non-financial statement must report on the extent to which their economic activities are environmentally sustainable. To this end, the parts of group turnover, capital expenditure (CapEx) and operating expenditure (OpEx) related to taxonomy-eligible and taxonomy-aligned economic activities must be disclosed.

Economic activities that are described in the delegated acts are considered taxonomy-eligible. They are classified as taxonomy-aligned if they contribute materially to the achievement of an environmental objective by satisfying the technical screening criteria, do not significantly impair the achievement of any of the other 5 environmental objectives and meet the minimum safeguard criteria.

In the 2023/24 reporting period, disclosures on both taxonomy eligibility and taxonomy alignment are necessary in connection with the aforementioned environmental objectives (1) climate change mitigation and (2) climate change adaptation. Under Commission Delegated Regulation (EU) 2023/2485, only information on taxonomy eligibility is to be reported for the new economic activities added in 2023. The technical screening criteria for the economic activities for the 2 aforementioned environmental objectives are specified in Annexes I and II of Commission Delegated Regulation (EU) 2021/2139 (‘Climate Delegated Act’).

In 2023, the EU Taxonomy Regulation was also extended by Commission Delegated Regulation (EU) 2023/2486 (‘Environmental Delegated Act’), which defines the technical screening criteria for taxonomy-eligible economic activities with regard to the further 4 environmental objectives. In the reporting period, all economic activities listed for

3 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

environmental objectives (3) to (6) require only information on taxonomy eligibility to be disclosed.

The Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities was published already in July 2022. Under the adopted amendment, certain atomic energy and natural gas activities are now, under certain conditions, classified as environmentally sustainable economic activities in accordance with the EU Taxonomy. The METRO group itself does not carry out any activities in the fields of nuclear energy and fossil gas generation.

METRO TAXONOMY REPORTING

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

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

Once again in this financial year, METRO is reporting based on the requirements of Article 8 (1) and (2) of the EU Taxonomy and Article 10 (1) of the Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 ('Delegated Act to Article 8 on the content and presentation of information to be disclosed'). Accordingly, METRO as a non-financial entity is required to disclose the parts of its group turnover, capital expenditure (CapEx) and operating expenditure (OpEx) related to taxonomy-eligible and taxonomy-aligned economic activities in financial year 2023/24. The determination of the values is based on the figures reported in the consolidated financial statements, which means that the corresponding accounting and measurement methods are applied here.

TURNOVER

The shares of taxonomy-eligible and taxonomy-aligned net turnover are determined as follows: net turnover from products or services related to taxonomy-eligible and taxonomy-aligned economic activities divided by total net turnover. Total net turnover for financial year 2023/24 forms the denominator of the turnover ratio and can be derived from the consolidated income statement. Allocation of the respective turnover to the taxonomy-eligible and taxonomy-aligned economic activities was examined through a detailed analysis of the items included in the turnover. The sums of the identified turnover revenues of the taxonomy-eligible and taxonomy-aligned economic activities for financial year 2023/24 form the numerator of the 2 key figures.

The economic activities related to METRO's core business do not correspond to the descriptions of taxonomy-eligible activities contained in the Climate Delegated Act (EU) 2021/2139 and the Environmental Delegated Act (EU) 2023/2486. Accordingly, turnover is not taxonomy-eligible and the requirements for taxonomy alignment are likewise not met.

CAPITAL EXPENDITURE AND OPERATING EXPENDITURE

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

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

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

Capital expenditure is based on the additions to tangible and intangible assets during the relevant financial year before depreciation, amortisation and any remeasurements; this also includes additions resulting from revaluation and impairments for the relevant financial year and excludes fair value changes. The denominator must also include additions to tangible and intangible assets resulting from business combinations (application of IFRS (IAS 16, 38, 40, IFRS 16)). Allocation of capital expenditure to the taxonomy-eligible and taxonomy-aligned economic activities was examined through a detailed analysis of the items included in capital expenditure. The sums of the identified capital expenditure of the taxonomy-eligible and taxonomy-aligned economic activities for financial year 2023/24 form the 2 numerators of the respective key figure.

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

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

a. relates to assets or processes associated with taxonomy-aligned economic activities, or

b. is part of a plan to expand taxonomy-aligned economic activities or enables the transformation of taxonomy-eligible economic activities into taxonomy-aligned economic activities within a predefined period, or

c. relates to the purchase of output from taxonomy-aligned economic activities or individual measures enabling the target activities to become low carbon or to lead to greenhouse gas reductions provided that these measures are implemented and operational within 18 months.

As explained in relation to turnover, METRO’s core business and all related economic activities currently fall outside the scope of the EU Taxonomy. Accordingly, it is not possible to invest in assets or processes to expand taxonomy-aligned economic activities or to enable taxonomy-eligible economic activities within the core business. Therefore, only capital and operating expenditures which relate to the acquisition of products and services from taxonomy-eligible and taxonomy-aligned economic activities or to individual measures that lead to the target activity being carried out in a low-carbon manner or in a manner which reduces greenhouse gas emissions (CapEx C) are considered for taxonomy eligibility or taxonomy alignment.

Taxonomy-eligible share of METRO’s total operating expenditures: currently, METRO’s total operating expenses according to the EU Taxonomy definition amount to €278 million. With respect to METRO’s total operating expenditure, only a small share of the expenditure can be attributed to the EU Taxonomy operating expenditure KPI. The main parts of the expenses included in the operating expenditure denominator, such as building maintenance and other maintenance expenses, are not related to METRO’s core business activities. Therefore, we do not consider the operating expenses according to EU Taxonomy to be material to METRO’s business model. Hence, we make use of the exemption clause in Annex I of the Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 by reporting the numerator of the operating expenditure KPI as 0.

SUBSTANTIAL CONTRIBUTION

The economic activities must make a material contribution to 1 of the 6 environmental objectives to qualify as taxonomy-aligned capital expenditure. To this end, they must fulfil the requirements defined in the technical screening criteria stipulated in the Climate Delegated Act (EU) 2021/2139 for objectives (1) and (2) and the Environmental Delegated Act (EU) 2023/2486 for objectives (3) to (6). The environmental objectives ‘climate change mitigation’ (1) and ‘transition to a circular economy’ (4) are relevant for METRO’s taxonomy-eligible economic activities.

NO SIGNIFICANT HARM TO OTHER ENVIRONMENTAL OBJECTIVES

In the further course of the conformity analysis, all economic activities which can be proved to make a material contribution to climate change mitigation were reviewed to ensure that they do no significant harm (‘DNSH’) to the achievement of any of the 5 other environmental objectives. A range of measures or analyses are to be carried out for the review, which generally begins with a consideration of the relevant locations at which the respective economic activity is performed.

There are no DNSH requirements for environmental objective (1) with regard to METRO’s identified economic activities. Accordingly, it is necessary to determine whether there is any possible significant harm to environmental objectives (2) to (6).

Environmental objective 2: climate change adaptation

To achieve this objective, the physical climate risks which are material to the respective activity and which could impact it in the medium to long term must be identified. To identify these risks, a climate risk and vulnerability assessment is required in accordance with the Climate Delegated Act (EU) 2021/2139 and the Environmental Delegated Act (EU) 2023/2486. The criteria and the scope of the analysis are defined in Appendix A. If acute risks are determined, adaptation solutions need to be developed in the next step to minimise the climate risk.

Environmental objective 3: sustainable use and protection of water and marine resources

To achieve this objective, an environmental impact assessment pursuant to Directive 2011/92/EU of the European Parliament and of the Council must be performed. This includes the assessment of effects on bodies of water pursuant to Directive 2000/60/EC. No additional assessment of the effects on bodies of water is required if the risks identified have been remediated.

Environmental objective 4: transition to a circular economy

The transition to a circular economy requires a waste management plan, among other things. A waste management plan exists if contractual agreements with partners in waste management, reflection in financial projections and official project documents ensure that maximum reuse or recycling is carried out at the end of useful life in accordance with the waste hierarchy.

Environmental objective 5: pollution prevention and control

The DNSH criterion with respect to the objective of pollution prevention and control requires that the activity does not lead to the manufacture, placing on the market or use of substances listed in Appendix C of the Climate Delegated Act (EU) 2021/2139 and of the Environmental Delegated Act (EU) 2023/2486.

Environmental objective 6: protection and restoration of biodiversity and ecosystems

Appendix D requires an environmental impact assessment or a screening pursuant to Directive 2011/92/EU.

MINIMUM SAFEGUARDS

The final step in the fulfilment of the conformity criteria under the EU Taxonomy concerns the observance of minimum safeguards. Minimum safeguards include all procedures which ensure that the economic activities comply with:

- the OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines);
- the UN Guiding Principles on Business and Human Rights (UNGPs), including the principles and rights set out in the 8 fundamental conventions of the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization; and
- the International Bill of Human Rights.

In the absence of further guidelines of the European Commission, we rely on the Final Report on Minimum Safeguards, which was published by the Platform on Sustainable Finance (PSF) in October 2022, for our assessment of minimum safeguards criteria.

The scope of the minimum safeguards covers the following aspects: human rights (including labour and consumer rights), corruption and bribery, fair competition and science, technology and innovation.

We pursue a 2-dimensional assessment approach to evaluate compliance with the minimum safeguards. On the one hand, processes have been implemented to prevent negative impacts (process dimension). On the other hand, the results are monitored to review whether our processes are effective (results dimension).

A further investigation as to compliance with the minimum safeguards must only then be performed if the requirements for taxonomy alignment can already be demonstrated as part of the review of the technical screening criteria for one of METRO’s taxonomy-eligible economic activities.

At METRO AG, we are aware that the conduct of all employees and other actors along our value chain plays a central role in compliance with the minimum safeguards. As a globally active wholesale company, we take our responsibility seriously. We therefore set great store by ensuring that the principles of ethical conduct are adhered to within our business activities. They are set out in the business principles of the group, the code of conduct for business partners and METRO’s internal guidelines on human rights and environmental matters, as well as, with regard to our tax strategy, publicly available on the METRO website. Among other topics, they cover subjects of the minimum safeguards. The group-wide compliance management system (CMS) is the superordinate organisational tool for ensuring compliance with statutory obligations vis-à-vis the minimum safeguards.

Identification of taxonomy-eligible and taxonomy-aligned economic activities

TAXONOMY ELIGIBILITY

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

- **Manufacturing**
  - CCM 3.6 Manufacture of other low-carbon technologies[4]
- **Energy**
  - CCM 4.25 Production of heat/cool using waste heat

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

- **Water supply, sewerage, waste management and remediation**
  - CCM 5.5 Collection and transport of non-hazardous waste in source segregated fractions
- **Transport**
  - CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
  - CCM 6.6 Freight transport services by road
- **Construction and real estate activities**
  - CCM 7.2 Renovation of existing buildings
  - CCM 7.3 Installation, maintenance and repair of energy efficiency equipment
  - CCM 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
  - CCM 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
  - CCM 7.6 Installation, maintenance and repair of renewable energy technologies
  - CCM 7.7 Acquisition and ownership of buildings
- **Water supply, sewerage, waste management and remediation**
  - CE 2.3 Collection and transport of non-hazardous and hazardous waste
- **Information and communications**
  - CE 4.1 Provision of data-driven IT/OT solutions

Currently, 63% of METRO’s capital expenditure is associated with taxonomy-eligible economic activities and 0% of METRO’s capital expenditure is associated with taxonomy-aligned economic activities.

The analysis of the technical screening criteria shows that, due to the sometimes demanding requirements, not all activities that are taxonomy-eligible meet the technical screening standards to allow them to be recognised as taxonomy-aligned. In the following, the activities are first examined individually with regard to their substantial contribution.

TAXONOMY ALIGNMENT

CCM 3.6 Manufacture of other low-carbon technologies

Economic activity 3.6 covers predominantly the new cooling systems that METRO has purchased under the F-Gas Exit Programme; these systems contribute significantly to meeting the targets of the climate strategy. Although this activity aims to significantly reduce greenhouse gas emissions, the savings in GHG emissions over the entire life cycle cannot be compared with the most powerful alternative technologies or solutions available on the market. This is because the cooling systems are comprised of several components which are specific to the location and therefore no direct comparison with other systems is possible. Additionally, it was not possible to obtain corresponding documentation regarding the savings in life cycle GHG emissions from the manufacturers of the cooling systems in the financial year. For these reasons, the analysis already results in an impediment to achieving a substantial contribution here and the analysis can be concluded. Thus, no further investigation regarding the avoidance of significant harm to the other environmental objectives for activity CCM 3.6 is carried out.

CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles

The passenger cars leased by METRO partially fulfil the requirements of a substantial contribution to low-emission and emission-free light commercial vehicles. Because METRO interprets activity CCM 6.5 as ‘acquisition of production’, only the manufacturer or the lessor of the vehicles can provide evidence of compliance with the avoidance of significant harm to the other environmental objectives. The primary lessors of METRO were therefore contacted and asked to provide a response as well as evidence to fulfil the technical screening criteria. Unfortunately, the lessors did not consider themselves in a position to provide the necessary information or were not able to make suitable evidence available in the financial year. For this reason, activity CCM 6.5 cannot be classified as taxonomy-aligned.

CCM 6.6 Freight transport services by road

The internal analysis of the composition of our logistics fleet did show that, although there had been isolated investments in electric vehicles for goods transport, the proportion was so low in financial year 2023/24 that an examination of the technical screening criteria was dispensed with for reasons of materiality.

CCM 7.2 Renovation of existing buildings

For the renovation of existing buildings, neither the requirements of larger renovations in accordance with the applicable national and regional construction regulations are met, nor do the renovation measures reduce the primary energy need of the buildings by at least 30%. No substantial contribution to climate change mitigation can therefore be demonstrated for this activity.

CCM 7.3 Installation, maintenance and repair of energy efficiency equipment

The refurbishment measures to improve the energy efficiency of equipment, be it in the form of installation, maintenance or repair, were chiefly realised through the replacement of old light sources with energy-efficient light-emitting diodes (LEDs). The LEDs were reviewed via random sampling of METRO stores in various countries to ensure a comprehensive examination of different manufacturers and models. Our examination determined that the LEDs fall into lower efficiency classes than the classes A and B necessary to fulfil the requirement of substantial contribution, thus resulting in no substantial contribution to an environmental objective.

CCM 7.6 Installation, maintenance and repair of renewable energy technologies

The majority of capital expenditure in the field of renewable energy technologies falls into the categories of on-site installation, maintenance and repair of photovoltaic systems. The capital expenditure amount in this financial year is classified as immaterial relative to total capital expenditure.

A further consideration of the technical screening criteria has been dispensed with. Materiality is assessed annually as a basis for determining whether it is necessary to analyse the technical screening criteria.

CCM 7.7 Acquisition and ownership of buildings

Activity CCM 7.7 is relevant to both our stores and other properties such as warehouses and office buildings. As part of our review of the technical screening criteria pursuant to the requirements of the EU Taxonomy, we focused on 2 significant aspects: the Class A energy performance certificate (EPC) and the evaluation of energy efficiency.

First, we divided the stores and other buildings into clusters. Then an exclusion procedure – in consideration of renovations and the years their construction was completed – reviewed the newest and most modern properties in accordance with the aforementioned criteria. Due to the years their construction was completed and the other characteristics of the buildings, neither our stores nor other properties meet the strict energy standards of the EU Taxonomy. As a result of this, we are unable to report them as taxonomy-aligned in this reporting period and have dispensed with any further consideration of the DNSH criteria.

CE 2.3 Collection and transport of non-hazardous and hazardous waste

Non-hazardous and hazardous waste is relevant for METRO as our company operates in different countries and thus needs to engage in waste management in different regions. At METRO, this encompasses the collection and disposal of non-hazardous waste, for example through the use of automatic PET bottle collection systems. These processes necessitate capital expenditure on waste collection systems as well as the management of the resulting operating income. An analysis of approved projects showed that the capital expenditure arising in this financial year relative to total capital expenditure cannot be considered to be material. A further consideration of the technical screening criteria has therefore been dispensed with.

CE 4.1 Provision of data-driven IT/OT solutions

IT capital expenditure is a relevant topic for METRO as it helps us to enhance our company's efficiency and sustainability. METRO is able to reduce paper consumption by means of IT solutions such as ESL (electronic shelf labelling) and proprietary software for issuing electronic invoices. Moreover, the METRO Transport IT solution optimises transit routes and reduces empty runs. A review of the relevant IT capital expenditure in the reporting period showed that capital expenditure in connection with the CE 4.1 activities remains below the defined materiality threshold and is therefore considered to be immaterial. A further consideration of the technical screening criteria has therefore been dispensed with.

No more detailed investigation into the remaining taxonomy-eligible economic activities was carried out, as the corresponding capital expenditures are immaterial, both individually and as a whole.

Proportion of taxonomy-eligible and taxonomy-aligned net turnover[1]

	Year 2023/24			Substantial contribution criteria						DNSH criteria ('do no significant harm')									
Economic activities (1)	Code(s)(2)	Turnover (3)	Proportion of turnover, year 2023/24 (4)	Climate change miti-gation (5)	Climate change adap-tation (6)	Water (7)	Pollu-tion (8)	Circular eco-nomy (9)	Bio-diver-sity (10)	Climate change miti-gation (11)	Climate change adap-tation (12)	Water (13)	Pollu-tion (14)	Circular eco-nomy (15)	Bio-diver-sity (16)	Mini-mum safe-guards (17)	Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2) Turnover year 2022/23 (18)	Cate-gory 'en-abling acti-vity' (19)	Cate-gory 'transi-tional acti-vity' (20)
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%								0%		
of which enabling activities		0	0%	0%	0%	0%	0%	0%	0%								0%	E	
of which transitional activities		0	0%														0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)[2]																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2)		0	0%	0%	0%	0%	0%	0%	0%								0%		
A. Turnover of taxonomy-eligible activities (A.1 + A.2)		**0**	**0%**	0%	0%	0%	0%	0%	0%								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy-non-eligible activities (B)		31,029	100%																
Total (A + B)		**31,029**	**100%**																

1 All amounts under €0.5 million have been rounded down to 0. Rounding differences may occur.
2 EL – Activity taxonomy-eligible for the relevant objective; N/EL – Activity not taxonomy-eligible for the relevant objective.

Proportion of taxonomy-eligible and taxonomy-aligned capital expenditure[1]

		Year 2023/24		Substantial contribution criteria						DNSH criteria ('do no significant harm')									
Economic activities (1)	Code(s) (2)[3]	CapEx (3)	Proportion of CapEx year 2023/24 (4)	Climate change miti-gation (5)	Climate change adap-tation (6)	Water (7)	Pollu-tion (8)	Circular eco-nomy (9)	Bio-diver-sity (10)	Climate change miti-gation (11)	Climate change adap-tation (12)	Water (13)	Pollu-tion (14)	Circular eco-nomy (15)	Bio-diver-sity (16)	Mini-mum safe-guards (17)	Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2) CapEx, year 2022/23 (18)	Cate-gory 'en-abling acti-vity' (19)	Cate-gory 'transi-tional acti-vity' (20)
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%								0%		
of which enabling activities		0	0%	0%	0%	0%	0%	0%	0%								0%	E	
of which transitional activities		0	0%														0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)[2]																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of other low-carbon technologies	CCM 3.6	99	8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								8%		
Production of heat/cool using waste heat	CCM 4.25	1	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5	2	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	73	6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								5%		
Freight transport services by road	CCM 6.6	48	4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4%		
Renovation of existing buildings	CCM 7.2	14	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	22	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		

1 All amounts under €0.5 million have been rounded down to 0. Rounding differences may occur.

2 EL – Activity taxonomy-eligible for the relevant objective. N/EL – Activity not taxonomy-eligible for the relevant objective.

3 The code signifies the abbreviation of the individual objective to which the business activity can make a material contribution, plus the number of the section pertaining to the activity in the applicable appendix addressing the objective in question, that is
– Climate change mitigation: CCM
– Climate change adaptation: CCA
– Water and marine resources: WTR
– Circular economy: CE
– Pollution prevention and control: PPC
– Biodiversity and ecosystems: BIO.

Economic activities (1)	Code(s) (2)[3]	CapEx (3)	Proportion of CapEx year 2023/24 (4)	Climate change miti-gation (5)	Climate change adap-tation (6)	Water (7)	Pollu-tion (8)	Circular eco-nomy (9)	Bio-diver-sity (10)	Climate change miti-gation (11)	Climate change adap-tation (12)	Water (13)	Pollu-tion (14)	Circular eco-nomy (15)	Bio-diver-sity (16)	Mini-mum safe-guards (17)	Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2) CapEx, year 2022/23 (18)	Cate-gory 'en-abling acti-vity' (19)	Cate-gory 'transi-tional acti-vity' (20)
		Year 2023/24		Substantial contribution criteria						DNSH criteria ('do no significant harm')									
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	1	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	7	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
Acquisition and ownership of buildings	CCM 7.7	465	40%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								32%		
Collection and transport of non-hazardous and hazardous waste	CE 2.3	2	0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0		
Provision of data-driven IT/OT solutions	CE 4.1	4	0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0%		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		738	63%	62%	0%	0%	0%	1%	0%								54%		
A. CapEx of taxonomy-eligible activities (A.1+A.2)		**738**	**63%**	62%	0%	0%	0%	1%	0%								54%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of taxonomy-non-eligible activities (B)		438	37%																
Total (A + B)		**1,176**	**100%**																

1 All amounts under €0.5 million have been rounded down to 0. Rounding differences may occur.

2 EL – Activity taxonomy-eligible for the relevant objective. N/EL – Activity not taxonomy-eligible for the relevant objective.

3 The code signifies the abbreviation of the individual objective to which the business activity can make a material contribution, plus the number of the section pertaining to the activity in the applicable appendix addressing the objective in question, that is
– Climate change mitigation: CCM
– Climate change adaptation: CCA
– Water and marine resources: WTR
– Circular economy: CE
– Pollution prevention and control: PPC
– Biodiversity and ecosystems: BIO.

Proportion of taxonomy-eligible and taxonomy-aligned operating expenditure[1, 2]

	Year 2023/24			Substantial contribution criteria						DNSH criteria ('do no significant harm')									
Economic activities (1)	Code(s) (2)	OpEx (3)	Proportion of OpEx year 2023/24 (4)	Climate change miti-gation (5)	Climate change adap-tation (6)	Water (7)	Pollu-tion (8)	Circular eco-nomy (9)	Bio-diver-sity (10)	Climate change miti-gation (11)	Climate change adap-tation (12)	Water (13)	Pollution (14)	Circular eco-nomy (15)	Bio-diver-sity (16)	Mini-mum safe-guards (17)	Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2) OpEx, year 2022/23 (18)	Cate-gory 'en-abling acti-vity' (19)	Cate-gory 'transi-tional acti-vity' (20)
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%								0%		
of which enabling activities		0	0%	0%	0%	0%	0%	0%	0%								0%	E	
of which transitional activities		0	0%														0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)[3]																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		0	0%	0%	0%	0%	0%	0%	0%								0%		
A. OpEx of taxonomy-eligible activities (A.1 + A.2)		**0**	**0%**	0%	0%	0%	0%	0%	0%								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of taxonomy-non-eligible activities (B)[4]		278	100%																
Total (A + B)		**278**	**100%**																

1 With regard to the operating expenditures, METRO makes use of the exemption clause in Annex I of the Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 and does not report a key figure for operating expenses.

2 All amounts under €0.5 million have been rounded down to 0. Rounding differences may occur.

3 EL – Activity taxonomy-eligible for the relevant objective. N/EL – Activity not taxonomy-eligible for the relevant objective.

4 The absolute key figure reported here in the previous year comprised total operating expenditure. The taxonomy-non-eligible operating expenditure for financial year 2022/23, which was disclosed in the reporting when explaining the exemption clause in Annex I to Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852, amounted to €273 million.

	Proportion of turnover/total turnover[1]	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	–	0%
CE	–	0%
PPC	–	0%
BIO	–	0%

	Proportion of CapEx/Total CapEx[1]	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	62%
CCA	0%	0%
WTR	–	0%
CE	–	1%
PPC	–	0%
BIO	–	0%

	Proportion of OpEx/total OpEx[1]	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	–	0%
CE	–	0%
PPC	–	0%
BIO	–	0%

1 The code signifies the abbreviation of the individual objective to which the business activity can make a material contribution, that is
– Climate change mitigation: CCM
– Climate change adaptation: CCA
– Water and marine resources: WTR
– Circular economy: CE
– Pollution prevention and control: PPC
– Biodiversity and ecosystems: BIO.

Reporting form: nuclear and fossil gas related activities

Row	**Nuclear-energy-related activities**	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil-gas-related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Environmental matters[5]

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. We do this by focusing on behavioural change (Energy Awareness Programme) and investment aimed at increasing our energy and resource efficiency. We also operate a global energy management system that identifies potential savings in our stores and monitors our overall savings targets. In financial year 2023/24, electricity consumption in our METRO/MAKRO stores, delivery and administrative locations per square metre of selling, delivery and office space[6] decreased by 4.4% in comparison to the previous year. Examples of measures in the overall area of environmental matters in the reporting period:

- As part of the Energy Saving Programme, we invested €12.6 million in energy-efficient lighting and building equipment. This will likely save us approximately €3.9 million in energy costs annually.
- We invest in energy-efficient cooling systems with natural refrigerants within the framework of the F-Gas Exit Programme. This reduces our emissions from loss of refrigerants as well as energy requirements and costs. We invested a total of €81.6 million for this purpose in the reporting period.
- In the reporting period, 8 further photovoltaic plants were installed in Germany, Austria, Turkey and Slovakia, among other countries, with a total additional capacity of 22,122 kWp.
- Additional charging stations for electric vehicles of METRO customers were set up at wholesale stores in Germany, Spain and Italy, among other locations. In Moldova, Poland, Portugal, Slovakia, Turkey, Romania and Hungary, all METRO wholesale stores are now equipped with charging stations. We now have a total of 1,391 charging locations. In Germany (METRO and R Express), more than 520 employees already use electric vehicles as company cars, whose emissions are offset by Renewable Energy Guarantees of Origin. In total, 1,187 company cars are powered by electricity or hydrogen, which is about 12% of our total vehicle fleet. We have integrated electric trucks into our own delivery fleet, for instance in France, Spain, Germany, the Czech Republic and Portugal, for the FSD delivery business.
- Water consumption in our METRO/MAKRO stores, delivery and administrative locations decreased by 5.2% compared to the previous year. By 2030, specific water consumption in our own business operations is expected to be reduced by 10% per square metre of net operating area compared to the base year 2020/21.
- Other key topics in relation to resource-efficient business operations are the prevention of waste and the recovery and recycling of waste materials.
- Compared to the previous year, the volume of waste (excluding food waste) increased by 5.0%.

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.

5 For some key figures with regard to climate and CO_2, as well as for the key figures related to electricity consumption, water consumption and waste volume, extrapolations and estimates are necessary for the consumption data if only partial primary data are available. Sustainability data management compiles the data from the various reporting systems and will lower the share of estimates continuously. For the key figures in the chapter on environmental matters, there may be variances from the consolidation group in financial reporting for reasons such as data availability.

6 The square metres of selling and delivery space are year-end figures (30/9/2024) for all environmental key figures.

Reduction of food waste

Food waste[7] is a large-scale squandering of resources and makes a major contribution to our CO_2 emissions. As a wholesaler with a clear focus on food, we bear a great responsibility in this context.

In line with the Consumer Goods Forum (CGF) resolution on food waste, we are committed to reducing food waste in our operations (per square metre of sales and delivery area) by 50% by 2025 compared to the baseline year 2017/18. In 2023/24, we achieved a reduction of 26.9% in relation to the square metres of selling and delivery space compared to the baseline year.

Our aspiration is to measure, monitor and report progress in line with the requirements of the Food Loss & Waste (FLW) Protocol. We are addressing the problem of food waste by adopting a 3-pillar strategy from the producer to the consumer: (1) data optimisation, (2) solutions, (3) commitment and partnerships.

Key initiatives are helping us achieve our goal:

- In 25 countries and service units, we work with food bank organisations to pass on unsold food to those in need.
- In the Netherlands and Austria, we are working with Too Good To Go (TGTG) to accomplish this goal. In financial year 2023/24, the dedicated collaboration has ‘saved’ 107,745 meals, which corresponds to a reduction of 290.9 tonnes of CO_2. Moreover, we are promoting the TGTG platform in 2 countries as a solution to help our customers save food in their operations.
- METRO is a member of the World Resources Institute’s (WRI) ‘10x20x30’ initiative, which calls on the world’s 10 largest grocery store chains to commit at least 20 of their suppliers to cutting their food waste in half by 2030. METRO AG has integrated suppliers through its operating national subsidiary METRO Turkey.
- We work with various technical solutions to reduce food waste, depending on availability and demand. In Turkey, we use Fazla (formerly Whole Surplus) to analyse food waste hotspots and disposal routes.
- In addition, we were able to improve the quality of the data and the data collection process – both by means of a simplified user interface and by establishing automated control mechanisms in our IT system. We also carried out intensive training courses and individual measures, including revised training documents for the data collectors.

Climate protection target 2040

We plan to make our global business operations climate-neutral by 2040, largely through our own initiatives. With the 51.9% savings of CO_2 emissions per square metre of selling and delivery space we have achieved so far compared to the baseline year 2011, we are on the right track. From October 2023 to September 2024, METRO generated 185.7 kg of CO_2 equivalents[8] per square metre of selling, delivery and office space. This compares to 224.4 kg[9] 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 49.1% has been achieved in this

7 Food waste is food intended for human consumption, including inedible parts of this food, that is removed from the food supply chain for recycling or disposal. Food supplements and food donations are not included in the food waste indicator. According to the WRAP standard, the former do not fall into the category of food intended for human consumption and are therefore not recognised as food waste.

8 The calculation of CO_2 emissions corresponds to the logic of the GHG protocol. METRO mainly uses emission factors from DEFRA, the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA).

9 The previous year’s figure was adjusted due to updated data availability.

area since 2011. Furthermore, METRO AG is committed to reducing absolute Scope 3 CO_2 emissions[10] (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. Since METRO submitted SBTI targets as early as in 2019, they are currently being revised. This process takes account of the new provisions of the CSRD.

Packaging and plastics

Plastic is one of the most used materials for packaging food and non-food products, and the improper disposal of plastic waste has a negative impact on the ecosystem and the earth. METRO is taking responsibility and attempting to limit plastic pollution and to improve the environmental footprint of its own-brand packaging. To this end, we support the recovery of resources through recycling and strive to reduce the environmental impact throughout a product's life cycle, including by seeking alternatives to traditional plastics.

In doing so, we focus on the METRO/MAKRO national subsidiaries as well as our central purchasing companies. This approach contributes to mitigating the risk of future depletion of natural resources and a loss of biodiversity. To reduce the amount of plastic used and to increase the use of alternative sustainable materials, we work with various stakeholders on the development of corresponding solutions.

A team of packaging specialists from METRO AG and a project team from various METRO national subsidiaries and from central purchasing companies are working on the following targets to be achieved by 2030:

1. Initiative for reducing plastic:
   Our goal is to eliminate 10,000 tonnes of plastic in the plastic packaging used for our own brands.
2. Increase in share of recycled components:
   Our goal is to achieve a 30% share of recycled plastic in the packaging used for our own brands.
3. Elimination of substances of concern:
   We are committed to fully eliminating polyvinyl chloride (PVC) and expanded polystyrene (EPS) at all levels of our own-brand packaging.
4. Recyclability of packaging:
   We are aiming to make 100% of the packaging used for our own brands recyclable, reusable or compostable at home.
5. Paper, cardboard and wood commitment:
   We are aiming to use materials certified under the Forest Stewardship Council® (FSC®)/Programme for the Endorsement of Forest Certification Schemes or a share of at least 70% of recycled materials for all paper, cardboard, boxes and wood used in primary and secondary packaging for our own brands.

We are unable to guarantee plastic-free or recycled, compostable or reusable plastic packaging for the brands that do not belong to METRO. In future, we will place greater emphasis on reducing plastic packaging for our own brands, as this approach has the largest direct influence on the reduction of our ecological footprint with regard to packaging. In the reporting period, METRO successfully implemented the METRO Cash & Carry Own Brand Packaging Commitment for all of its own brands in the METRO/MAKRO national subsidiaries, using joint procurement sources and international trading offices. Looking forward, all data on packaging and plastics will be recorded regularly in a standardised system. These data will be prepared for external reporting and disclosed in the next reporting period. An exception to this is the target of

10 The calculation of Scope 3 CO_2 emissions is based on recognised extrapolation methods in order to approximate the emissions generated within the supply chain.

replacing conventional disposable plastic products with reusable, recyclable or compostable alternatives by the end of 2025. We plan to carry out internal controls regularly to monitor progress, with the aim of supporting target achievement.

Employee interests[11]

People & Culture strategy

Our company's sCore growth strategy, which consistently aligns METRO towards multichannel wholesale business, is concomitant with a cultural transformation. Within this transformation process, the motivation of our employees is of essential importance, because they are the ones who actively support the change and whose dedication is necessary to achieve the company's stated objectives. At METRO, human resource activities are called 'People & Culture' to demonstrate this commitment internally and externally. The department pursues a consistent operational agenda that is clearly aligned with the implementation of sCore and is intended to contribute to company growth. At the same time, our employer value proposition – 'Shape the M' – underscores for the labour market the high value METRO places on the mutual development and growth of employees and the company.

It is therefore important to us to invest in the skills and abilities of our employees and to maintain an inclusive, attractive, open-minded, inspiring work environment that is focused on performance and success. Our holistic personnel approach with customised initiatives and programmes spans the entire employee experience life cycle – from recruitment across various career and life stages to retirement models. The global standard and country-specific models, for example, form the foundation for this.

METRO's personnel strategy makes clear the global priorities for People & Culture. In addition, thanks to the involvement of the Management Board and/or the management of the respective national companies and subsidiaries, it ensures a balance between adaptation to specific country circumstances and a degree of group-wide standardisation, which is nevertheless necessary.

Our company values, the METRO Fundamentals, represent the foundation for this and are a guide for the conduct and decisions of our employees. They systematically align the company to wholesale business and highlight the importance of the feeling of 'us'. In order to integrate our corporate values even more effectively in our daily work, we have created occasions that allow our METRO culture to be experienced. For example, 'ONE METRO Fundamentals Moments' was celebrated around the world in financial year 2023/24.

Our consistently high level of commitment is proof that our employees feel a connection with the company and are doing their best every day to jointly achieve the goals of the group. At the same time, the biannual survey provides us with important insights for continuous improvement directly from the workforce.

In a nutshell, our personnel strategy focuses on the following key areas:

- Promoting the ONE METRO culture as well as diversity and inclusion globally as a driver for sustainable business success
- Developing the skills and capabilities of all employees in our headquarters, stores and sales aligned with the requirements of the sCore strategy and supporting its implementation
- Long-term and comprehensive talent management and investments in our employer brand in order to fill positions in our company with the most talented employees for the future
- Increase productivity through targeted use of our resources, continuous improvement and simplification of our processes and digitalisation

[11] Unless narrowed down specifically, substantive information and key figures always refer to all group companies.

Talent attraction and employer branding

Our goal is to position METRO as an attractive employer and to attract qualified, talented people to our company. Through various activities, we identify and recruit suitable professionals and managers for METRO to sustainably fill critical roles for the business in order to strengthen the company's own workforce.

Our main activities:

- Development of professionals and managers from our own ranks: we recruit and train our employees by offering various internship, trainee and apprenticeship programmes to develop them into qualified employees.
- Gaining and retaining talent: to recruit experienced specialists and managers, we make use of active sourcing (contacting potential external talent), draw on pools of internal candidates and engage in advertising and targeted candidate relationship management. In this way, we specifically identify and gain new employees. We encourage regular feedback between managers and their employees and offer a comprehensive development and training programme to retain our talent.
- Target-group-oriented communication: we position METRO as an attractive employer through targeted communication at career fairs, on social networks and by means of strategic collaborations.
- Strengthening the employer brand: we make our employer brand more visible and tangible with the elaborated employer value proposition and the associated value platform. 21 METRO national subsidiaries have been provided with materials (brand manual, activation concept and open files) to use the employer brand concept to effectively increase perception of us as an attractive employer at a local level.
- METRO AG's ONE METRO Ambassador programme brings together employees from various campus companies to represent METRO internally and externally. 50 ambassadors from 8 different campus companies strengthen our employer brand through social media, networking events and career fairs, backed by specialised training.
- Distinction as a top employer in 2024: being certified as a top employer once again in 8 METRO companies underscores our attractiveness as an employer.
- Digital recruiting platform: the introduction of a new applicant management system with an upstream careers website supports the effective recruitment of employees in now 20 METRO national subsidiaries and 13 other subsidiaries. The platform is an important step in the implementation of our growth strategy.

Talent management and succession planning

Through comprehensive talent and performance management, targeted succession planning and numerous career development opportunities, we continuously develop our employees. This way, we offer them attractive career opportunities within our company, thus creating the basis for sustainable success.

The processes of the performance and potential assessment are guided by the METRO Fundamentals and the sCore strategy. Managers are tasked with evaluating the performance and potential of their employees and – together with the respective management team and supported by the People & Culture department – with defining individual measures for the employee during the annual development meetings. Employees have an opportunity to introduce their own development ambitions into the process.

Succession planning takes place locally for all levels as well as across countries for the first and second management levels. Regarding filling positions with professionals and managers, we make a point of ensuring that they are not only suitable for their current position, but also have potential to develop beyond it. Therefore, with regard to filling management positions, we also look at the second and third management levels and measure what proportion of employees can be assessed as having medium or high development potential and thus be given special consideration for succession planning.

We also pay increased attention to the proportion of women in management positions in our succession planning. METRO is therefore working to expand the share of women in management positions. Against this backdrop, METRO had set itself the target of ensuring that, by September 2025, 25% of METRO AG's employees at the first management level below the Management Board and 40% at the second management level below the Management Board are female. At the end of financial year 2023/24, the share of women employed on the first management level below the Management Board was 18.2%, and on the second management level below the Management Board 24.6%. Furthermore, we had voluntarily set a target for the share of women in executive positions in our wholesale business: the share of women in executive positions at levels 1 to 3 (including store management) of global METRO locations was supposed to be 30% by September 2025. At the end of financial year 2023/24, this percentage of women was 28.5%.

In view of the progress made in recent years towards achieving these targets, as well as in connection with further initiatives to promote diversity, such as a global approach to diversity, equity and inclusion and conscious inclusion training, the Management Board of METRO AG has shortened the period for achievement of the above-mentioned female representation targets in executive positions to 30 September 2024 (originally 30 September 2025) and set new targets for 30 September 2029.

The new female representation target for the first and second management levels below the Management Board of METRO AG is now 30% in both cases. The target for the first management level below the Management Board was revised because the previous target had been met in the last 2 financial years, and this positive performance is to be encouraged by raising the target. The fact that the target was not met in financial year 2023/24 is attributable to a small number of personnel changes, which, because of the small statistical population, had a negative impact on the proportion of women on the first management level below the Management Board. The revised target for the second management level below the Management Board reflects a change in the statistical population at that level and, hence, the changed basis for defining the target.

With respect to its wholesale business, METRO has also again set a voluntary target for female representation in executive positions. Thus, the proportion of women in executive positions on levels 1 to 3 is to reach 40% worldwide by 30 September 2029.

In addition, pursuant to the German Stock Corporation Act (AktG), the Management Board of METRO AG must include at least 1 woman and at least 1 man (so-called participation requirement). METRO AG met these requirements in the reporting period.

The processes described above are supported by an integrated talent management and learning system that is available to all METRO companies. The learning module with its many opportunities for personal development is available to almost 86,000 employees. The talent and performance module is currently available to around 57,000 employees. It will continue to be rolled out in the coming financial year.

Performance-based remuneration

Our aspiration is to provide our employees with competitive, performance-based and fair remuneration. Our remuneration system 'Perform & Reward' for executives (with the exception of the members of the Management Board) comprises a monthly fixed salary as well as a variable annual remuneration component; the payment amount essentially depends on the economic development of the respective company in which the executive works.

With a clear focus on the economic development of METRO, our managers also receive a multi-year variable remuneration component that sustainably anchors our sCore strategy in our remuneration system.

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

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

Career development and retention of talent

With regard to global talent and organisational development, the in-house training academy House of Learning and the Global Leadership & Culture team continuously adapt their Learning & Development portfolios to the needs of the employees as well as the strategic alignment of the company.

The department thus supports the development and retention of employees and managers – both at METRO AG and its national subsidiaries. The Learning & Development portfolios focus on 2 fundamental core areas:

- Function-specific and cross-functional learning programmes: These programmes have been developed for target groups whose roles form the focus of the sCore strategy or are undergoing change in this connection (for example training of store managers based on the multichannel strategy to qualify them as Multichannel Fulfilment Centre Managers). A portfolio of learning solutions for professional skills development and mandatory compliance training is also offered across all functions. These offers are available to all employees.
- International talent and leadership development programmes in the form of programme modules lasting several months: This offer is reserved for high-potential employees with vertical growth potential. This potential is calibrated and validated through frequent talent management and succession planning processes at METRO. Identified talent and leaders are therefore prepared for the challenges of future management roles in the wholesale business. This offer also ensures long-term succession planning.

The Learning & Development portfolios are mapped in the global learning management system MPower, to which employees of METRO AG as well as of the national subsidiaries have access.

Training courses

	METRO national subsidiaries			METRO AG		
	Individual learning (e.g. e-learning, videos, materials)	Instructor-guided learning (face-to-face and virtual training)	**Total**	Individual learning (e.g. e-learning, videos, materials)	Instructor-guided learning (face-to-face and virtual training)	**Total**
Participants	1,124,439	109,923	**1,234,362**	4,131	848	**4,979**
Participant hours	481,263	474,875	**956,139**	2,607	6,907	**9,514**

Occupational safety and health management

We are committed to reinforcing our safety culture and involving managers to create a safe and secure environment for our employees, suppliers and customers. We hold our annual Global Safety Day with our #BeSafeAtWork programme as an element of the group-wide campaign to make safety a matter of personal concern for each employee. In 2024, we will be focusing on safe manual handling and office workplace ergonomics. We encourage our employees to maintain a good posture, use safe lifting and carrying techniques and take time to stretch tired muscles to avoid injuries.

OCCUPATIONAL SAFETY REPORTING

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

KPIS FOR OCCUPATIONAL SAFETY AND HEALTH

The Lost Time Injury Frequency Rate (LTIFR)[12], that is, the total number of lost-time injuries per 1 million working hours, for the METRO/MAKRO national subsidiaries in financial year 2023/24 was 6.98 (2022/23: 6.62; 2021/22: 7.18). Incidents are investigated using a risk-based approach to reduce risks and to minimise potentially negative effects.

Specially appointed employees examine incidents to understand their causes including technical, behavioural, organisational and individual human factors. We share the findings gained within METRO and endeavour to use the results of the investigations to improve standards or implement best practices that can be applied on a broad basis to similar workflows. Safety audits were conducted to measure compliance with the group-wide safety guidelines (Operational Safety Management System).

HEALTH AND WELL-BEING

Our aspiration is to promote the physical, mental, social and financial well-being as well as the health of our employees. At METRO AG, the following measures and offerings serve this purpose:

- METRO AG provides a total of 242 full-time places at 3 childminding facilities for employees' children.
- Support for holiday childcare for employees' school-age children
- 2 health days with many health checks and much information
- Pension advice in conjunction with external partners
- E-learning modules on the topics of resilience, avoiding burnout and dealing with finances
- Yoga, sports and nutrition courses, as well as the opportunity to work out independently in the company's own gym on campus
- In-company medical care including a range of preventive treatments, such as flu vaccinations
- Psychological counselling
- Employee support programmes via external partners to help manage crisis situations
- The topics of maintaining health, dealing with stress and resilience are also components of our talent programmes

The national subsidiaries develop their own measures on the subject of the well-being of their employees. In the previous financial year, there was a particular focus on the prevention of musculoskeletal disorders. On the basis of a functional diagnosis of manual activities, METRO Deutschland, for example, trained and advised its employees on health issues related to muscle

12 The key figure includes the METRO/MAKRO national subsidiaries. The FSD companies are not yet included for reasons of data availability, among others.

and skeletal disorders. METRO France launched an appeal, encouraging its employees at the stores to perform a warm-up routine before starting their daily work. For this purpose, a video was produced that clearly demonstrates exercises that help prevent injuries.

Videos on workplace ergonomics were made available in all METRO languages.

Fair working conditions and social partnership

The METRO AG Declaration of Values on Human Rights and Environmental Concerns is crucial in shaping our employee–employer relations. The declaration anchors the prohibition of child labour, the prohibition of forced labour, occupational health and safety, freedom of association, the prohibition of discrimination in employment and compliance with the respective minimum-wage requirements in the structure of the company. A binding group guideline provides for the establishment of the resulting specific rights and obligations. As a responsible company, we have designed a risk management concept that is intended to effectively ensure that risks to the protected legal positions are discovered and mitigated.

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.

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 table below shows 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		Full-time equivalents, as of 30/9	
	2022/23	**2023/24**	2023	**2024**
METRO	84,336	**81,496**	81,834	**80,951**
Germany	11,425	**11,174**	11,350	**10,970**
West	24,748	**24,462**	24,616	**24,399**
Russia	9,414	**9,295**	9,003	**9,070**
East	32,376	**30,323**	30,474	**30,394**
Others	5,696	**5,535**	5,699	**5,418**
METRO AG	677	**707**	692	**700**

Social matters

Respect for human rights

The principles of METRO include respect of all human rights, as set out in the United Nations' Universal Declaration of Human Rights, the International Bill of Human Rights, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO). This is manifested in our Declaration of Values on Human Rights and Environmental Concerns, which applies to our own employees and to our business partners within our supply chain. An attitude with similar values is also important to us on the part of our business partners. Our goal is to identify and prevent violations of human rights in our own business operations and in our supply chain. We also strive to systematically improve working conditions in our supply chain. In the reporting period, we implemented, in accordance with our management approach with regard to respecting human rights, the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG), which entered into force in Germany in January 2023, for the METRO companies that are directly affected by the LkSG. As a result, METRO AG, METRO Deutschland GmbH and METRO Logistik GmbH each published its human rights strategy in the form of a policy statement for compliance with human rights and protection of the environment and appointed designated human rights officers. METRO AG has created matching responsibility structures in the national subsidiaries and trained the local human rights ambassadors. In addition, METRO AG issued a group guideline as an operational instruction for implementing the Declaration of Values on Human Rights and Environmental Concerns and rolled out an e-training course on the protection of human rights and environmental aspects, which is mandatory for all employees worldwide. METRO Deutschland had already revised the content of its code of conduct in the previous reporting period and made it a part of the contractual relationship with relevant suppliers. Furthermore, all framework agreements for own-brand and brand suppliers and the international standard logistics contracts contain a clause on the social standards. As a responsible company, we have implemented corresponding processes and measures that help us to enforce our requirements accordingly. In the reporting period, the companies subject to the requirements of the LkSG introduced an IT-based social compliance risk management system for supplier relationships with a differentiated risk analysis. Here, we determine, weight and prioritise the risks to human rights and environmental protection on a regular and case-by-case basis. For relevant contracting parties, abstract and, where necessary, specific risk factors are used to classify and prioritise the risks in correlation with our options to exert influence. In relation to our own business operations, a risk analysis was carried out by interviewing the human rights ambassadors appointed for the respective group companies using a defined set of questions, as well as by analysing reports from our whistle-blower system and on the basis of our own research conducted by the human rights officers. In turn, the operational and strategic human rights officer classify and prioritise the risk factors on the basis of the criteria of ability to influence, seriousness, probability and reversibility of a potential violation as well as on the basis of the nature of our contribution to the cause. METRO AG's function as a group holding and management entity results in a specific structure of contracting parties, the vast majority of which are traditional service providers such as business consultancies, law firms or similar that have their registered office in Germany rather than traditional goods suppliers. No fundamental risks relevant to human rights and environmental matters were identified for these specific contracting partners and for the company's own business operations in the reporting period. Regular analyses are nevertheless conducted to verify whether this investigation is up to date in order to exclude potential risks or to identify and address them accordingly on an ongoing basis.

In case of violations of our basic human rights principles, our employees can contact their supervisors or the company's compliance officers. Using a tool that is publicly accessible via the

METRO compliance page, internal and external individuals, including stakeholders of our suppliers, can report incidents and violations. It is important for us that our suppliers also are familiar with the METRO complaint mechanism and provide information about it along the rest of the supply chain. Corresponding measures to ensure that this is also implemented by our suppliers have not been established. Reported incidents affecting our company will be promptly investigated and processed by our experts to take appropriate action, if necessary. We are also committed to working with our suppliers and within the group to remedy the effects of the grievances, utilising joint initiatives and collaborating with stakeholders, and not obstructing access to other legal remedies. To this end, we are working with a catalogue of preventive measures and remedies aligned with the requirements of the LkSG. Depending on the particular case, it is posted and tracked during risk classification of a supplier or, at the latest, when a confirmed incident is reported. As part of the effectiveness analysis of our risk management system, including measures and complaints procedures, we were able to determine the effectiveness of the measures used and of our business processes. Particular tools used to further this process were the way our organisation is structured, contract adjustments, the use of supplier questionnaires, bilateral supplier dialogues for a more detailed risk analysis, e-training for employees and relevant suppliers, requests for audit documents and investigative interviews on existing complaints, including with third parties.

Global labour and social standards in the supply chain

In order to contribute to ensuring socially acceptable working conditions within our procurement channels and to prevent potential infringements, the application of social-standard systems in our own-brand supply chain is a key part of the purchasing process. We pursue the approach of requiring own-brand producers to be audited by a third party, for example in accordance with the supply chain management set out by the amfori BSCI, the Sedex audit according to SMETA or equivalent social-standard systems. These audits may be initiated by us, or we access audits initiated by other companies that are released to us for our evaluation. 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 Ltd. Hongkong (MSI) have imported goods manufactured. It also applies to all above-referenced risky producers who manufacture own brands or own imports for METRO. This risk assessment did not have to be adjusted in connection with the Russian war in Ukraine, as it is universally applicable. Under normal circumstances, we have audits regularly carried out on-site by external auditors in accordance with the audit cycles of the social standards accepted by METRO. For many years now, we have been working on the basis of a corresponding process for our non-food producers[13]. We are gradually establishing this process analogously for all food and near-food producers in the own-brand sector. To date, the process has been implemented entirely via MSI's food and near-food producers and the national subsidiaries METRO Deutschland and METRO France. The national subsidiaries METRO Turkey, MAKRO Spain and METRO Pakistan are continuously expanding their producer portfolios in the food and near-food process. Other purchasing companies and national subsidiaries are preparing for implementation. Our goal is to include our entire own-brand supply chain in this process by 2030, insofar as it is considered risky in terms of potential human rights violations. The national subsidiaries are trained and gradually integrated into the programme. During the reporting period, 12 national subsidiaries refreshed their proficiency of the programme and/or trained new colleagues via online training sessions.

The war in Ukraine has an impact on our supply chain. Taking the experience gained from testing the resilience of the supply chain into account, we particularly consider responsible

13 This includes producers of commercial goods (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.

procurement practices as the key to strengthening business relationships, ensuring business continuity and protecting human rights in global value chains.

As of 30 September 2024, 412 of 466 reported active risky own-brand non-food producers[14] and 117 of 191 corresponding food/near-food producers[15] had undergone the audit process[16]. Within this group, 100% (412) of non-food producers and 100% (117) 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. In exceptional cases, D audits may also be permitted, if it can be demonstrated that the items that led to the D result have been remedied, but no new audit has as yet been conducted. In addition, a D audit may be permitted by way of exception, if according to the audit provider's calculation system an individual result in a non-critical performance area leads to an overall result of D, although the individual assessment reveals only minor shortcomings and the overall assessment of the performance is therefore acceptable. 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.

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

In order to contribute to the improvement of the social requirements in the production facilities of our own brands and thus to further increase the proportion of valid social audits, MSI, MFS and METRO Turkey work together with our local producers and support them with training courses that serve to teach understanding and compliance with the social standards. By training our own-brand suppliers on the implementation of fair labour conditions, we sensitise them to comply with conditions and to avoid violations.

Corporate ethics and transparency[17]

The Management Board of METRO AG sets high standards for itself and its employees with regard to integrity and ethical behaviour, as well as compliance with regulations and laws, in order to achieve a trusting relationship with customers, shareholders, business partners and the public by means of responsible corporate conduct. The strategic cornerstone of responsible corporate action is the compliance management system, which is overseen by the Management

14 High-risk non-food producers are assessed using the following criteria, among others: inherent risk (producers located in a high-risk country under amfori BSCI) as well as fact-based risk (critical incidents).

15 High-risk near-food producers are assessed using the following criteria, among others: inherent risk (producers located in a high-risk country under amfori BSCI) as well as fact-based risk (critical incidents). High-risk food producers are assessed using the following criteria, among others: I. inherent risk: a) producers located in a high-risk country, b) producers that make products from certain high-risk categories of goods and/or sectors/industries, regardless of the risk status of the production country or c) governance and organisational structures: staff made up primarily of women or migrant workers or seasonal/temporary workers, or workers without fixed or regular contracts or II. fact-based risk (critical incidents).

16 For the key figures in the chapter on social matters, there may be variances from the consolidation group in financial reporting for reasons such as data availability.

17 The compliance management system and the data protection organisation cover all operating group companies. Group companies without sales or personnel are not included.

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 and the Supervisory Board of METRO AG at least every 6 months.

Compliance – including the fight against corruption and bribery as well as antitrust violations

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

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

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

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 are included in the evaluation.

Generally, the CMS compliance risks control is risk-based. As part of regular risk audits in the respective units based on a standardised audit process, 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, such as Transparency International's indices, the number of employees, the results of examinations performed and compliance maturity in past periods, are used for this purpose.

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 M&A | Legal & 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 and target agreements. The compliance officers regularly report directly to the management in their units. Moreover, identified key compliance risks are addressed in the context of the other GRC subsystems and tracked in the systems there.

An IT-based whistle-blower system and separate report-processing offices in each relevant group company provide employees and external third parties with an opportunity to provide information (under the protection of anonymity, if preferred) on suspected or actual misconduct and risks in the business segment of METRO and its direct and indirect suppliers. 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. Throughout the entire process, internal and external whistle-blowers are protected through a strict role and authorisation concept, the application of a systematic need-to-know approach in processing reports and the whistle-blower protection policy adopted by the Management Board of METRO AG.

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 2023/24, compliance training was executed in all group companies. The selection of employee groups to be trained is risk-based. Practical content is taught in the training courses. A variety of other communication formats are used in addition to training, such as compliance talks, posters, flyers, intranet, department visits, function and leadership conferences as well as personnel development events.

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

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

Overall, METRO has implemented far-reaching processes and measures that are meant to ensure an appropriate level of compliance maturity.

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 organisation with various responsibilities as well as a binding privacy policy that contains uniform standards for the handling of personal data and is binding for all group companies. In addition, national laws apply. For companies operating in Europe, this includes, in particular, provisions for dealing with the General Data Protection Regulation (GDPR). This is intended to ensure the continuous and comprehensive monitoring of compliance with data protection regulations within the group. In the reporting period, the training concept was revised and new training formats were offered within the group. A special auditing programme was developed for departments working with sensitive customer data.

Customers

In the interest of our customers, we – as a wholesaler – are responsible for compliance with recognised product safety and quality standards. In this regard, the main focus is on our own brands, which comprise food, non-food and near-food items, because this is where we have the greatest influence. This is also reflected in our sCore strategy, which aims to increase the proportion of our own brands to more than 35% by 2030.

Product quality and safety

The foundation for ensuring perfect product safety and quality is our METRO Quality Policy along with our global METRO Quality Approach, which was introduced in all METRO companies.[18] A management system has been established to monitor the above-mentioned processes and to ensure the effectiveness of implementation of the global METRO quality standards. All METRO units must be audited on the basis of a risk assessment with an acceptable result of at least 75% or, alternatively, undergo an intensive development plan monitored by the Quality Assurance department.

Top management is involved in the processes. For example, the Management Board is informed once per year by means of a quality assurance report, which contains all KPIs and measurements relevant for product quality and safety.

We take various measures to ensure a uniform level of product quality and safety. To ensure that our own-brand products meet the needs and requirements of our customers, we continuously enhance, for instance, our range of own-brand products together with professional chefs. Furthermore, we collaborate with selected suppliers to offer safe, compliant and high-quality own-brand products. All METRO own-brand suppliers must be certified in accordance with one of the internationally recognised standards, for example GFSI or ISO, or pass the METRO Food Safety and Quality Audit based on our METRO Assessment Solution (MAS) checklist. In addition, all relevant quality and legal requirements are set out in detailed product specifications.

The quality assurance process for our own-brand products, including the development and approval of specifications, is handled by means of a tailored METRO IT tool (MQuality). The IT tool helps us optimise our processes and appropriately monitor the implementation of the quality system. To this end, the employees of the Quality Assurance department also receive regular training via special communication channels on current issues related to product quality and safety.

For the avoidance of product safety and quality risks, we work with renowned laboratories and certification authorities to review and evaluate our own-brand products as well as to ensure improvements on an ongoing basis.

18 They include the METRO/MAKRO companies and the FSD companies, except the Günther group.

2 ECONOMIC REPORT

2.1 Macroeconomic and sector-specific parameters[19]

The global economy was shaped by the geopolitical tension in financial year 2023/24. It expanded at a similar pace to the previous year (cf. table ‘Development of **gross domestic product** by METRO region’). The German economy declined slightly. Economic development in many countries of the region West also lost momentum. Overall, the region recorded real economic growth. The countries in the Iberian peninsula enjoyed comparatively high economic growth, even though it was down on the previous year. In the region East, in contrast, growth outpaced the previous year. However, performance in the region varied from country to country. The Russian economy performed significantly more strongly than in the previous year. Its rapid growth is attributable to the war economy, among other factors.

Development of gross domestic product by METRO region

Change in % compared to the previous year

	2022/23[1]	**2023/24[2]**
World	2.6	**2.7**
Germany	0.0	**−0.2**
West	1.5	**1.1**
Russia	1.8	**4.3**
East	2.4	**2.7**

Real GDP growth based on USD. The values are based on the financial year. Source: Oxford Economics.

1 The previous year’s figures may slightly deviate from Annual Report 2022/23, since retrospective corrections are being made by the data provider.

2 Outlook.

The performance of **private** consumption in Germany was positive at a low level. Private consumption also grew in the regions West and East, but the pace was down on the previous year. Unlike in the region East, it expanded more slowly than real gross domestic product in the region West. Private consumption was once again absent as a driver of macroeconomic growth for Germany and the region West.

Inflation weakened in the course of the financial year. The inflation rate in Germany and Western Europe was below 3% for the year. The stable decline in inflation prompted the European Central Bank to cut interest rates several times in order to revive the economy. In the region East, which had recorded double-digit inflation rates in all countries in the previous year, the inflation rate retreated to single-digit figures. Exceptions are Turkey and Pakistan, which continue to have very high inflation, despite declines in inflation rates.

Falling energy prices and a slowdown in food price increases have contributed to the decline in inflation in Germany and the regions West and East. In Russia, by contrast, inflation accelerated, driven by the strong economic growth.

In view of the significant decline in inflation, **consumer confidence** recovered continuously in the countries of the European Union and the Eurozone in the course of the financial year and was most recently only just below the long-term average.

Regardless of economic parameters, **sales in the hospitality industry** delivered a positive nominal performance, but the rates of growth slowed significantly compared to the previous year. In some countries in Western and Eastern Europe, the hospitality industry nevertheless saw relatively high growth rates for the year as a whole. In Germany, nominal sales development

19 The underlying data was collected as of the closing date on 22 October 2024. The reliability of statistics for Russia is limited because, on the one hand, the effects of the war and the associated sanctions are difficult to assess, even in the past financial year, and, on the other hand, data from the Russian authorities is only released selectively.

was majorly impacted by the increase in value added tax as of 1 January 2024. As a result, price increases for out-of-home consumption have been markedly higher than food inflation since the beginning of the calendar year. Consequently, Germany's hospitality industry did not expand in real terms and price-adjusted sales continue to be below pre-pandemic levels.

2.2 Asset, financial and earnings position

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

The Management Board looks back on another successful financial year within the framework of expectations. In a challenging environment, the implementation of the sCore growth strategy continued and the company improved its market position. The consistent focus on the implementation of the sCore strategy paid off and we made significant progress in the strengthening of delivery, in the online business and in the optimisation of the wholesale approach of our stores.

Financial year 2023/24 was characterised by a challenging environment due to the geopolitical situation and rising costs. We have further bolstered the delivery business portfolio with the acquisitions of Caterite (Great Britain), Donier Gastronomie (Finland) and Fisk Idag (Sweden).

Sales reached the upper half of the outlook range. Growth was driven by all segments and all sales channels. As expected, adjusted EBITDA declined; due to the continuing transformation requirements in the wholesale business, persistent cost pressure and the expiry of post-transaction effects, it is at the lower end of the outlook range. As a result, the reported earnings per share (EPS) are €−0.33 (2022/23: €1.21). The previous year's earnings were to a significant extent influenced by the sale of part of the METRO Campus, the sale of the Indian business and non-cash currency effects in the net financial result. In accordance with our dividend policy (payout ratio of 45% to 55% of EPS), the Management Board and the Supervisory Board propose to the Annual General Meeting not to pay a dividend for financial year 2023/24.

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 as well as utilising internal group cash pool structures. 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.

- **For more information about the risks stemming from financial instruments and hedging relationships, see the notes to the consolidated financial statements in no. 39 – management of financial risks.**

Rating

METRO AG has an investment grade rating (long term: BBB−/short term: A-3) from Standard & Poor's with a stable outlook. The rating ensures access to the international financial and capital markets, which is particularly utilised within the scope of the Euro Commercial Paper Programme and the ongoing capital market bond programme as needed. Frequent dialogue with credit investors and analysts takes place.

Financing measures

The company's medium-term and long-term financing needs are covered by a bond issuance programme. On 7 March 2024, a new bond with a nominal volume of €500 million, a term of 5 years and a 4.625% coupon was successfully placed on the capital market. On 10 July 2024, a matured bond of €51 million was redeemed. As of 30 September 2024, the utilised bond issuance programme amounted to a total of €1,150 million (30/9/2023: €701 million).

Short-term financing requirements are primarily covered through the Euro Commercial Paper Programme as well as bilateral credit lines. As of 30 September 2024, utilisation of the Commercial Paper Programme was €76 million (30/9/2023: €225 million) and that of the bilateral credit lines €54 million (30/9/2023: €112 million).

As a cash reserve, METRO AG concluded a syndicated credit facility of €1,000 million and additional bilateral credit facilities of €100 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. 32 – financial liabilities (excluding liabilities from leases).**

Investments/divestments

In financial year 2023/24, METRO invested €1,196 million and is thus €49 million above the previous year's investment volume of €1,147 million.

The increase in investments resulted largely from lease extensions for numerous locations in Germany, while in the previous year the value of lease extensions had been lower, especially in the segment West. In addition, investments continued to be made in financial year 2023/24 in the delivery business and the transformation of wholesale stores to multichannel fulfilment centres, which are a significant pillar of the sCore strategy. The conversions will expand delivery capacities in a targeted manner and ensure the efficient dovetailing of the sales channels.

The focus on sustainability and digitalisation was maintained in financial year 2023/24 and significant investments were made.

The FSD companies Fisk Idag, Donier Gastronomie and Caterite were acquired in the segment West; the previous year had seen the takeover of Johan i Hallen & Bergfalk in the same segment. By making these acquisitions, METRO is expanding its food service expertise as well as its presence in Sweden, Finland and Great Britain.

The number of wholesale stores declined by 1 to 624 stores in financial year 2023/24, as 1 wholesale store in Turkey was damaged in an earthquake and had to be closed.

Proceeds from divestments amount to €101 million and mainly relate to real estate disposals.

- **For more information about divestments, see the cash flow statement in the consolidated financial statements as well as the notes to the consolidated financial statements under no. 37 – notes to the cash flow statement.**

METRO investments

€ million	2022/23	2023/24	Change absolute	Change %
Germany	91	**297**	206	226.4
West	562	**349**	−213	−38.0
Russia	60	**38**	−22	−36.6
East	237	**342**	105	44.2
Others/consolidation	197	**170**	−27	−13.6
METRO	**1,147**	**1,196**	**49**	**4.2**

Liquidity (cash flow statement)

Cash inflow from operating activities amounted to €1,079 million in financial year 2023/24 (2022/23: cash inflow of €721 million). The improvement is mainly attributable to the net working capital.

Investing activities led to cash outflow of €221 million (2022/23: cash outflow of €46 million). Cash outflows for investments, which were on a level with the previous year, were set against lower cash inflows from divestments. The high inflows in the previous year were primarily related to real estate disposals.

Cash flow from financing activities exhibited a cash outflow of €625 million (2022/23: cash outflow of €820 million). This figure includes mainly lease disbursements in an amount of €573 million (2022/23: €591 million) and the proceeds and redemption of borrowings. Dividend payments to METRO shareholders amounted to €201 million (2022/23: €0 million). The cash flow from financing activities improved by €297 million, mainly as a result of cash inflows from the bond issuance programme and the commercial paper programme. In the previous year, these programmes had led to outflows of €275 million.

Total cash flows amount to €233 million (2022/23: €−145 million).

- **For more information, see the cash flow statement in the consolidated financial statements as well as no. 37 – notes to the cash flow statement.**

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

Free cash flow

€ million	2022/23	2023/24
Cash flow from operating activities	**721**	**1,079**
Investments without (investments in) monetary assets	−550	**−537**
Divestments	317	**101**
Lease payments	−591	**−573**
Interest paid and received	−26	**−48**
Other financing activities	−17	**−45**
Free cash flow	**−147**	**−24**

Capital structure

As of 30 September 2024, the METRO balance sheet reports equity in the amount of €1.7 billion (30/9/2023: €2.0 billion).

Equity was down, largely because of the dividend payment of €201 million and the loss for the period of €125 million.

The equity ratio stands at 14.2% (30/9/2023: 17.4%).

- **For more information about our equity, see the notes to the consolidated financial statements in no. 27 – equity.**

Net debt developed as follows:

€ million	30/9/2023	30/9/2024
Cash and cash equivalents	591	**794**
Current financial investments[1]	21	**22**
Financial liabilities (including liabilities from leases)	3,663	**4,019**
Net debt	**3,051**	**3,203**

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

- **For more information about the maturity, currency and interest rate structure of financial liabilities as well as the credit facilities, see the notes to the consolidated financial statements in no. 32 – financial liabilities (excluding liabilities from leases) as well as no. 37 – notes to the cash flow statement.**

Financial liabilities rose, mainly due to lease extensions and indexations as well as the issuance of a bond; redemptions of commercial papers had an offsetting effect. Current financial liabilities increased as some liabilities approached maturity. Trade liabilities increased by €0.1 billion, primarily for currency-related reasons.

Compared to 30 September 2023, the debt ratio increased from 82.6% by 3.1 percentage points to 85.8%.

€ million	Note no.	30/9/2023	30/9/2024
Non-current liabilities		**3,526**	**3,569**
Provisions for post-employment benefits plans and similar obligations	28	351	**405**
Other provisions	29	166	**142**
Financial liabilities	30, 32, 34	2,838	**2,866**
Other financial and other non-financial liabilities	30, 33	80	**71**
Deferred tax liabilities	21	90	**85**
Current liabilities		**6,100**	**6,498**
Trade liabilities	30, 31	3,667	**3,813**
Provisions	29	305	**297**
Financial liabilities	30, 32, 34	825	**1,153**
Other financial and other non-financial liabilities	30, 33	1,098	**1,058**
Income tax liabilities	30	205	**176**

- **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. 40 – contingent liabilities and no. 41 – other financial commitments.**

Asset position

In financial year 2023/24, METRO's total assets increased by €0.1 billion to €11.7 billion (30/9/2023: €11.6 billion).

Factors contributing to the €0.3 billion rise in property, plant and equipment were primarily investments due to lease extensions and indexations.

The sale of the remaining shares in WM Holding (HK) Limited, and therefore METRO's former business in China, contributed to the decrease in assets held for sale and other financial and other non-financial assets.

€ million	Note no.	30/9/2023	30/9/2024
Non-current assets		**6,929**	**7,192**
Goodwill	17	712	**721**
Other intangible assets	17	623	**632**
Property, plant and equipment	18	5,091	**5,364**
Investment properties	19	106	**86**
Financial assets		71	**59**
Investments accounted for using the equity method		97	**97**
Other financial and other non-financial assets	20	78	**57**
Deferred tax assets	21	151	**176**
Current assets		**4,718**	**4,544**
Inventories	22	2,242	**2,258**
Trade receivables	23	674	**688**
Financial assets		1	**1**
Other financial and other non-financial assets	20	938	**721**
Entitlements to income tax refunds		92	**83**
Cash and cash equivalents	25	591	**794**
Assets held for sale	26	180	**0**

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

Earnings position

Overview of group business development

In financial year 2023/24, sales in local currency increased by 4.2%. Growth was driven by all segments and all sales channels. Despite negative portfolio effects[20], sales in local currency in store-based business rose to €22.9 billion (+0.8%), delivery sales to €7.9 billion (+14.7%) and METRO MARKETS sales to €0.2 billion (+49.3%). Reported sales increased by 1.6% to €31.0 billion, driven to a major extent by negative currency effects, especially in Russia and Turkey.

The **adjusted EBITDA** declined to €1,058 million in financial year 2023/24 (2022/23: €1,174 million). The sales growth from sCore generally lead to EBITDA growth. Offsetting effects in financial year 2023/24 included the continuing transformation requirements in the wholesale business, the expiry of licence earnings from WM Holding (HK) Limited in the previous year and other post-transaction effects (segment Others) as well as cost pressure. Adapted for exchange rates, adjusted EBITDA declined by €78 million compared to the previous year's period. There were negative currency effects primarily in Russia and in Turkey.

In financial year 2023/24, transformation gains of €22 million (2022/23: transformation gains of €153 million) were recognised from previous portfolio measures. In the previous year, transformation gains had resulted in particular from the sale of the business in India.

Earnings contributions from real estate transactions amounted to €42 million (2022/23: €208 million); they were primarily the result of 2 real estate transactions in Turkey. In the previous year, the earnings contribution from real estate transactions had mainly included the sale of part of the METRO Campus. The EBITDA reached a total of €1,122 million (2022/23: €1,534 million).

€ million	2022/23	**2023/24**	Change
Sales	30,551	**31,029**	1.6%
Adjusted EBITDA	1,174	**1,058**	−9.9%
Transformation costs (+)/transformation gains (−)	−153	**−22**	85.9%
Earnings contributions from real estate transactions	208	**42**	−79.7%
EBITDA	1,534	**1,122**	−26.9%

In financial year 2023/24, METRO made good progress with the implementation of the strategy in the countries. This is also reflected in the **strategic KPIs** that METRO uses to implement the sCore strategy:

Multichannel sales development (in € million)	2022/23	**2023/24**
Store-based and other business	23,342	**22,923**
FSD	7,099	**7,942**
METRO MARKETS sales	110	**165**

sCore KPIs (%)	2022/23	**2023/24**
Strategic customer sales share	74	**76**
Own-brand sales share	22	**24**
Stock availability	96	**97**
FSD sales share	23	**26**
Digital sales share	11	**14**

20 Sale of METRO India (completed on 11 May 2023).

Comparison of outlook with actual business developments

For financial year 2023/24, METRO had forecast year-on-year sales growth of around 3% to 7% (2022/23: 9%[21]) and a change in adjusted EBITDA of between €−100 million and €50 million. The outlook was based on the assumption of stable exchange rates and no further adjustments to the portfolio. Segment expectations were adjusted in Q3 2023/24 due to continuing high volatility and inflation. The overall outlook was left unchanged. A significantly smaller inflation effect was expected than in the previous year. We expected growth to be driven by all segments and all channels. All strategic KPIs were expected to undergo positive development. Sales growth in the segment Germany was expected to be below the outlook range. For the segment West, sales growth within the outlook range was expected, while the segments Russia (originally: at approximately the level of the previous year), East and Others were anticipated to be above the outlook range.

With **total sales** growth in local currency of 5.9%[21], METRO achieved this target in the upper half of the outlook range (3% to 7%). In Germany, sales growth was below the outlook range, as expected, while growth in the segment West was slightly below expectations; this was attributable to persistent headwinds in the HoReCa sector anddelayed start to the summer season. Russia, the segment East and the segment Others grew above the outlook range. In the outlook view (currency- and portfolio-adjusted), all segments and delivery channels contributed to the growth.

Adjusted EBITDA decreased by €67 million[21] in financial year 2023/24 in the outlook view and thus reached the lower end of the outlook range (change of between €−100 million and €50 million). In the segments Germany and West, adjusted EBITDA fell slightly short of expectations due to sales-related factors, while adjusted EBITDA in the segment East was moderately higher, as forecast. In Russia, adjusted EBITDA rose slightly, as forecast (originally: moderate decline). As forecast, adjusted EBITDA declined strongly in the segment Others due to the expiry of licence earnings from WM Holding (HK) Limited in the previous year and other post-transaction effects.

METRO achieved the sales and EBITDA targets for financial year 2023/24 within the outlook range.

Sales and earnings development of the segments

In **Germany,** sales in local currency increased by 0.7% in financial year 2023/24. Implementation of the sCore strategy made good progress, although the segment Germany continues to be in a transformation phase. Reported sales increased to €4.9 billion.

In the segment **West,** sales increased by 2.0% in financial year 2023/24. In particular Spain and Italy as well as the delivery specialists contributed to this rise. The positive sales development with HoReCa customers was negatively impacted by the delayed start to the summer season due to weather conditions, especially in France. Reported sales increased to €12.8 billion.

In **Russia,** sales in local currency in financial year 2023/24 increased significantly by 14.2%. In the previous year, business had been significantly affected as a result of the cyberattack. Due to negative currency effects, reported sales declined by 2.9% to €2.4 billion.

In the segment **East,** sales in local currency increased significantly by 6.1%. This includes a negative portfolio effect[22] of around 5 percentage points. Almost all countries, in particular Romania, Ukraine, the Czech Republic and Bulgaria, contributed to this positive development, driven primarily by the clearly positive development of the business with strategic customers. The largest increase in sales was recorded in Turkey, which was heavily supported by inflation.

21 Exchange-rate- and portfolio-adjusted.

22 Sale of METRO India (completed on 11 May 2023).

Because of negative currency effects, especially in Turkey, reported sales increased by 2.0% to €10.6 billion.

In the segment **Others,** sales increased by €56 million to €268 million and include in particular METRO MARKETS sales of €165 million (2022/23: €110 million). This increase was driven by the growth of the marketplace, particularly in France, Spain and Italy. The sales of DISH Digital Solutions, which amounted to €44 million (2022/23: €35 million), also made a significant contribution to growth (+>20%).

As of 30 September 2024, the **store network** comprised 624 stores, of which 522 were out-of-store (OOS)[23] locations, and 94 depots.

- **Detailed information on the store network can be found in chapter 1.1 group business model.**

METRO key sales figures 2023/24

In year-on-year comparison

	Sales (in € million)		Change in % compared with the previous year's period		
	2022/23	**2023/24**	in group currency (€)	Currency effects in percentage points	in local currency
METRO	**30,551**	**31,029**	**1.6%**	**−2.6%**	**4.2%**
Germany	4,897	**4,933**	0.7%	0.0%	0.7%
West	12,573	**12,819**	2.0%	0.0%	2.0%
Russia	2,510	**2,438**	−2.9%	−17.1%	14.2%
East	10,359	**10,571**	2.0%	−4.0%	6.1%
Others	213	**268**	-	-	-

In **Germany,** the adjusted EBITDA in financial year 2023/24 decreased to €111 million (2022/23: €137 million). This was due to expected cost inflation and continued investments in price positioning in a deflationary environment.

In the segment **West,** the adjusted EBITDA in financial year 2023/24 increased to €616 million (2022/23: €614 million). The increase is particularly attributable to the strong sales development compared to the previous year. The expected cost inflation had the opposite effect.

The adjusted EBITDA in **Russia** amounted to €143 million in financial year 2023/24 (2022/23: €152 million). Adjusted for currency effects, adjusted EBITDA increased by €13 million, bearing in mind that the previous year had been negatively affected by the cyberattack.

In the segment **East,** the adjusted EBITDA in financial year 2023/24 increased to €408 million (2022/23: €394 million). Adjusted for currency effects, adjusted EBITDA increased by €31 million for sales-related reasons. Transformation gains of €150 million had been recognised in the previous year, in particular from the sale of the business in India. In the absence of transformation gains, EBITDA fell to €410 million (2022/23: €544 million).

The adjusted EBITDA in the segment **Others** amounted to €−221 million in financial year 2023/24 (2022/23: €−133 million). In the previous year, adjusted EBITDA had until April 2023 benefited from licence earnings from the partnership with WM Holding (HK) Limited and other post-transaction effects, which were not repeated to a similar extent in financial year 2023/24. Further investments in digitalisation were made in the reporting period. Earnings contributions from real estate transactions amounted to €39 million (2022/23: €203 million) and were primarily the result of 2 real estate transactions in Turkey in Q1 2023/24. The previous year's figures had included the sale of part of the METRO Campus. Transformation gains from

23 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.

previous portfolio measures of €21 million (2022/23: €2 million) were generated. EBITDA stood at €−160 million (2022/23: €72 million).

	Adjusted EBITDA			Transformation costs (+)/transformation gains (−)		Earnings contributions (+) from real estate transactions		EBITDA	
€ million	2022/23	**2023/24**	Change	2022/23	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**
Total	**1,174**	**1,058**	**−116**	**−153**	**−22**	**208**	**42**	**1,534**	**1,122**
Germany	137[1]	**111**	−27	0	**0**	0	**0**	137[1]	**111**
West	614	**616**	1	−1	**0**	5	**1**	620	**617**
Russia	152	**143**	−9	0	**0**	0	**0**	152	**143**
East	394	**408**	14	−150	**0**	0	**1**	544	**410**
Others	−133[1]	**−221**	−88	−2	**−21**	203	**39**	72[1]	**−160**
Consolidation	10	**2**	−8	0	**0**	0	**0**	10	**2**

1 Shift in the way prior-year figures are reported between the segments Germany and Others in an amount of €2 million due to the reclassification of a company.

Depreciation, financial result and taxes

€ million	Note no.	2022/23	2023/24
EBITDA		**1,534**	**1,122**
Depreciation/amortisation/impairment	14	939	**918**
Reversals of impairment losses		3	**14**
Earnings before interest and taxes (EBIT)		**598**	**218**
Other investment result	8	−38	**11**
Interest income/expenses (net interest)	9	−160	**−168**
Other financial result	10	209	**−96**
Net financial result		**11**	**−253**
Earnings before taxes (EBT)		**609**	**−35**
Income taxes	12	−170	**−90**
Profit or loss for the period		**439**	**−125**

Depreciation/amortisation/impairment

Depreciation and amortisation are slightly up on the previous year, mainly because of rent increases in the leased store portfolio. Impairment losses included in the depreciation/amortisation/impairment item are significantly down on the prior-year figure, amounting to €53 million; they relate primarily to property, plant and equipment and goodwill. They are offset by reversals of impairment losses in an amount of €14 million.

Net financial result

Compared to the prior-year period – in which significant non-cash positive measurement effects resulted from intragroup rouble positions – changes in the exchange rate of the rouble did not have any comparable impact in the reporting period. The other investment result relates primarily to fair-value measurements. While impairment losses had to be recognised on WM Holding (HK) Limited in the previous year, the net effects recorded in the year under review were slightly positive.

Taxes

The current tax expense of financial year 2023/24 is mainly attributable to the profitable national subsidiaries and to withholding tax on licences. This was offset by high deferred tax income resulting from a change in local legislation in Turkey, which now also takes hyperinflationary effects into account. The previous year's pre-tax result had been influenced by tax-free currency effects of the Russian rouble, the largely tax-free sale of parts of the METRO Campus and the business in India, and this had resulted in lower tax in relation to earnings.

Profit or loss for the period and earnings per share

The loss for the period in financial year 2023/24 was €125 million, €564 million lower than the profit for the period of the previous year (2022/23: €439 million).

After deduction of the profit shares attributable to non-controlling interests, the loss for the period attributable to the shareholders of METRO AG is €120 million (2022/23: profit of €439 million).

On this basis, METRO achieved earnings per share of €−0.33 in financial year 2023/24 (2022/23: €1.21).

3 OUTLOOK REPORT

METRO's outlook report takes account of relevant facts and events that were known at the time of preparing the consolidated financial statements and may influence future business developments. The outlook report on economic conditions is based on the analysis of primary data for early detection that are based on expert assessments. Major variances from these assumptions may lead to significant changes. As a result, all forecasts are subject to a high degree of uncertainty. The statements made for this report refer to the closing date at the end of October 2024. New developments since then may have rendered them obsolete.

Macroeconomic parameters

The **global economy** continued to be shaped by geopolitical tensions in financial year 2023/24. As it is difficult to predict the further course of events in the various crisis situations, all forecasts of how the economic conditions will evolve are subject to an extraordinarily high degree of uncertainty. We expect the global economy to grow at a similar level to the previous year in financial year 2024/25.

The **German economy** will not experience any significant revival in financial year 2024/25 either. Despite slightly negative growth in the previous year, we anticipate that the German economy will record no growth in financial year 2024/25, meaning that, in our expectation, the world's third largest economy will fail to grow for the 3rd year in succession. Likewise, we anticipate that the **regions West and East** will achieve only sluggish growth in financial year 2024/25, similar to the previous year. This means that economic growth in the region will again fall short of the growth rates before the outbreak of Russia's war in Ukraine. Because the countries in the region East are directly impacted by the war to varying degrees, development on a country level will continue to be very different. For **Russia**, current forecasts predict that economic momentum will slow, although the Russian economy will continue to expand. Since sanctions on Russia continue to be in place, Russia still has to produce a large number of consumer products and war materials itself.

Changes in inflation remain a key factor impacting on economic development. A decline or stabilisation of inflation within their target corridors allows central banks to loosen restrictive monetary policy and provide stimulus for the economy and private consumption by cutting interest rates. Current forecasts predict a decline in inflation for most countries. Because of high wage settlements, core inflation remains the key driver of inflation in many countries. By contrast, increases in food and energy prices are expected to be below the overall rate of inflation. Given the poor performance of the economy, we anticipate further cuts in interest rates in the Eurozone while inflation continues to be low. The Turkish government has launched an austerity programme to fight hyperinflation and reduce the very high interest rates in the medium term. Russia's overheated war economy is expected to maintain inflationary pressure and give the central bank little scope for interest rate cuts.

On the back of increased consumer confidence, growth in private consumption in Germany and the region West in financial year 2024/25 will outpace the previous year. The increase in private consumption is anticipated to exceed growth in Germany's gross domestic product. For Russia and the countries of the region East excluding Turkey, we expect stronger growth in private consumption, broadly on a level with the previous year. For Turkey, current forecasts predict a more pronounced decline in private consumption because inflation is still high.

The table below shows our GDP outlook by our regions.

Outlook development of gross domestic product by region[1]

Change in % compared to the previous year

	2024/25	2025/26
World	2.8	2.9
Germany	0.3	1.1
West	1.2	1.4
Russia	2.0	0.9
East	2.5	3.0

Real GDP growth. The values are based on the financial year. Source: own assumptions, based on Oxford Economics, among others.
[1] Outlook as of October 2024.

Outlook of METRO

The outlook is based on the assumption of stable exchange rates without further adjustments to the portfolio and before transformation costs according to the new definition (transformation costs expected in 2024/25: up to €150 million). The geopolitical situation is expected to remain unchanged. The expectations for the further macroeconomic development are explained in the chapter on macroeconomic parameters. The relevant opportunities and risks that could influence the outlook are explained in the opportunities and risk report.

Sales

The Management Board expects a total sales growth of 3% to 7% (2023/24: 6%, absolute sales of €31 billion)[24] for financial year 2024/25. Growth will be driven by all segments. In view of the persistently high volatility, sales in the segment Russia are expected to grow within the guidance range. The segments Germany and West are expected to grow below the guidance range, while growth above the guidance range is likely in the segments East and Others.

Earnings

In addition, the Management Board anticipates a slight increase in adjusted EBITDA (Basis of comparison from 2023/24: €1,100 million, based on €1,058 million[24] and additionally transformation costs around €40 million according to the new definition). The sales growth from sCore generally leads to EBITDA growth. However, this will be offset in financial year 2024/25 by persistently high cost inflation. In the segments Germany and Russia, adjusted EBITDA is expected on a level with the previous year. In the segment West, adjusted EBITDA will rise slightly, while the adjusted EBITDA will decrease slightly in the segment Others. In the segment East, adjusted EBITDA will grow moderately.

24 Exchange-rate- and portfolio-adjusted.

4 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, 340 and 982 of the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW, Institute of Public Auditors in Germany). The management systems consist of the elements described in the following:

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 local management of METRO national subsidiaries and the service companies that support the operational business. The group's Governance, Risk and Compliance Committee (GRC Committee) coordinates the risk management system, the internal control system, the compliance management system (CMS) as well as Internal Audit. 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 GRC Committee is chaired by the Chief Financial Officer of METRO AG and regularly discusses methods and further developments of the aforementioned management systems. The structural and procedural organisation of the RMS and the ICS are clearly defined in the relevant guidelines and implemented throughout the group.

- **Details on the description of the main features of the CMS can be found in chapter 1.3 combined non-financial statement of METRO AG.**

Risk management process

We only assume business risks if they are considered to be manageable and if the associated opportunities promise an appropriate increase in our value. We bear and manage the risks associated with the core processes ourselves. These core processes include the development and implementation of business models or the procurement of merchandise and services. Risks associated with supporting processes are mitigated within the group to the extent possible, 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 corporate planning.

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

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

All risks are assessed with their potential impact at the time of the risk analysis and before potential mitigating measures (presentation of gross risks) as well as after deduction of the previously implemented measures (presentation of net risks). The central IT tool myGRC is used to identify and assess risks and to document key response 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. Longer-term risks, for example related to climate change or political risks, are also taken into account by the relevant functional experts. These so-called functional risks are aggregated into consolidated risks using a scenario analysis based on statistical simulation techniques. In a further step, statistical simulation techniques are used to determine the risk aggregate on the basis of all the consolidated risks and compare the risk aggregate with the equity of METRO AG to then derive the risk-bearing capacity. Before the proposal is submitted to the Management Board of METRO AG for authorisation, the consolidated risks as well as the risk aggregate are first validated and approved by the GRC Committee.

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. The consolidated opportunities and risks are presented jointly to the GRC Committee and the Management Board.

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 and operational processes for METRO AG and its subsidiaries. Among others, these requirements cover the control design, control execution, the monitoring of the effectiveness of controls and reporting on effectiveness analyses. The METRO control framework, the local control design of the companies, the control execution and documentation as well as the effectiveness analyses of the subsidiaries are also documented in the central IT tool myGRC.

SIGNIFICANT CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATING TO FINANCIAL REPORTING

In the following, we describe the significant characteristics of our internal control and risk management systems pursuant to § 289 Section 4 and § 315 Section 4 of the HGB with regard to financial reporting processes. The IFRS accounting guideline, which is applicable throughout the group and regularly updated, ensures uniform accounting procedures for the entire METRO group. The management of each major group company must submit a declaration for each quarterly and annual financial statement that confirms compliance with the guideline.

The separate financial statements of the group entities are primarily prepared using SAP-based accounting systems. Clearly assigned competencies and roles, with the involvement of the METRO Global Solution Center, ensure the appropriate functional separation for the recognition of ongoing transactions and the preparation of financial statements. A majority of group companies prepare their separate financial statements on the basis of standardised processes. Management of the respective company bears responsibility for shaping the financial processes and the specific design and performance of internal controls in consideration of the minimum requirements that apply throughout the group.

METRO consolidates accounting-related data for the purpose of group reporting via the centralised consolidation system (CCH Tagetik). All consolidated group companies are integrated in this system. These companies use a uniform accounts table in accordance with the applicable group guidelines. Once the data have been transmitted from the separate financial statements to the consolidation system, they are subjected to an automated plausibility review in relation to typical contexts and dependencies. Furthermore, processes and controls are used in the preparation of the consolidated financial statements that ensure the completeness and verify the punctual and correct submission of data. They also avoid undesirable data changes and ensure the error-free execution of consolidation steps. To ensure data security in general, access to the financial reporting systems is regulated, among other things.

Compliance with group guidelines is monitored by Internal Audit using a risk-based approach.

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 aforementioned management systems. The GRC report includes:

- the assessment of the management of METRO AG regarding the effectiveness of the management systems,
- 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 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 provisions of § 317 Section 4 of the German Commercial Code (HGB), the external auditor annually assesses the company’s early-warning system. The results of this audit are presented to the Management Board and the Supervisory Board.

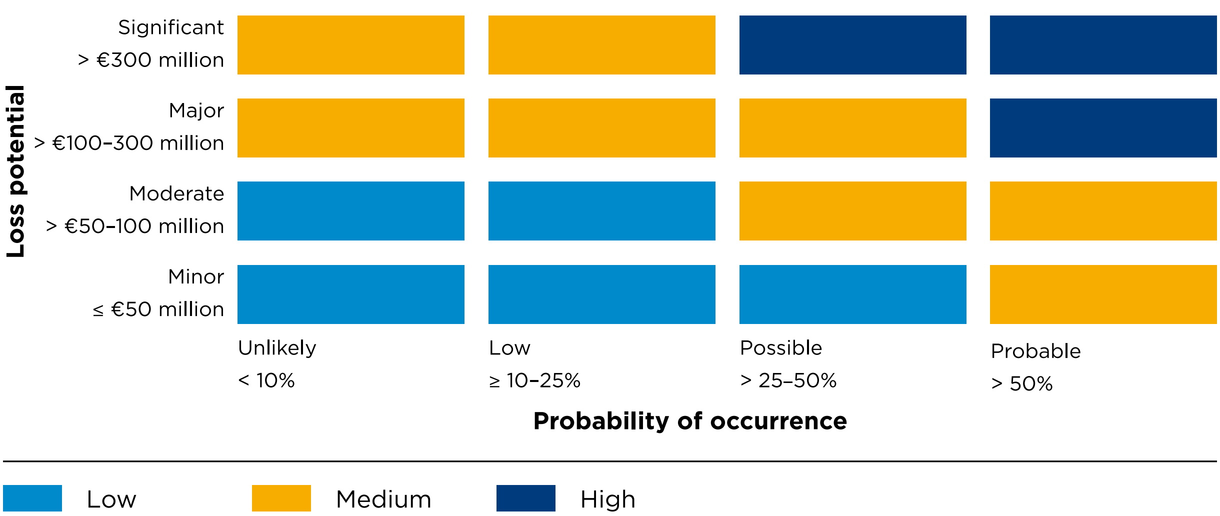
Key elements of the internal RMS and ICS monitoring include effectiveness checks performed by Internal Audit based on risk-oriented annual audit planning as well as self-assessments of the management systems by the Management Board based on GRC reporting. Taking into account the audits of the RMS and ICS performed during the financial year, no matters have come to the attention of the Management Board of METRO AG that cause it to believe that the RMS or ICS were not adequate and effective in all material aspects during the period from 1 October 2023 to 30 September 2024.[25]

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.

Description of the opportunity and risk situation

Each consolidated risk analysis is based on a 4x4 matrix with regard to loss potential and probability of occurrence. The following risks are presented after taking risk mitigation measures into account (net consideration). Based on the loss potential and the probability of occurrence, a risk classification (low, medium, high) is derived for each consolidated risk:

Risk matrix



25 This statement by the Management Board is an (unaudited) disclosure required by GCGC 2022 and is not subject to the audit, as it is not part of the management report.

The stable portfolio of consolidated risks contains a total of 16 risks for financial year 2023/24. All risks are listed in the following overview:

Subject group	No.	Consolidated risks 2023/24	Loss potential	Probability of occurrence	Risk classification
Environment	#1	Strategic risks	Moderate	Low	Low
	#2	Macroeconomic and political risks	Significant	Possible	High
	#3	Interruption of business activities	Major	Possible	Medium
	#4	Security and safety risks	Minor	Possible	Low
Corporate responsibility	#5	Environmental and social risks	Major	Possible	Medium
Wholesale business	#6	Store operations and FSD risks	Major	Low	Medium
Real estate	#7	Real estate risks	Moderate	Possible	Medium
Suppliers and products	#8	Procurement risks	Moderate	Low	Low
	#9	Quality risks	Minor	Unlikely	Low
Supply chain	#10	Supply chain risks	Minor	Low	Low
Financials	#11	Financial risks	Major	Low	Medium
Transactions	#12	Transaction risks	Minor	Low	Low
Information technology	#13	Data risks	Minor	Possible	Low
Human resources	#14	Human resources risks	Minor	Low	Low
Tax, legal and compliance	#15	Tax risks	Minor	Possible	Low
	#16	Legal and compliance risks	Minor	Low	Low

The changes in risks compared to Annual Report 2022/23 are presented in the net consideration.

As can be seen in the table, 1 of the 16 consolidated risks as of the reporting date was classified as high, 5 risks as medium and 10 risks as low. In the following, we go into detail about the opportunities and risks. We focus on those risks that are classified as high and medium, as well as on the changes during the reporting period.

Environment

Opportunities from a global and diversified business model

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

Likewise, the diversified multichannel business model is well positioned in the competitive context to meet customer demand. The increased cost-consciousness of customers is contrasted by the own-brand and price strategy for the store-based business.

Strategic risks (#1)

Strategic risks include risks related to the group's business model, the planning and implementation of projects, competitiveness and digitalisation. Missing significant trends in new sales formats and channels, as well as in our assortment and own-brand strategy, can represent an additional risk.

Opportunities from the development of business and political conditions

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

Macroeconomic and political risks (#2)

As a company with global operations, METRO is significantly exposed to the political and economic situations in the countries in which the group operates. Changes in political leadership or economic imbalances can jeopardise METRO's business. The war in Ukraine continues to affect the safety of employees and customers as well as the integrity of the business and supply chains. METRO's continued presence in Russia entails economic, political and reputational risks. With regard to the business in Russia, risks arise from sanctions, counter-sanctions and government intervention in business operations to the point of potential expropriation as a result of the development of the war. Further business risks arise from more difficult access to international financial institutions as banks cut back their business with Russia.

In light of the Europe-wide protests by farmers, the European Commission is now taking more decisive regulatory action. The focus here is also on the relationships between retailers and suppliers in the agricultural food chain. This results in risks from revised directives and new regulations that could lead to restrictions in business operations.

The proposal for a regulation of the European Parliament and the Council on combatting late payments in commercial transactions would, in its current version, negatively affect our liquidity by capping payment terms at 30 days, thereby leading to increased interest expenses and a shift from supplier debt to financial debt. We are in dialogue with political decision-makers at national and EU levels, in particular through associations, in order to raise awareness of the economic impact of regulation.

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

- **For more information about our assessment of the development of the economic environment, see chapter 3 outlook report.**

Interruption of business activities (#3)

Our business may be affected or interrupted by natural disasters or failure of our IT systems. Potential cyberattacks receive particular attention in this regard. Depending on the severity of the attack, important business processes such as purchasing, sales and communication between different METRO units could be impaired. IT systems for online retailing must be continuously available, as these systems are a prerequisite for unlimited access outside normal store opening times.

As part of a cyber resilience programme, measures to prevent, detect and respond to cyberattacks are being continuously developed or enhanced to reflect the threat situation and integrated into business processes. For all IT security measures, the overriding goal is to ensure operational reliability at all times, or to restore it as quickly as possible.

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

Security and safety risks (#4)

Security risks include criminal activities, terror and unrest, as well as the issue of operational safety or danger to life and limb due to lacking or inadequate safety measures. The impact of the war in Ukraine is discussed under risk #2 'Macroeconomic and political risks'.

Corporate responsibility

Opportunities from sustainable business practices

Our society 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 in its core business. Our greatest leverages lie in reducing CO_2 emissions from our own business operations and food waste, which we are advancing by, among other things, expanding energy-saving infrastructure and logistics, by adapting the assortment and packaging and by taking operational measures to prevent food waste. By ensuring environmental and social standards through the use of responsible supply chain management, we strengthen the resilience of our supply chains and, at the same time, promote local structures. Our sustainability efforts are assessed as part of ratings to create transparency for investors and other interested parties.

Environmental and social risks (#5)

Regulatory and social regulations regarding compliance with human rights and environmental due diligence are becoming more stringent.

Additional legal obligations, such as those relating to sustainability reporting (Corporate Sustainability Reporting Directive), deforestation-free supply chains (European Deforestation Regulation) or the German Supply Chain Due Diligence Act (LkSG), create risks from breaches of national and European requirements due to potential non-compliance with environmental and social aspects. In addition to fines and damage to reputation, falling short of environmental and social targets and obligations can also lead to limited access to financing instruments. This also results in potential risks to the stability of our supply chains.

Further risks result from planned EU directives on reducing the ecological footprint, new packaging regulations, potential plastic taxes, extended manufacturer responsibility and new labelling requirements for own brands.

To mitigate these risks, METRO has taken comprehensive measures, such as continuous monitoring and implementation of legislation already enacted.

- **For more information about our social responsibility and environmental protection activities, see chapter 1 principles of the group – 1.3 combined non-financial statement of METRO AG.**

Wholesale business

Opportunities from digitalisation and innovation

METRO is focused on identifying and addressing future challenges of its customers at an early stage in a volatile environment. Innovations and digitalisation are areas with excellent potential for realising increases in value. We are convinced that progressing digitalisation will increasingly shape the future of the retail and wholesale industry as well as business processes. This may give rise to new business models, which in turn may present a variety of opportunities.

As part of our sCore strategy, we have defined a clear digitalisation ambition in the form of a 40% digital sales share. In this context, our focus is on digitalisation initiatives that are geared towards our core customer groups HoReCa and Traders. We partner with the DISH Digital Solutions business unit to provide our customers with digital solutions, such as the DISH (Digital Innovations and Solutions Hospitality) platform. With DISH Digital Solutions, we see significant opportunities to benefit from faster digitalisation in the HoReCa and Traders sectors as well as in other business areas. 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 and us, such as our apps METRO Companion or M-Shop. These digital solutions provide opportunities for METRO to set itself apart from the competition.

Opportunities from customer focus

METRO has a clear focus on wholesale and B2B customers. By measuring customer satisfaction, for example by means of the established Net Promoter Score and the systematic collection and evaluation of customer suggestions, we are able to identify potential areas to improve the shopping experience and delivery as well as general trends. We are continuing to develop our multichannel approach within the framework of our sCore strategy. To this end, we are expanding the delivery business and bolstering our e-commerce activities with the METRO MARKETS online marketplace. Our goal is to be the partner of choice for our customers by offering METRO solutions that cover all aspects of their business. Our various strategic projects aim at further improving our purchasing and sales processes and at creating additional value for our customers. The goal is to ensure the ongoing value of assets, thereby mastering the challenges faced by our business model.

Store operations and FSD risks (#6)

The markets in which we operate are characterised by rapid changes and fierce competition. Lack of collection, analysis and use of customer data, uncompetitive pricing or an insufficient level of service may cause us to fail to meet customer needs and thus jeopardise our growth and profitability targets.

Inadequate market and FSD processes can lead to inefficiencies which have a particularly negative impact on inventory levels, profit margins and customer satisfaction. To counter these risks, we develop country-specific strategy plans derived from the group sCore strategy that are aligned with the respective local circumstances and customer requirements.

We strive to have a holistic partnership with our customers to address the needs of professional customers. This includes the expansion of our delivery business, the continuous transformation of our stores into multichannel fulfilment centres, further development of our franchise concept in selected markets, the METRO MARKETS online marketplace and digitalisation initiatives for our customers on DISH, as well as financial services of METRO Financial Services.

Real estate

Opportunities from increase in value

We see potential for value increases of our companies in possible development projects for our existing real estate assets as well as in improved facility management.

Real estate risks (#7)

Delayed repair and maintenance work could lead to legal infringements and real estate impairments as well as reputational damage. We mitigate these risks with strategic and operational real estate management. To this end, we regularly perform evaluations of properties in terms of value and income and projected investment planning. The safety and health of customers, suppliers and employees can 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.

Due to the concentration of real estate activities on supporting the wholesale business and the resulting strategic reduction of exposure to retail properties and specialist retail centres, the risk has fallen from ‘major’ (> €100–300 million) to ‘moderate’ (> €50–100 million) in terms of the loss potential.

Even though the energy markets have currently stabilised at a high price level, it cannot be ruled out that energy costs will rise again in the future. Extensive energy efficiency measures were implemented in order to decrease consumption and the associated costs. New photovoltaic installations are being commissioned in addition.

More stringent legislation regarding environmental standards such as the German Buildings Energy Act (GEG) could lead to higher costs in various areas of construction and energy management, for example through the early exchange of cooling systems.

In addition, real estate risks in connection with our Russian national subsidiary are reflected under the general sanctions risks in #2 ‘Macroeconomic and political risks’.

Suppliers and products

Opportunities from sustainable procurement

Alongside quality and safety, the environmental and social sustainability of the products and their production processes are increasingly gaining importance for us and more and more customers. We aim to ensure resource-friendly production as well as socially acceptable working conditions within our procurement channels. METRO pursues a group-wide cross-product purchasing policy that applies to all products and includes additional requirements for critical raw materials to ensure sustainable and responsible supply chain and procurement management.

- **For more information about our social responsibility and environmental protection activities, see chapter 1 principles of the group – 1.3 combined non-financial statement of METRO AG.**

Opportunities from higher own-brand penetration

Own brands are a central element in METRO’s strategy to increase the success of our customers. With our own brands, we can provide high quality at lower 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 inflation, could increase demand for own brands and thus have a positive effect on METRO’s profitability.

Procurement risks (#8)

Production downtimes, disruptions of the supply chains and international price fluctuations for raw materials and energy prices as a result of geopolitical instability can cause unavailability of goods, interruptions of supply chains and unexpected price fluctuations with a destabilising effect on our business and that of our partners.

In order to mitigate these risks, METRO is launching projects to support the purchasing activities of the national subsidiaries via bundling, thereby strengthening partnerships with suppliers and ensuring the availability of goods and their competitiveness. This is facilitated by the optimisation of our assortment and development of our own brands. By selectively adding further suppliers and strategically spreading our procurement volume, we are reducing our dependence on individual suppliers and increasing our security of supply. Thanks to our global coverage, we are in a position to find suitable alternative supply sources for key products. When we renegotiate expiring contracts, we try to compel suppliers to be sufficiently prepared so that supply continuity can be ensured in the event of *force majeure*. We pay special attention to all specific price components to prepare for negotiations in an effort to obtain better purchasing prices.

The risk in terms of the potential loss has fallen from ‘major’ (> €100–300 million) to ‘moderate’ (> €50–100 million). The adjustment is due to the stabilisation of the economic situation with regard to purchase price developments, as well as a lower dependency on selected suppliers when it comes to product unavailability. The risk has now been classified as ‘low’ due to the change.

Quality risks (#9)

Quality risks include risks related to the quality of the offered products, transport and storage, if they lead to an impairment of the quality of goods or food safety.

Supply chain

Supply chain risks (#10)

Risks in the supply chain include aspects such as the reliability of suppliers, inventory management of our goods, the management of logistics and transport service providers, and cost developments in the logistics market.

Financials

Financial risks (#11)

Without timely countermeasures, unexpected external influences on our business activities or other changes in the business environment could potentially result in us missing our target figures. In addition, delayed recognition of such changes could lead to us making wrong business decisions. We mitigate these risks by interlocking strategic planning and the budgeting process closely, carrying out very close monitoring of budget compliance, defining effective internal controls and intensively involving the supervisory bodies.

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

We reduce the credit risk for external investments with banks by setting limits based on ratings and credit spreads. By continuously monitoring the entire receivables portfolio, we ensure a risk-adequate adjustment of our customers' payment terms and the investment limits with banks at all times.

A potential downgrade of our rating from the current investment grade levels would lead to higher borrowing costs. To mitigate this risk, we focus on extensive transparency, initiate supporting measures and maintain close communication with the relevant rating agencies.

Furthermore, METRO is subject to price risks, liquidity risks, credit risks and cash flow risks.

- **For more information about financial risks and their management, please see the notes to the consolidated financial statements in no. 39 – management of financial risks.**

Transactions

Opportunities from increased efficiency and portfolio simplification

Our focus on wholesale could lead to improved workflows along the value chain faster than expected and could have a positive effect on our business development through an increase in operating efficiency. Collaborations (even if they are purely contractual) can help us reduce operational cost or give our customers access to innovative products.

The country portfolio is regularly assessed with regard to the feasibility of a local market leadership and the attractiveness of the respective markets.

Opportunities from market consolidation and acquisitions

In the future, METRO will continue to focus on investments to strengthen its wholesale business. We want to use this to improve, solidify and expand our market position in numerous markets. We expect that the consolidation of the wholesale stores in many of our portfolio countries will continue. In financial year 2023/24, METRO expanded its delivery business in Scandinavia by acquiring Fisk Idag and Donier Gastronomie. In the United Kingdom, the delivery business grew through the acquisition of Caterite Food and Wineservice. The existing minority interests held by METRO offer the opportunity for additional increases in value if, for example, start-up companies were to develop better than expected.

Transaction risks (#12)

The transaction risks include all risks arising from the acquisition and disposal of companies (or company shares). These include legal and tax risks, guarantees, non-recurring and residual costs, or even reactions of the market to the transaction. Subsequent liability risks may arise for CECONOMY AG in conjunction with the demerger of the METRO GROUP in 2017.

Information technology

Data risks (#13)

Data risks include risks related to data protection and data security as well as risks related to the accuracy, completeness and availability of data necessary to ensure successful use of the group's own data. Data theft or manipulation by unauthorised parties as part of cyberattacks can also lead to violations of data protection laws and thus to fines and reputational risks.

Human resources

Human resources risks (#14)

Human resources risks include risks related to the organisational structure of human resources, recruitment and retention of staff, appropriate remuneration and the exit process. Beyond that, risks related to corporate culture are also considered.

Tax, legal and compliance

Tax risks (#15)

Tax risks can primarily arise in relation to the assessment of financial matters by the tax authorities (including transfer price issues). Additional risks may result from differing interpretations of sales tax (VAT) regulations.

Legal and compliance risks (#16)

Legal and compliance risks include risks related to antitrust law, corruption, fraud, money laundering and unfair trade practices, as well as general legal risks.

Management's overall assessment of the opportunity and risk situation

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

5 TAKEOVER-RELATED DISCLOSURES

The takeover-related disclosures as of 30 September 2024 required under §§ 289a Section 1 and 315a Section 1 of the German Commercial Code (HGB) are shown below:

Composition of the subscribed capital

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

Each ordinary share grants a single vote in the company's Annual General Meeting. The ordinary shares carry full dividend rights. In contrast to ordinary shares, preference shares do not carry voting rights but confer a preferential entitlement to profits (preliminary dividend of €0.17 per preference share). Details of profit distribution are governed by § 21 of the Articles of Association of METRO AG.[26]

METRO did not pay a dividend for financial years 2020/21 or 2021/22, including the preliminary dividend. The preference shares therefore conveyed voting rights at the Annual General Meeting held on 7 February 2024, until the arrears of preliminary dividends were paid in full. The arrears of preliminary dividends were paid on 12 February 2024 (payment date), at which date the voting rights conveyed by the preference shares also expired again (cf. § 140 Section 2 of the German Stock Corporation Act (AktG)). Consequently, the total number of voting rights amounts to 360,121,736 (total ordinary shares).

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

Voting rights and transfer-related restrictions

To the best knowledge of the Management Board, the following agreements exist or existed during financial year 2023/24, 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:

A voting pool has been agreed by BC Equities GmbH & Co. KG, Düsseldorf, Beisheim Holding GmbH, Baar (Switzerland), and Palatin Verwaltungsgesellschaft mbH, Essen, a subsidiary of Meridian Stiftung, Essen. The declared objective of Meridian Stiftung and the Beisheim Group is to exercise the voting rights from the METRO shares held by them jointly and to act uniformly vis-à-vis METRO and its shareholders in all material matters. Based on the information made available in the context of Annual General Meeting 2024, the voting pool partners hold 24.99% of the ordinary shares. Accordingly, the pooling agreement between BC Equities GmbH & Co. KG, Düsseldorf, and Beisheim Holding GmbH, Baar (Switzerland), has been suspended for the duration of the voting pool with Meridian Stiftung, Essen.

The Management Board remuneration system stipulates share ownership guidelines. Within the framework of these guidelines, the members of the Management Board are required to build up a self-financed investment in METRO ordinary shares and retain it until at least the date of retirement from the Management Board.

26 The Articles of Association of METRO AG can be found on the website www.metroag.de/en in the section About us – Corporate Governance.

Shares held in capital

As of 30 September 2024, the following direct and indirect capital interests existed and entitled their respective holders to more than 10% of the voting rights:

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

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

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

The information above is in particular based on notifications issued under § 33 et seqq. of the German Securities Trading Act that were received and published by METRO AG.[27]

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

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

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

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

Changes to the Articles of Association of METRO AG are determined principally in accordance with §§ 179, 181, 133 and 119 Section 1 No. 6 of the German Stock Corporation Act. There are numerous other sections of the German Stock Corporation Act that could possibly govern a

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

change to the Articles of Association and that may amend or supersede the previously mentioned regulations. Pursuant to § 14 Section 1 of the Articles of Association of METRO AG, the Supervisory Board may resolve to change the wording of the Articles of Association without a resolution passed by the Annual General Meeting.

Authorities of the Management Board to issue or buy back shares

Authorities to issue new shares (authorised capital)

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

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

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

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 €1.1 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 2023/24, these credit facilities were not utilised.

Compensation agreements in the event of a takeover bid

There are no compensation agreements between METRO AG and members of the Management Board or employees in the event of a takeover bid.

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

Overview of financial year 2023/24 and outlook of METRO AG

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

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

Business development of METRO AG

The business development of METRO AG is significantly characterised by the development of its subsidiaries and the intra-group dividend distribution policy.

The consistent implementation of the sCore strategy has led to increases in sales at the group companies. However, these increases did not lead to higher licence income for METRO AG for all countries. Consequently, after a largely neutral result in the previous year, the management holding company recorded a slightly negative result (before investment and net financial result). The reasons include that there were no further deferred licence payments relating to previous years and post-transaction effects had expired. The company opted not to take any significant distributions from abroad in favour of strengthening the equity position of the subsidiaries; as a result the investment result is significantly lower. In addition, interest expenses rose driven by higher interest rates. Overall, therefore, the net profit for the year originally forecast did not materialise.

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 2023 to 30 September 2024 according to the German Commercial Code (HGB)

€ million	2022/23	**2023/24**
Sales revenues	379	**316**
Other operating income	541	**486**
Cost of services purchased	−47	**−42**
Personnel expenses	−127	**−135**
Depreciation/amortisation/impairment losses on intangible and tangible assets	−43	**−42**
Other operating expenses	−698	**−617**
Investment result	379	**−145**
Net financial result	−93	**−135**
Income taxes	−12	**−10**
Earnings after taxes	**279**	**−324**

€ million	2022/23	2023/24
Other taxes	−4	**−3**
Net profit (+)/net loss for the year (−)	**275**	**−327**
Retained earnings from the previous year	0	**4**
Withdrawal from the capital reserve	0	**323**
Adjustments of the reserves retained from earnings	−70	**0**
Balance sheet profit	**205**	**0**

METRO AG essentially acts as a licenser and as a service provider for the operating METRO national subsidiaries and invoices them within the framework of the transfer pricing system. Services include operational services (consulting services), holding company services as well as services related to the development and operation of various in-house IT solutions. These services are also provided to former subsidiaries on a temporary basis.

In the reporting period, METRO AG settlement amounts of €316 million are reported as sales revenues. They are broken down into €249 million for settlement amounts received in the form of licensing fees for the METRO and MAKRO brands as well as €67 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.

In its function as the central management holding company, METRO AG has commissioned services from group companies as well as third-party companies, primarily for IT services. To the extent such expenses are related to sales revenues, they are recognised as cost of services purchased; otherwise, they are recognised as other operating expenses.

On average, METRO AG employed 707 people in the 4 quarters of financial year 2023/24 (full-time equivalents; 2022/23: 677). Personnel expenses are €8 million above the previous year's level.

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.

The investment result includes income from profit and loss transfer agreements in the amount of €94 million (2022/23: €366 million), which primarily relates to 1 real estate company and 1 cross-section entity. Investment income in the amount of €4 million (2022/23: €204 million) related to the cash-and-carry companies. Losses in the amount of €173 million (2022/23: €118 million) were assumed, primarily from METRO Cash & Carry International and DISH Digital Solutions. Impairments and reversals of impairments on investments of €14 million related to cash-and-carry companies and 1 real estate company.

The financial result amounted to €−135 million due to higher interest expenses.

The net loss for the year is €327 million.

Financial position of METRO AG

Capital structure

Equity and liabilities

€ million	30/9/2023	30/9/2024
Equity		
Share capital	363	**363**
Capital reserve	4,754	**4,431**
Reserves retained from earnings	78	**78**
Balance sheet profit	205	**0**
	5,400	**4,872**
Provisions	**491**	**586**
Liabilities		
Bonds	926	**1,225**
Liabilities to banks	66	**24**
Liabilities to affiliated companies	2,726	**2,555**
Miscellaneous liabilities	27	**34**
	3,745	**3,838**
Accrued income and expenses	**20**	**17**
	9,656	**9,313**

The equity ratio decreased from 56% to 52%. Factors contributing to this were the dividend payment for the previous financial year and the net loss for the year. Otherwise, the structure of equity and liabilities has not materially changed. The issuance of a new bond was used to repay liabilities to banks. Liabilities to affiliated companies primarily relate to current financial investments of subsidiaries as well as loss compensation obligations.

Asset position of METRO AG

Assets

€ million	30/9/2023	30/9/2024
Non-current assets		
Intangible assets	724	**684**
Property, plant and equipment	1	**1**
Financial assets	8,115	**8,145**
	8,840	**8,830**
Current assets		
Receivables and other assets	782	**309**
Cash on hand, bank deposits and cheques	27	**162**
	809	**471**
Prepaid expenses and deferred income	**7**	**12**
	9,656	**9,313**

The right to use the METRO and MAKRO brands, which is recognised under intangible assets, is subject to scheduled amortisation and amounts to €680 million. Financial assets consist mainly of shares in affiliated companies and essentially include the shares in the holding company for wholesale companies (€6,847 million), in real estate companies (€827 million) and in service providers (€470 million). Receivables and other assets include lower receivables from profit and loss transfer and dividends.

Risk situation of METRO AG

Since METRO AG is largely linked to the companies of the METRO group, among other things through financing and guarantee commitments as well as through direct and indirect investments in the investee, the risk situation of METRO AG significantly corresponds to the risk situation of the METRO group. The statements regarding the overall assessment of the risk situation by management also apply as a summary of the risk situation of METRO AG. All risks of the group companies that affect their long-term earnings situation have an indirect impact on the valuation of the shares in affiliated companies for METRO AG, in each case with additional consideration of currency exchange rates for companies located outside the Eurozone.

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. Assuming stable exchange rates, we anticipate that the development of income from licensing and services in conjunction with continued strict cost management as well as an improved investment result will lead to a largely break-even result in the coming financial year 2024/25.

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.

Corporate Governance Statement

The combined Corporate Governance Statement pursuant to §§ 289f and 315d of the German Commercial Code (HGB) of METRO AG and the group is permanently available to the public on the company's website (www.metroag.de) in the section About us – Corporate Governance.

Declaration pursuant to § 312 of the German Stock Corporation Act (AktG)

The Management Board of METRO AG has prepared a report on relationships with affiliated companies for financial year 2023/24 pursuant to § 312 of the German Stock Corporation Act (AktG) and has issued the following statement at the end of the report:

'The Management Board of METRO AG declares that, in the reporting period, the company and the companies controlled by it – according to the circumstances known to the Management Board at the time the legal transactions were carried out or the measures were taken or omitted – received appropriate consideration for each of the reported legal transactions. There were no other reportable legal transactions in the reporting period. Measures were neither taken nor omitted in the reporting period.'

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INCOME STATEMENT

for the financial year from 1 October 2023 to 30 September 2024

€ million	Note no.	2022/23	2023/24
Sales revenues	1	**30,551**	**31,029**
Cost of sales		−25,669	**−25,977**
Gross profit on sales		**4,883**	**5,052**
Other operating income	2	1,088	**647**
Selling expenses	3	−4,351	**−4,393**
General administrative expenses	4	−892	**−954**
Other operating expenses	5	−132	**−143**
Impairment of financial assets	6	−12	**−16**
Income from companies accounted for using the equity method	7	13	**24**
Earnings before interest and taxes (EBIT)		**598**	**218**
Other investment result	8	−38	**11**
Interest income	9	40	**37**
Interest expense	9	−200	**−205**
Other financial result	10	209	**−96**
Net financial result		**11**	**−253**
Earnings before taxes (EBT)		**609**	**−35**
Income taxes	12	−170	**−90**
Profit or loss for the period		**439**	**−125**
Profit or loss for the period attributable to non-controlling interests		0	**−6**
Profit or loss for the period attributable to the shareholders of METRO AG		439	**−120**
Earnings per share in € (basic = diluted)	13	**(1.21)**	**(−0.33)**

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

for the financial year from 1 October 2023 to 30 September 2024

€ million	Note no.	2022/23	2023/24
Profit or loss for the period		**439**	**−125**
Other comprehensive income			
Items of other comprehensive income that will not be reclassified subsequently to profit or loss	**27**	**−6**	**−42**
Remeasurement of defined benefit pension plans		−9	**−59**
Effects from the fair value measurements of equity instruments		1	**0**
Income tax attributable to items of other comprehensive income that will not be reclassified subsequently to profit or loss		2	**17**
Items of other comprehensive income that may be reclassified subsequently to profit or loss	**27**	**−769**	**19**
Currency translation differences from translating the financial statements of foreign operations and hyperinflation		−768	**14**
Effective portion of gains/losses from cash flow hedges		−1	**−4**
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	**1**
Other comprehensive income	**27**	**−775**	**−22**
Total comprehensive income	**27**	**−336**	**−148**
Total comprehensive income attributable to non-controlling interests	27	−1	**−6**
Total comprehensive income attributable to the shareholders of METRO AG	27	−335	**−142**

BALANCE SHEET

as of 30 September 2024

Assets

€ million	Note no.	30/9/2023	30/9/2024
Non-current assets		**6,929**	**7,192**
Goodwill	17	712	**721**
Other intangible assets	17	623	**632**
Property, plant and equipment	18	5,091	**5,364**
Investment properties	19	106	**86**
Financial assets		71	**59**
Investments accounted for using the equity method		97	**97**
Other financial assets	20	60	**42**
Other non-financial assets	20	18	**15**
Deferred tax assets	21	151	**176**
Current assets		**4,718**	**4,544**
Inventories	22	2,242	**2,258**
Trade receivables	23	674	**688**
Financial assets		1	**1**
Other financial assets	20	591	**404**
Other non-financial assets	20	347	**317**
Income tax assets		92	**83**
Cash and cash equivalents	25	591	**794**
Assets held for sale	26	180	**0**
		11,648	**11,736**

Equity and liabilities

€ million	Note no.	30/9/2023	30/9/2024
Equity	**27**	**2,022**	**1,669**
Share capital		363	**363**
Capital reserve		4,754	**4,431**
Reserves retained from earnings		−3,106	**−3,125**
Equity before non-controlling interests		2,011	**1,668**
Non-controlling interests		11	**1**
Non-current liabilities		**3,526**	**3,569**
Provisions for post-employment benefits plans and similar obligations	28	351	**405**
Other provisions	29	166	**142**
Financial liabilities	30, 32, 42	2,838	**2,866**
Other financial liabilities	30, 33	26	**34**
Other non-financial liabilities	30, 33	54	**37**
Deferred tax liabilities	21	90	**85**
Current liabilities		**6,100**	**6,498**
Trade liabilities	30, 31	3,667	**3,813**
Provisions	29	305	**297**
Financial liabilities	30, 32, 42	825	**1,153**
Other financial liabilities	30, 33	857	**823**
Other non-financial liabilities	30, 33	241	**235**
Income tax liabilities		205	**176**
		11,648	**11,736**

STATEMENT OF CHANGES IN EQUITY

for the financial year from 1 October 2023 to 30 September 2024

€ million	Note no.	Share capital	Capital reserve	Effective portion of gains/ losses from cash flow hedges	Fair value measurement of equity and debt instruments	Currency differences from translating the financial statements of foreign operations and hyperinflation	Remeasurement of defined benefit pension plans	Share of other comprehensive income of associates/ joint ventures accounted for using the equity method	Income tax on components of other comprehensive income	Other reserves retained from earnings	Total reserves from earnings	Total equity before non-controlling interests	Non-controlling interests	**Total equity**
1/10/2022		**363**	**4,754**	**5**	**0**	**−221**	**−203**	**−9**	**62**	**−2,406**	**−2,774**	**2,344**	**21**	**2,365**
Earnings after taxes		0	0	0	0	0	0	0	0	439	439	439	0	**439**
Other comprehensive income		0	0	−1	1	−768	−9	0	2	0	−774	−774	0	**−775**
Total comprehensive income		**0**	**0**	**−1**	**1**	**−768**	**−9**	**0**	**2**	**439**	**−335**	**−335**	**−1**	**−336**
Capital increases		0	0	0	0	0	0	0	0	0	0	0	0	**0**
Dividends		0	0	0	0	0	0	0	0	0	0	0	−6	**−6**
Capital transactions with a change in the participation rate		0	0	0	0	0	0	0	0	2	2	2	−3	**0**
Other changes		0	0	0	0	0	0	0	0	0	0	0	0	**0**
30/9 / 1/10/2023	**27**	**363**	**4,754**	**3**	**1**	**−989**	**−211**	**−9**	**64**	**−1,965**	**−3,106**	**2,011**	**11**	**2,022**
Earnings after taxes		0	0	0	0	0	0	0	0	−120	−120	−120	−6	**−125**
Other comprehensive income		0	0	−4	0	14	−59	9	18	0	−22	−22	0	**−22**
Total comprehensive income		**0**	**0**	**−4**	**0**	**14**	**−59**	**9**	**18**	**−120**	**−142**	**−142**	**−6**	**−148**
Capital increases		0	0	0	0	0	0	0	0	0	0	0	0	**0**
Dividends		0	0	0	0	0	0	0	0	−201	−201	−201	−4	**−205**
Capital transactions with a change in the participation rate		0	0	0	0	0	0	0	0	0	0	0	0	**0**
Other changes		0	−323	0	0	0	0	0	0	323	323	0	0	**0**
30/9/2024	**27**	**363**	**4,431**	**−1**	**1**	**−975**	**−270**	**0**	**82**	**−1,962**	**−3,125**	**1,668**	**1**	**1,669**

CASH FLOW STATEMENT[1]

for the financial year from 1 October 2023 to 30 September 2024

€ million	2022/23	2023/24
EBIT	598	**218**
Depreciation/amortisation/impairment losses/reversal of impairment losses of fixed assets excl. financial investments	936	**904**
Change in provision for pensions and other provisions	−61	**−23**
Change in net working capital	−70	**159**
Income taxes paid (−)/received	−150	**−135**
Reclassification of gains (−)/losses (+) from the disposal of fixed assets	−209	**−41**
Lease payments	61	**36**
Other	−384	−38
Cash flow from operating activities	**721**	**1,079**
Acquisition of subsidiaries	−101	**−41**
Investments in property, plant and equipment and in investment property (excl. right-of-use assets)	−389	**−378**
Other investments	−160	**−159**
Investments in monetary assets	−3	**−4**
Disposals of subsidiaries	292	**259**
Divestments	317	**101**
Disposal of financial investments	1	**2**
Cash flow from investing activities	**−46**	**−221**
Dividends paid		
to METRO AG shareholders	0	**−201**
to other shareholders	−6	**0**
Proceeds from borrowings	3,493	**3,068**
Redemption of borrowings	−3,672	**−2,825**
Lease payments	−591	**−573**
Interest paid	−60	**−80**
Interest received	34	**32**
Other financing activities	−17	**−45**
Cash flow from financing activities	**−820**	**−625**
Total cash flows	**−145**	**233**
Currency effects on cash and cash equivalents	−89	**−31**
Total change in cash and cash equivalents	**−234**	**202**
Cash and cash equivalents as of 1 October	**825**	**591**
Cash and cash equivalents as of 30 September	**591**	**794**

[1] The cash flow statement is explained in no. 37 – notes to the cash flow statement.

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SEGMENT REPORTING[1]

	Germany		West		Russia		East	
€ million	2022/23	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**
External sales (net)	4,897	**4,933**	12,573	**12,819**	2,510	**2,438**	10,359	**10,571**
Internal sales (net)	20	**39**	10	**12**	28	**27**	0	**0**
Sales (net)	4,917	**4,972**	12,583	**12,831**	2,538	**2,465**	10,360	**10,571**
Adjusted EBITDA	137[2]	**111**	614	**616**	152	**143**	394	**408**
Transformation costs (+)/transformation gains (−)	0	**0**	−1	**0**	0	**0**	−150	**0**
Earnings contributions from real estate transactions	0	**0**	5	**1**	0	**0**	0	**1**
EBITDA	137[2]	**111**	620	**617**	152	**143**	544	**410**
Depreciation/amortisation/ impairment	122	**128**	299	**336**	129	**55**	170	**193**
Reversals of impairment losses	3	**0**	0	**0**	0	**11**	0	**3**
EBIT	18[2]	**−18**	322	**281**	23	**99**	374	**220**
Investments	91	**297**	562	**349**	60	**38**	237	**342**
Non-current segment assets	812	**981**	2,749	**2,749**	534	**520**	1,553	**1,708**
Selling space (1,000 m^2)	817	**801**	1,288	**1,306**	659	**659**	1,359	**1,369**
Locations (number)	102	**102**	230	**228**	93	**93**	200	**201**

	Others		Consolidation		METRO total	
€ million	2022/23	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**
External sales (net)	213	**268**	0	**0**	30,551	**31,029**
Internal sales (net)	1,242	**1,389**	−1,300	**−1,467**	0	**0**
Sales (net)	1,454	**1,657**	−1,300	**−1,467**	30,551	**31,029**
Adjusted EBITDA	−133[2]	**−221**	10	**2**	1,174	**1,058**
Transformation costs (+)/transformation gains (−)	−2	**−21**	0	**0**	−153	**−22**
Earnings contributions from real estate transactions	203	**39**	0	**0**	208	**42**
EBITDA	72[2]	**−160**	10	**2**	1,534	**1,122**
Depreciation/amortisation/impairment	219	**205**	0	**0**	939	**918**
Reversals of impairment losses	0	**0**	0	**0**	3	**14**
EBIT	−148[2]	**−365**	10	**2**	598	**218**
Investments	197	**172**	0	**−1**	1,147	**1,196**
Non-current segment assets	963	**904**	−2	**−3**	6,609	**6,859**
Selling space (1,000 m^2)	0	**0**	0	**0**	4,122	**4,134**
Locations (number)	0	**0**	0	**0**	625	**624**

1 Segment reporting is explained in no. 38 – segment reporting.
2 Shift in the way prior-year figures are reported between the segments Germany and Others in an amount of €2 million due to the reclassification of a company.

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 2024 were prepared in accordance with the International Financial Reporting Standards (IFRS).

The consolidated financial statements in their present form comply with the stipulations of § 315e of the German Commercial Code (HGB). Together with Regulation (EU) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, they form the legal basis for group accounting according to international standards in Germany.

The date at which the Management Board of METRO AG signed the financial statement (2 December 2024) 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 closing date.

Individual items in the income statement and the balance sheet have been combined to increase transparency and informative value. Business transactions are offset in the income statement when this presentation reflects the substance of the transaction. These items and transactions are explained separately in the notes.

The consolidated financial statements are presented in euros. All amounts are stated in million euros (€ million) unless otherwise indicated. Amounts below €0.5 million are rounded and reported as €0 million. Individual figures may not add up to the stated sum precisely due to rounding.

The following chapters of these notes to the consolidated financial statements show the accounting and measurement methods that were used in the preparation of the consolidated financial statements.

Application of new accounting methods and first-time adoption of accounting standards

International Financial Reporting Standards (IFRS) applied for the first time in financial year 2023/24

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 2023/24. The initial application of these amendments has no material impact on the consolidated financial statements:

- Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (definition of accounting estimates)
- Amendments to IAS 12 – Pillar 2 – a temporary exception from the accounting for deferred taxes arising from the implementation of the Pillar 2 model rules
- Amendments to IAS 12 – Pillar 2 – targeted disclosures in the notes
- Amendments to IAS 12 – Income Taxes (deferred tax related to assets and liabilities arising from a single transaction)
- Amendment to IFRS 17 – Insurance Contracts (initial application of IFRS 17 and IFRS 9 – comparative information)
- IFRS 17 – Insurance Contracts – including adopted amendments to the standard

Accounting standards that were published but are not yet applied in financial year 2023/24

A number of other standards and interpretations amended or newly issued by the IASB were not yet applied by METRO in financial year 2023/24 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 IAS 1	Presentation of Financial Statements (classification of liabilities as current or non-current)	1/1/2024	1/10/2024	Yes
Amendments to IAS 1	Classification of Non-Current Liabilities with Covenants	1/1/2024	1/10/2024	Yes
Amendments to IFRS 16	Leases (accounting of leasing liabilities in sale-and-leaseback transactions)	1/1/2024	1/10/2024	Yes
Amendments to IAS 7	Statement of Cash Flows (new disclosure requirements for reverse-factoring arrangements)	1/1/2024	1/10/2024	Yes
Amendments to IFRS 7	Financial Instruments: Disclosures (new disclosure requirements for reverse-factoring arrangements)	1/1/2024	1/10/2024	Yes
Amendments to IAS 21	Currency Translation: Lack of Exchangeability	1/1/2025	1/10/2025	Yes
Amendments to IFRS 9/IFRS 7	Classification and Measurement of Financial Instruments	1/1/2026	1/10/2026	No
IFRS 18	Presentation and Disclosure in Financial Statements	1/1/2027	1/10/2027	No
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1/1/2027	1/10/2027	No
Amendments to IFRS 10/IAS 28	Consolidated Financial Statements/Investments in Associates and Joint Ventures (amendment: sale or contribution of assets between an investor and its associate or joint venture)	Unknown	Unknown	No

[1] Without earlier application.
[2] Application as of 1 October due to deviation of financial year from calendar year, if the approval for use (endorsement) has been granted by the EU.
[3] As of November 2024.

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. With the exception of the first-time application of IFRS 18 (Presentation and Disclosure in Financial Statements): based on the initial analysis that has been undertaken, we expect minor shifts in presentation when IFRS 18 is applied for the first time.

Consolidation principles

The financial statements of German and foreign subsidiaries included in the consolidated accounts are prepared using consistent accounting and valuation principles as required by IFRS 10 (Consolidated Financial Statements).

Subsidiaries that, unlike METRO AG, do not close their financial year on 30 September prepared interim financial statements for consolidation purposes.

In accordance with IFRS 3 (Business Combinations), capital consolidation is effected using the purchase method.

Non-controlling interests are initially measured at their proportional share in the identifiable net assets of the acquired company as of the date of acquisition.

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. Income from investments in associates, joint ventures and joint operations in the income statement is recognised in earnings before interest and taxes (EBIT).

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.

Currency translation

Foreign currency transactions

In principle, gains and losses incurred by exchange rate fluctuations until the closing date are recognised in profit or loss. However, the currency translation differences resulting from the subsequent measurement of the following assets and liabilities are reported under reserves retained from earnings outside of profit or loss:

- Receivables and liabilities in foreign currency, which must be regarded as (part of) a net investment in a foreign operation
- Equity instruments measured at fair value through other comprehensive income
- Hedging instruments qualifying for cash flow hedges

Hyperinflation

As of June 2022, Turkey is classified as a hyperinflationary economy in accordance with IAS 29 (Financial Reporting in Hyperinflationary Economies) due to its high rates of inflation.

METRO has reassessed the quantitative and qualitative criteria of IAS 29 in financial year 2023/24. The cumulative inflation of the last 3 years as a quantitative criterion still exceeds the value of 100%.

IAS 29 requires the financial statements of a company whose functional currency is the currency of a hyperinflationary economy to be converted into the currently applicable purchasing power unit at the end of the reporting period. METRO has subsidiaries in Turkey whose functional currency is the Turkish lira. For these subsidiaries with the functional currency of a hyperinflationary economy, IAS 21.43 requires that the financial statements be restated in accordance with IAS 29 as of 30 September 2024 before being included in the consolidated financial statements. The adjustments were made for the full reporting period as follows:

- Increase in the carrying amounts of non-monetary assets and liabilities as well as equity based on the development of the general price index.
- The effects from the indexation of the current year were recognised in the other financial result. The adjustment in the area of non-monetary assets at METRO mainly affects property, plant and equipment and, to a lesser extent, inventories.
- As a result of the increases in the carrying amounts of property, plant and equipment (including right-of-use assets) and inventories, there are also indirect increases in scheduled depreciation and costs of sales.
- Indexation of all items in the statement of comprehensive income for financial year 2023/24 from the date at which the respective expense and income items were first recognised until the closing date, to reflect a price index that is current at the closing date.

The carrying amounts of the non-monetary assets and liabilities as well as the statement of comprehensive income are converted into the purchasing power valid at the closing date using the cumulative consumer goods price index of the Turkish Statistical Institute.

The index value applied at the closing date was 2,526.16 (30/9/2023: 1,691.04). The index change on an annual basis was 49.38%.

The exchange rate at the closing date as of 30 September 2024 was used to convert the financial statements of the Turkish companies into the reporting currency euro for all items.

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. 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.

The following exchange rates being of major significance for METRO were applied in the translation of key currencies outside the European Monetary Union and of other currencies relevant to METRO. The rates are generally based on ECB information. In the absence of a rate provided by the ECB, the quotation of the Russian Central Bank was used for conversion of the Russian rouble.

		Average exchange rate per €		Closing date exchange rate per €	
		2022/23	**2023/24**	30/9/2023	**30/9/2024**
Bulgarian lev	BGN	1.95583	**1.95583**	1.95583	**1.95583**
Czech koruna	CZK	23.97181	**24.93736**	24.33900	**25.18400**
Hungarian forint	HUF	389.04822	**388.93650**	389.50000	**396.88000**
Pakistani rupee	PKR	283.33879	**303.32881**	305.36810	**311.05260**
Polish zloty	PLN	4.61973	**4.33351**	4.62830	**4.27880**
Romanian leu	RON	4.93484	**4.97329**	4.97350	**4.97530**
Russian rouble	RUB	83.79290	**98.50180**	103.16310	**103.46940**
Serbian dinar	RSD	117.28471	**117.13263**	117.19960	**117.08400**
Turkish lira	TRY	29.05140	**38.26930**	29.05140	**38.26930**
Ukrainian hryvna	UAH	39.02932	**42.24582**	38.74080	**46.15390**
US dollar	USD	1.06743	**1.08434**	1.05940	**1.11960**

Income statement

Recognition of income and expenses

Net sales are recognised in accordance with IFRS 15 (Revenue from Contracts with Customers) when the respective performance obligations have been satisfied by transferring goods to wholesale customers or providing services. The goods are deemed to have been transferred at the time at which the customer gains control over them. This applies to store-based retail and the delivery business (Food Service Distribution, FSD) as well as to the online business. In these cases, cash payment or payment within a short time after delivery of the product (credit purchase) is usually agreed with the customer. Significant financing components are usually not included in the contracts with customers. For services, control over the services is transferred over time, thus satisfying the performance obligation. Revenue is recognised in the amount of the consideration received or expected to be received in exchange for the goods or services.

Under certain wholesale business models, METRO customers are granted the right to exchange or return goods under certain conditions or in accordance with contractual agreements or on a legal basis. Refund liabilities that are based on empirical data regarding return quotas and periods are recorded for expected returns in this context. Assets for the right to recover products from a customer upon settling these refund liabilities are measured at the initial carrying amount of the respective inventories (less settlement costs and any indicated impairment) and reported under other non-financial assets.

METRO grants various types of standardised, performance-based rebates if certain predefined conditions are met. Examples include rebates for achieving certain sales volumes with a customer and for customer loyalty. As soon as it can be assumed that a customer fulfils the conditions for granting the rebate, a portion of the revenue is deferred and presented as a contract liability. Such contract liabilities are derecognised when the rebate is redeemed by the customer or when the probability that the customer will enforce its rights is remote. The rebates are regularly redeemed by customers within one year of the respective recognition of a contract liability.

Some of the franchise models offered by METRO include multi-component contracts with customers being offered a bundle of different franchise products and services. Individual contractual components are made available to customers in a subsidised form, so that the entire agreed consideration is allocated to the individual components in accordance with the relative stand-alone selling prices.

In some cases, METRO acts as an agent for the delivery of goods or the provision of services. In these cases, METRO recognises the expected fee or commission as revenue.

Operating expenses are recognised as expenses upon utilisation of the service or on the date of their causation.

Interest expense on borrowings that is directly attributable to the acquisition or production of a so-called qualified asset represents an exception to the recognition of interest through profit or loss, 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.

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 – specifically, this is generally the organisational unit per country – is compared to the corresponding carrying amount of the cash-generating unit. The recoverable amount is the higher of its value in use and its fair value less costs of disposal. It is calculated from discounted future cash flows and the level 3 input parameters of the fair value hierarchy. 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. 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.

Borrowing costs within the meaning of IAS 23 are generally not factored into the determination of production costs because the relevant criteria for a so-called qualified asset are not met.

All other intangible assets with a finite useful life are subject to straight-line amortisation. Capitalised internally created and purchased software as well as similar intangible assets are amortised over a period of up to 10 years, while licences are amortised over their useful lives.

Intangible assets with an indeterminable expected useful life are not subject to scheduled amortisation, but are subject to impairment testing at least once a year. Impairment losses and reversed impairment losses are recognised through profit or loss in consideration of the historical cost principle.

Property, plant and equipment

Property, plant and equipment are recognised at acquisition or production costs according to IAS 16 (Property, Plant and Equipment). The production costs of internally generated assets include both direct costs and directly attributable overhead costs. Borrowing costs are only capitalised in relation to so-called qualified assets as a component of acquisition or production costs. In line with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance), investment grants received are offset against the acquisition or production costs of the corresponding asset. Dismantling and removing obligations are included in the acquisition or production costs at the discounted settlement amount. Subsequent acquisition or production costs of property, plant and equipment are only capitalised if they result in a higher future economic benefit of the tangible asset.

Property, plant and equipment are solely depreciated on a straight-line basis. Throughout the group, depreciation is based on the following expected useful lives:

Buildings	10 to 33 years
Leasehold improvements	8 to 15 years, or shorter lease term
Business and office equipment	3 to 13 years
Machinery	3 to 8 years

In a few justified exceptional cases, the expected useful life of buildings is 40 years.

Capitalised costs of dismantling and removing are depreciated over the expected useful life of the asset.

According to IAS 36 (Impairment of Assets), an impairment test will be carried out if there are any indications of impairment of property, plant and equipment or of a cash-generating unit (CGU). Impairment losses are recognised if the recoverable amount is less than its carrying amount. If the reasons for the impairment have ceased to exist, impairment losses are reversed up to the amount of amortised acquisition or production costs had no impairment loss been recognised in previous periods.

Investment properties

Analogous to property, plant and equipment, investment properties are recognised at acquisition or production costs less depreciation and, if required, impairment losses (cost model). Owned investment properties are depreciated using the straight-line method, considering an expected useful life of 15 to 33 years. Investment properties where rights of use are involved are depreciated on a straight-line basis over a useful life of 5 to 15 years. In addition, the fair value of these real estates is determined based on accepted valuation methods, taking into account project development opportunities. The fair values are disclosed in the notes.

Financial assets

Unless associates or joint ventures as defined by IAS 28 (Investments in Associates and Joint Ventures) are involved, to which the equity method is applied, financial assets are accounted for in accordance with IFRS 9 (Financial Instruments).

Financial assets are recognised in the consolidated balance sheet when METRO becomes a contractual party to a financial instrument. Recognition is effected at the trade date. Financial assets are derecognised if the contractual rights to payments from the financial assets no longer exist or the financial assets with all material risks and rewards are transferred to another party and METRO cannot control the financial assets after the transfer. When the uncollectability of receivables is finally determined, they are derecognised.

Financial assets are measured at fair value upon initial recognition. In doing so, the transaction costs directly attributable to the acquisition must be taken into account, unless the financial instruments are subsequently measured at fair value through profit or loss.

METRO does not make use of the option to measure financial assets at fair value through profit or loss upon initial recognition (fair value option).

With regard to the financial assets recognised at amortised cost (AC), impairments are recognised as expected losses, regardless of the existence of actual default events. All reasonable and reliable information is considered for determination of the impairment rates, including forward-looking information, which is taken into account by including a projected index based on macroeconomic developments. However, if there is objective evidence that contractually agreed cash flows of a financial asset are likely to partially or completely default, they are recorded as specific bad debt allowances. If these indications cease to exist, impairment losses are reversed up to the amount of the carrying amount that would have resulted if no default event had occurred. METRO determines the expected losses on trade receivables using the so-called simplified approach by using a provision matrix structured according to various (past-due) maturities. Expected losses for other financial assets are determined in accordance with the so-called general approach. Impairment losses are generally recognised in separate accounts.

Changes in the fair value of financial assets measured at fair value through other comprehensive income (FVOCI) are recognised in other comprehensive income and reclassified to the income statement when the assets are sold. Impairment losses on financial assets in the FVOCI category are determined in the same way as impairment losses on financial assets in the AC category and recognised in profit or loss.

In accordance with the provisions of IFRS 9, own equity instruments are either measured at fair value through profit or loss (FVPL) or at fair value through other comprehensive income without reclassification (FVOCInR).

As part of cash flow hedging, which continues to be accounted for in accordance with IAS 39, METRO hedges the exposure to variability in future cash flows. For this purpose, future transactions and related hedging instruments are designated as hedging relationships for accounting purposes. The effective portion of changes in the fair value of the hedging instrument that regularly meets the definition criteria of a derivative is initially recognised directly in equity under consideration of deferred taxes. The ineffective portion is recognised directly in profit or loss. For future transactions that result in the recognition of a non-financial asset or a non-financial liability, the cumulative changes in the fair value of the hedging instrument are removed from other comprehensive income and included in the initial cost of the other carrying amount of the asset or liability. In case the hedging transaction relates to financial assets, financial liabilities or future transactions, the changes in fair value of the hedging instrument are transferred from other comprehensive income to profit or loss in the reporting period in which the hedged item is recognised in the income statement. The term of the hedging instrument is aligned to coincide with the occurrence of the future transaction.

Other financial and other non-financial assets

Assets reported under other financial assets are generally recognised at cost of purchase less directly attributable transaction costs and measured at amortised cost. Impairment losses are determined for the reporting period in accordance with the general approach.

Other financial assets also include derivative financial instruments that are measured at fair value through profit or loss.

Deferred income presented pertains to transitory items.

Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are determined using the asset-liability method.

Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profit will be available in the future to allow the corresponding benefit of that deferred tax asset to be realised.

Deferred tax assets and deferred tax liabilities are netted if these income tax assets and liabilities concern the same tax authority and refer to the same tax subject or a group of different tax subjects that are jointly assessed for income tax purposes. Deferred tax assets are remeasured at the end of each reporting period and adjusted if necessary.

Deferred taxes are determined on the basis of the tax rates expected in each country upon realisation. In principle, these are based on enacted laws or legislation that has been passed at the time of the closing date.

The assessment of deferred taxes reflects the tax consequence arising from METRO's expectations as of the closing date with regard to the manner in which the carrying amounts of the assets will be realised or the liabilities will be settled.

Inventories

In accordance with IAS 2 (Inventories), merchandise held as inventories is recognised at cost of purchase. The cost of purchase is determined either on the basis of a separate measurement of additions or by means of the weighted average cost method. Considerations from suppliers to be classified as a reduction in the cost of purchase are deducted when the costs of acquisition are determined.

Merchandise is measured as of the closing date at the lower of cost or net realisable value. Merchandise is written down on a case-by-case basis if the net realisable value declines below the carrying amount of the inventories. Such net realisable value corresponds to the anticipated estimated selling price less the attributable costs necessary to make the sale.

When the reasons for a write-down of the merchandise have ceased to exist, the previously recognised impairment loss is reversed.

Trade receivables

Trade receivables are recognised at amortised cost. For the reporting period, expected impairments determined on the basis of a provision matrix are taken into account. If there are further doubts about their recoverability, the trade receivables are recognised at the lower present value of the estimated future cash flows.

Income tax assets and liabilities

The income tax assets and liabilities presented relate to domestic and foreign income taxes for the reporting period as well as prior periods. They are determined in compliance with the tax laws of the respective country.

Income tax liabilities are calculated in accordance with IAS 12 and IFRIC 23. 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.

Employee benefits

Employee benefits include:

- Short-term employee benefits
- Post-employment benefits
- Obligations similar to pensions
- Termination benefits
- Share-based payments
- Other long-term employee benefits

Short-term employee benefits include, for example, wages and salaries, social security contributions, paid annual leave and paid sick leave and are recognised as liabilities at the amount (to be) disbursed as soon as the associated job performance has been rendered.

Post-employment benefits are provided in the context of defined benefit or defined contribution plans. In the case of defined contribution plans, the obligation to make periodic contributions to an external pension provider is recognised as expenses for post-employment benefits at the same time as the beneficiaries provide their service. Missed payments or prepayments to the external pension provider are accrued or deferred as liabilities or receivables. Liabilities with a term of over 12 months are discounted.

The actuarial measurement of pension provisions for post-employment benefits plans as part of a defined benefit plan is effected in accordance with the projected unit credit method as stipulated by IAS 19 (Employee Benefits) on the basis of actuarial reports. Based on biometric data, this method takes into account known pensions and pension entitlements at the closing date as well as expected increases in future wages and pensions. Where the employee benefit obligations determined or the fair value of the plan assets increase or decrease between the beginning and end of a financial year as a result of experience adjustments (for example a changed fluctuation rate) or changes in underlying actuarial assumptions, this will result in actuarial gains and losses. These are recognised in other comprehensive income outside of profit or loss. Effects of plan changes and curtailments are recognised fully under service costs through profit or loss. The interest element of the addition to the provision is presented as interest expenses as part of the financial result. Insofar as plan assets exist, the amount of the pension obligation is generally the result of the difference between the present value of defined benefit obligations and the fair value of the plan assets.

Provisions for obligations similar to pensions (such as anniversary allowances and death benefits) are based on the present value of future payment obligations to the employee or his or her surviving dependants less any associated assets measured at fair value. The amount of provisions is determined on the basis of actuarial reports in line with IAS 19. Actuarial gains and losses are recognised in the period in which they are incurred.

Termination benefits comprise severance payments to employees. They are recognised as liabilities through profit or loss when contractual or factual payment obligations towards the employee are to be made in relation to the termination of the employment relationship. Such an obligation exists when a formal plan for the early termination of the employment relationship is available to which the company is bound. Benefits with terms of more than 12 months after the reporting period are recognised at their present value.

The share bonuses granted under the share-based remuneration system in previous years are classified as cash-settled share-based payments in accordance with IFRS 2 (Share-based Payment). For these share-based payments, provisions are set up on a pro rata basis, measured at the fair value of the obligations entered into. The recognition of the provision follows a prorated approach over the underlying vesting period and is recognised in profit or loss as personnel expenses. The fair value is remeasured at each closing date during the vesting period based on an option pricing model. Provisions are adjusted accordingly through profit or loss.

The other long-term employee benefits include the future benefits earned by employees in exchange for work performed in the current and previous periods (such as long-term profit sharing). These benefits are recognised at their present value.

(Other) provisions

Long-term provisions with a term of more than 1 year are discounted to the closing date using an interest rate for matching maturities reflecting current market expectations regarding interest rate effects. Provisions with a term of less than 1 year are discounted accordingly, if the interest rate effect is material. Claims for recourse are not netted with provisions, but recognised separately as an asset if their realisation is considered virtually certain.

Provisions for restructurings are recognised if a constructive obligation for restructuring has been formalised by means of adopting a detailed restructuring plan and its communication to those employees affected as of the closing date.

Recognition of warranty provisions that do not fall into the scope of IFRS 15 (Revenue from Contracts with Customers) is based on past warranty claims and the sales of the current financial year.

(Other) financial liabilities

In accordance with IFRS 9, financial liabilities are assigned to one of the following categories:

- At fair value through profit or loss
- Other financial liabilities

The initial recognition of financial liabilities and the subsequent measurement of financial liabilities at fair value through profit or loss are conducted in analogy to the corresponding guidance as it is applied to financial assets.

All other financial liabilities are presented as such. They are measured at their amortised cost using the effective interest method.

The fair value option according to IFRS 9 is not applied to financial liabilities at METRO.

The fair values provided for the financial liabilities in the notes have been determined on the basis of the interest rates prevailing at the closing date for the remaining terms and redemption structures.

A financial liability is derecognised only when it has expired or when the contractual obligations have been discharged or cancelled or have expired.

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. 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 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. Extension and termination options are included in a significant number of leases in all asset classes of METRO. Extension options (or termination options) are included in the term of the lease if their exercise (or non-exercise in the case of termination options) is sufficiently certain. In determining the lease term, management takes into account all facts and circumstances that create an economic incentive to exercise a renewal option or not to exercise a termination option. Examples of facts and circumstances include the terms of the lease for the optional periods compared to market conditions, significant improvements to the leases, costs associated with terminating the lease contract and the significance of the underlying asset to METRO's operations. The measurement is reviewed if a significant event or significant change in circumstances occurs that affects this measurement.

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 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

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, the corresponding 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.

Other

Accounting for derivative financial instruments and hedge accounting

Derivative financial instruments are exclusively utilised to reduce risks. They are used in accordance with the respective group guideline.

All derivative financial instruments that are not designated as part of a hedge accounting relationship are measured at fair value in accordance with IFRS 9 and presented under other financial assets or other financial liabilities.

Derivative financial instruments are measured on the basis of interbank terms and conditions, including the credit margin or stock exchange prices applicable to METRO where appropriate – in this respect, the average rate at the closing date is used. Where no stock exchange prices can be used, the fair value is determined by means of accepted financial models.

In case of effective hedge accounting transactions in accordance with IAS 39, the effective portion of the change in the derivative used as hedging instrument is recognised in other comprehensive income as part of the cash flow hedges. A transfer to the income statement is – in general – only processed when the underlying transaction is realised. The ineffective portion of the change in the value of the hedging instrument is immediately reported in profit or loss.

Considerations from suppliers

Depending on the underlying circumstances, considerations from suppliers are recognised as a reduction in the cost of purchase, a reimbursement of own costs or a payment for services rendered. Considerations from suppliers are deferred at the closing date insofar as they have been contractually agreed and their collection is likely to be realised. For supplier remunerations of METRO’s costs linked to calendar year targets, the considerations from suppliers included in the financial statement are based on appropriate extrapolations.

Estimates and assumptions, management judgement

Estimates and assumptions

The preparation of these consolidated financial statements was based on estimates and assumptions, taking into account the current business environment, in particular the continuing war in Ukraine, which affected the disclosure and amount of assets and liabilities, income and expenses and contingent liabilities. Estimates and underlying assumptions with major effects were particularly made in connection with the war in Ukraine with respect to the following situations:

- Impairment testing of assets with and without a definite useful life, including goodwill, brand rights with indefinite useful lives, and customer bases, if necessary including a sensitivity analysis.
- Recoverability of receivables – in particular trade receivables and receivables due from suppliers.
- Measurement of inventories, particularly with regard to write-downs to lower net realisable values.

For METRO Russia and METRO Ukraine, goodwill was already fully impaired as of 31 March 2022.

Additionally, impairment losses had been recognised in previous years and adjusted in the current year on tangible assets in stores in Ukraine that are geographically close to the crisis areas and whose sales and earnings expectations collapsed significantly at the outbreak of the war. They currently amount to between 30% and 100% of the remaining carrying amounts. Markets in Russia were likewise analysed and impaired as needed on the basis of current earnings expectations and real estate valuations in the previous year. On balance, adjustments for these effects had no measurable impact in the current financial year. After impairment, the carrying amount corresponds to the recoverable amount.

The valuation of inventories and receivables considered risk provisions that were in line with the current business environment.

In addition to the issues resulting from the war in Ukraine, valuation adjustments may especially arise for the following items within the next financial year:

- Assets with and without a definite useful life, including goodwill, brand rights with indeterminable useful lives, and customer bases. Meanwhile, short-term declines in earnings have no impact on the existing carrying amounts of goodwill (no. 17 – goodwill and other intangible assets and no. 18 – property, plant and equipment).
- For the measurement of receivables, increased specific bad debt allowances were recognised in view of the current business situation in the HoReCa sector. Furthermore, the future element was reflected in a risk-adequate amount as part of the general risk provisioning in accordance with IFRS 9 (no. 23 – trade receivables). For the risk assessment, the current political and economic conditions are continuously monitored.
- Pension provisions (no. 28 – provisions for post-employment benefits plans and similar obligations)

Management judgement

Information on the key judgemental decisions that materially affected the amounts reported in these consolidated financial statements relates to the following circumstances or note disclosures:

- Determination of lease terms, taking into account relevant facts and circumstances relating to economic incentives affecting the likelihood of tenants exercising renewal options or not exercising termination options, as well as determination of the incremental borrowing rate (no. 42 – leases)

CAPITAL MANAGEMENT

The aim of the capital management strategy of METRO is to secure the company's business operations to continue, to increase the value of the company, to create solid capital resources to finance future growth and to provide for attractive dividend payments and capital service.

The capital management strategy of METRO has remained unchanged compared with the previous year.

Equity, liabilities and net debt in the consolidated financial statements

€ million	30/9/2023	30/9/2024
Equity before non-controlling interests	**2,011**	**1,668**
Liabilities	**9,625**	**10,067**
Net debt	**3,051**	**3,203**
Financial liabilities	3,663	**4,019**
thereof liabilities from leases	(2,621)	**(2,725)**
Cash and cash equivalents	591	**794**
Current financial investments[1]	21	**22**

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

The cash of our Russian group companies amounts to €184 million (30/9/2023: €101 million). In addition, €82 million (30/9/2023: €81 million) of the liabilities from leases is attributable to the Russian national subsidiaries.

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 2023/24, all external capital requirements were met. This includes, for example, adherence to a defined level of indebtedness and a fixed equity ratio.

CONSOLIDATION GROUP AND INVESTMENTS

Consolidation group and investments

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, 97 German (30/9/2023: 106) and 165 international (30/9/2023: 171) companies are included in the consolidated financial statements.

The consolidation group changed as follows in financial year 2023/24:

As of 1/10/2023	277
Changes in financial year 2023/24	
Companies merged with or added to other consolidated subsidiaries	–17
Disposal of shares	0
Liquidations	–5
Newly founded companies	1
Acquisitions	6
As of 30/9/2024	**262**

Disclosures on shareholdings of METRO AG and the METRO group, which are a part of these financial statements, are made in an appendix to the notes. This is included in the accounting documents submitted to the Company Register and can also be found at www.metroag.de/shareholdings.

Pursuant to § 264 Section 3 or § 264b of the German Commercial Code (HGB), some consolidated subsidiaries are exempt from the obligation to comply with the supplementary accounting, auditing and/or disclosure requirements which apply to corporations and certain partnerships. These are marked accordingly in the appendix to the notes with the disclosures on shareholdings of METRO AG and the group.

Notes to the Business Combinations

The following assets and liabilities were acquired as a result of business combinations in financial year 2023/24:

Acquired assets and liabilities

€ million	Fisk Idag	Donier	Caterite
Assets	**7**	**6**	**39**
Other intangible assets	0	0	**13**
Property, plant and equipment	3	2	**10**
Deferred tax assets	0	0	**1**
Inventories	1	1	**3**
Trade receivables	1	1	**5**
Other financial assets (current)	0	0	**1**
Other non-financial assets (current)	0	0	**2**
Cash and cash equivalents	0	1	**4**
Liabilities	**5**	**6**	**13**
Borrowings (non-current)	1	1	**2**
Deferred tax liabilities	0	0	**4**
Trade liabilities	2	1	**5**
Borrowings (current)	0	1	**1**
Other financial liabilities (current)	1	3	**2**
Other non-financial liabilities (current)	2	0	**0**

Fisk i dag i Göteborg AB (Fisk Idag)

Under the purchase contract dated 20 December 2023, the delivery specialist Johan i Hallen & Bergfalk (JHB), which has been part of METRO since May 2023, acquired 100% of the shares in Fisk i dag i Göteborg AB, Sweden, (merged into JHB) as at 12 February 2024. The purchase price, which was exclusively settled in cash, was in the mid single-digit million-euro range.

Fisk Idag is an established regional fish wholesaler that operates in particular in western Sweden, including the Gothenburg region. With around 50 employees, the company, which has extensive fish and seafood expertise, serves over 500 customers throughout the country. As a result of acquiring Fisk Idag, JHB is well positioned to maintain its growth momentum and enhance its competitiveness in the food service sector in Sweden and Finland.

The initial consolidation was based on the monthly financial statements as of 31 January 2024. Fisk Idag is part of the segment West. The gross amount of trade receivables is €2 million, of which €0 million was assessed as probably uncollectible at the time of the acquisition. Costs of €0 million were incurred in connection with the transaction and are included in administrative expenses. The acquisition of Fisk Idag resulted in preliminary goodwill of €3 million, which is mainly attributable to the future earnings potential as well as the expected synergy effects. The recognised goodwill is not deductible for tax purposes.

Since its initial consolidation, Fisk Idag has contributed €17 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 2023, Fisk Idag would have contributed €25 million to METRO’s group sales and reduced its group profit or loss for the period by €1 million.

Donier Gastronomie (Donier)

Under the purchase contract dated 19 June 2024, JHB acquired 100% of the shares in Thisigma Holding Oy, Finland, and of Donier Gastronomie Oy, Finland, as of 19 June 2024. The purchase price, which was exclusively settled in cash, was in the upper single-digit million-euro range.

Donier is a recognised premium food supplier with a strong presence in Finland's most important metropolitan regions; it has its own well-developed meat production and cheese expertise as well as growing fish expertise. The company delivers to around 900 local customers countrywide. The acquisition of Donier will strengthen JHB's market position in Finland considerably and give JHB strong growth momentum. In addition, the acquisition contributes to JHB's goal to become the leading fresh meat and fish specialist in the Nordic countries.

The initial consolidation was based on the monthly financial statements as of 30 June 2024. Donier is part of the segment West. The gross amount of trade receivables is €1 million, of which €0 million was assessed as probably uncollectible at the time of the acquisition. Costs of €0 million were incurred in connection with the transaction and are included in administrative expenses. The acquisition of Donier resulted in preliminary goodwill of €10 million, which is mainly attributable to the future earnings potential as well as the expected synergy effects. The recognised goodwill is not deductible for tax purposes.

Since its initial consolidation Donier has contributed €3 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 2023, JHB would have contributed €18 million to METRO's group sales and €1 million to its group profit or loss for the period.

Caterite Food and Wineservice Limited (Caterite)

Under the purchase contract dated 28 August 2024, METRO acquired 100% of the shares in the following companies as of 29 August 2024:

- Caterite Food and Wineservice Limited, Great Britain
- Box Clever Cumbria Limited, Great Britain
- Grapevine, The Wineservice Company Limited, Great Britain

The preliminary purchase price, which was exclusively settled in cash, was in the mid double-digit million-euro range.

Caterite is a British food service specialist that delivers to over 2,000 HoReCa customers in the premium hospitality and mass catering industry. Due to Caterite's focus on the Lake District, which is popular with tourists, and adjacent regions, the acquisition helps METRO grow its FSD activities in the north of Great Britain and in this way accelerate its countrywide expansion. Within METRO, Caterite will complement the activities of the FSD specialist Classic Fine Foods UK, which delivers to premium customers, especially in Greater London, the south west and the middle of Great Britain, and this will have synergy potential across companies. While Caterite will initially continue to operate under the established brands and in the existing form, the aim is to collaborate with Classic Fine Foods UK in areas such as product range, procurement, knowledge transfer and logistics.

The initial consolidation was based on the monthly financial statements as of 31 August 2024. Caterite is part of the segment West. The licence price analogy method was used to determine the fair values of the acquired brand rights. The acquired customer relationships were measured using the residual value method, with the deduction of such cash flows that are associated with supporting assets. The gross amount of trade receivables is €5 million, of which €0 million was assessed as probably uncollectible at the time of the acquisition. Costs of

€1 million were incurred in connection with the transaction and are included in administrative expenses. With regard to the determination of the purchase price, the initial consolidation of Caterite should be considered to be preliminary. The acquisition of Caterite resulted in preliminary goodwill of €7 million, which is mainly attributable to the future earnings potential as well as the expected synergy effects. The recognised goodwill is not deductible for tax purposes.

Since its initial consolidation, Caterite has contributed €5 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 2023, Caterite would have contributed €55 million to METRO's group sales and €1 million to its group profit or loss for the period.

Overview of the major fully consolidated group companies

Based on the amount of external group sales revenues, the following subsidiaries in particular are considered material. Furthermore, additional companies have strategic importance (for example METRO Markets GmbH, DISH Digital Solutions GmbH) or provide significant intra-group services (for example METRO Sourcing International Limited, METRO Properties GmbH & Co. KG, METRO Digital GmbH).

Name	Registered office	Group shares in % 30/9/2023 and 30/9/2024	Sales (€ million) 2023/24
METRO FRANCE S.A.S.	Nanterre, France	100.00	5,087
METRO Deutschland GmbH	Düsseldorf, Germany	100.00	4,628
METRO Cash & Carry OOO	Moscow, Russia	100.00	2,438
METRO CASH & CARRY ROMANIA SRL	Bucharest, Romania	100.00	2,145
METRO Italia S.p.A.	San Donato Milanese, Italy	100.00	1,983
MAKRO DISTRIBUCION MAYORISTA, S.A.U.	Madrid, Spain	100.00	1,733
Metro Grosmarket Bakirköy Alisveris Hizmetleri Ticaret Ltd. Sirketi	Istanbul, Turkey	100.00	1,530
Makro Cash and Carry Polska S.A.	Warsaw, Poland	100.00	1,489
MAKRO Cash & Carry CR s.r.o.	Prague, Czech Republic	100.00	1,409

Overview of subsidiaries with significant non-controlling interests

The following table shows the financial information of METRO Cash & Carry Österreich GmbH, headquartered in Vösendorf, Austria, with a participation rate of non-controlling shareholders of 27%.

€ million	Non-controlling interests	Allocated dividend[1]	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Sales	Profit shares[1]
30/9/2023	13	6	257	95	90	189	813	1
30/9/2024	**1**	**4**	**235**	**103**	**95**	**208**	**874**	**−6**

[1] Attributable to non-controlling interests.

Investments accounted for using the equity method

11 associates (30/9/2023: 12) and 8 joint ventures (30/9/2023: 8) are accounted for in the consolidated financial statements using the equity method.

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) and Košík Holding a.s. (closing date 31 March), all companies have 31 December as the closing date. The companies are included in the consolidated financial statements of METRO AG with their latest available (interim) financial statements.

	Habib METRO Pakistan		OPCI FWP		OPCI FWS		EKS Handelsgesellschaft		Miscellaneous	
€ million	2022/23	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**
Disclosures on the income statement										
Sales revenues	9	**9**	21	**23**	20	**20**	87	**99**	207	**207**
Tax profit for the period from continuing operations	5	**7**	14	**15**	13	**11**	73	**85**	–15	**–16**
Other comprehensive income	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**
Total comprehensive income	5	**7**	14	**15**	13	**11**	73	**85**	–15	**–16**
Dividend payments to the group	0	**4**	1	**1**	4	**4**	6	**7**	2	**3**
Disclosures on the balance sheet										
Non-current assets	18	**18**	257	**257**	248	**249**	–	**–**	–	**–**
Current assets	18	**22**	10	**6**	5	**4**	77	**64**	–	**–**
Non-current liabilities	3	**4**	97	**96**	93	**94**	–	**–**	–	**–**
Current liabilities	2	**3**	0	**0**	0	**0**	4	**5**	–	**–**
Net assets	30	**33**	170	**168**	161	**158**	73	**60**	–	**–**
Amount of the share (in %)	**40**	**40**	**5**	**5**	**25**	**25**	**15**[1]	**15**[1]	**–**	**–**
Share of the group in the net assets	12	**13**	9	**8**	40	**40**	6	**5**	–	**–**
Adjustment of asset values	4	**4**	–	**–**	–	**0**	–1	**–**	–	**–**
Carrying amount of the share in the group	**16**	**17**	**9**	**8**	**40**	**39**	**5**	**5**	**27**	**28**

[1] Profit distribution differs from percentage held.

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

NOTES TO THE INCOME STATEMENT

1. Sales revenues

Sales to customers are allocated to the following categories:

	2022/23				**2023/24**			
€ million	Store-based and other business	Delivery business	METRO MARKETS sales	Total sales	**Store-based and other business**	**Delivery business**	**METRO MARKETS sales**	**Total sales**
METRO total	**23,342**	**7,099**	**110**	**30,551**	**22,923**	**7,942**	**165**	**31,029**
Germany	4,042	855	–	4,897	**4,007**	**926**	**–**	**4,933**
West	9,296	3,276	–	12,573	**9,091**	**3,728**	**–**	**12,819**
Russia	2,031	478	–	2,510	**1,868**	**570**	**–**	**2,438**
East	7,870	2,490	–	10,359	**7,868**	**2,704**	**–**	**10,571**
Others	102	0	110	213	**89**	**15**	**165**	**268**

2. Other operating income

€ million	2022/23	**2023/24**
Services rendered to suppliers	122	**127**
Rents incl. reimbursements of incidental rental costs	153	**120**
Other services	118	**104**
Income from logistics services	97	**86**
Gains from the disposal of fixed assets and gains from the reversal of impairment losses	232	**74**
Gains from deconsolidation	165	**0**
Miscellaneous	201	**136**
	1,088	**647**

Income from logistics services is offset by expenses from logistics services, which are reported under other operating expenses.

Gains on the disposal of non-current assets and on the reversal of impairment losses relate primarily to the sale of real estate in the amount of €38 million (2022/23: €209 million).

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

3. Selling expenses

Selling expenses include personnel expenses in the amount of €2,230 million (2022/23: €2,150 million) as well as cost of material in the amount of €2,163 million (2022/23: €2,201 million).

The decrease in cost of material primarily results from lower advertising and energy costs. By contrast, other transport costs went up.

4. General administrative expenses

General administrative expenses include personnel expenses in the amount of €517 million (2022/23: €483 million) as well as cost of material in the amount of €436 million (2022/23: €408 million).

Obligations to make severance payments contributed to the increase in personnel expenses.

5. Other operating expenses

Other operating expenses primarily include expenses from logistics services in the amount of €106 million (2022/23: €117 million). The expenses are offset by income from logistics services, which are reported under other operating income. In addition, impairment losses of €20 million (2022/23: €0 million) were recognised on goodwill and losses from the disposal of non-current assets of €13 million (2022/23: €10 million) were incurred.

6. Impairment of financial assets

The result from impairment of financial assets includes impairment losses on operational receivables from contracts with customers in the amount of €14 million (2022/23: €12 million). This includes expenses from additions to impairment losses, income from the reversal of impairment losses, and income from the receipt of cash and cash equivalents for financial assets that have already been derecognised.

7. Income from companies accounted for using the equity method

Of the income from companies accounted for using the equity method, €12 million (2022/23: €13 million) is attributable to the segment West, €12 million (2022/23: €0 million) to the segment Others and €0 million (2022/23: €0 million) to the segment East.

8. Other investment result

The other investment result includes the impact of the fair value measurement of investments in the amount of €−14 million (2022/23: €−5 million). Dividends from investments amounted to €1 million (2022/23: €2 million).

The item also includes the net disposal gain and the results of the fair value measurement of the shares in WM Holding (HK) Limited and the related put option in an amount of €24 million (2022/23: €−35 million).

9. Net interest income/interest expenses

The interest result primarily includes interest from leases. Interest from financial instruments of the measurement categories according to IFRS 9 is included in interest income in the amount of €30 million (2022/23: €15 million) and in interest expenses in the amount of €64 million (2022/23: €47 million). 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) particularly include interest expenses for issued bonds (including the Euro Commercial Paper Programme) of €37 million (2022/23: €28 million) and for liabilities to banks of €21 million (2022/23: €15 million).

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), this also includes the measurement of foreign currency positions.

€ million	2022/23	2023/24
Other financial income	1,030	**456**
thereof currency effects	(539)	**(118)**
thereof hedging transactions	(56)	**(9)**
Other financial expenses	−821	**−551**
thereof currency effects	(−305)	**(−160)**
thereof hedging transactions	(−47)	**(−10)**
Other financial result	**209**	**−96**
thereof from financial instruments of the measurement categories according to IFRS 9	(278)	**(−44)**
thereof impairment losses on receivables from finance leases	(−15)	**(−1)**
thereof cash flow hedges:		
ineffectiveness	(−4)	**(−1)**

The total comprehensive income from currency effects and measurement results from hedging transactions and hedging relationships totalled €−43 million (2022/23: €244 million). Compared to the prior-year period – which had been impacted by non-cash positive measurement effects from intra-group rouble positions – changes in the exchange rate of the rouble did not have any significant impact in the reporting period.

The effect from the application of financial reporting in hyperinflationary economies had a negative impact on the other financial result; income of €298 million (2022/23: €400 million) was offset by expenses of €320 million (2022/23: €383 million).

11. Net results according to measurement categories

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

2022/23

€ 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	14	0	256	0	−13	0	257
Financial assets at fair value through profit or loss	−33	1	15	0	0	0	0	−17
Equity instruments measured outside of profit or loss	0	0	0	0	0	0	0	0
Financial liabilities measured at amortised cost	0	−47	12	0	14	0	−5	−26
	−33	**−31**	**27**	**257**	**14**	**−13**	**−5**	**215**

2023/24

€ 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**	**30**	**0**	**−33**	**0**	**−21**	**1**	**−23**
Financial assets at fair value through profit or loss	**12**	**0**	**1**	**0**	**0**	**0**	**0**	**12**
Equity instruments measured outside of profit or loss	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financial liabilities measured at amortised cost	**0**	**−64**	**−3**	**−4**	**8**	**0**	**−4**	**−67**
	12	**−34**	**−3**	**−37**	**8**	**−21**	**−4**	**−78**

The income and expenses from financial instruments are assigned to measurement categories according to IFRS 9 on the basis of the underlying transactions.

Investment income and income effects from the disposal of investments are included in the other investment result. This includes the result from the valuation of a put option of €−1 million (2022/23: €−30 million) in connection with the shares in WM Holding (HK) Limited. The income and expenses from interest are part of the interest result.

Income effects from the disposal of other financial liabilities are included in earnings before interest and taxes (EBIT). The expenses from impairment losses on financial assets are included in the result from impairments on financial assets.

12. Income taxes

Income taxes include the taxes on income paid or owed in the individual countries as well as deferred taxes.

€ million	2022/23	**2023/24**
Deferred tax expense/income (+/−)	82	**−26**
thereof from temporary differences	(75)	**(−42)**
thereof from loss and interest carry-forwards	(7)	**(16)**

€ million	2022/23	**2023/24**
Actual taxes	88	**116**
thereof Germany	(17)	**(12)**
thereof international	(71)	**(104)**
thereof tax expenses/income of current period	(153)	**(114)**
thereof tax expenses/income of previous periods	(−66)	**(2)**
Deferred taxes	82	**−26**
thereof Germany	(14)	**(18)**
thereof international	(68)	**(−44)**
	170	**90**

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% (2022/23: 0.00%) and 30.71% (2022/23: 38.07%).

The tax expense includes a deferred tax expense from the devaluation of a deferred tax asset in the amount of €22 million (2022/23: €37 million).

Applying the German group tax rate to the reported pre-tax result would result in an income tax expense of €−11 million (2022/23: €186 million). The deviation of €101 million (2022/23: €−16 million) from the reported tax expense of €90 million (2022/23: €170 million) can be reconciled as follows:

€ million	2022/23	2023/24
Earnings before taxes (EBT)	**609**	**−35**
Expected income tax expenses (30.53%)	186	**−11**
Effects of differing national tax rates	−15	**−24**
Tax expenses and income relating to other periods	−66	**2**
Non-deductible business expenses for tax purposes	62	**39**
Effects of deferred taxes	60	**90**
Additions and reductions for local taxes	−13	**18**
Tax-free income	−7	**−25**
Other deviations	−36	**0**
Income tax expenses according to the income statement	**170**	**90**
Group tax rate	**27.9%**	**−257.8%**

The item effects of differing national tax rates includes a deferred tax expense of €6 million (2022/23: €7 million) from tax rate changes.

As a result of the introduction of international minimum tax rules under the OECD Pillar 2 approach, METRO AG is subject to the requirements to calculate and disclose the minimum tax from financial year 2023/24 onwards. On the basis of current business development, METRO does not anticipate any significant effects in Germany from the introduction of Pillar 2. The actual burden will, however, depend on the changes in the effective tax rates in the relevant countries. Against this backdrop, METRO expects an additional tax burden in the low single-digit million range. METRO applies the exemption provision of IAS 12, under which no disclosure of deferred taxes is required in connection with the minimum tax.

13. Earnings per share

After taking account of the profit or loss for the period attributable to the preference shareholders amounting to €0.5 million, earnings per share are calculated by dividing the share of the loss for the period of €119 million attributable to the ordinary shareholders of METRO AG (30/9/2023: profit of €436 million) by the weighted number of ordinary shares on issue. The weighted number of ordinary shares of 360,121,736 remains unchanged from the previous year. There was no dilution in the reporting period or the year before from so-called potential shares.

14. Depreciation/amortisation/impairment losses on non-current assets

Impairment losses, which mostly relate to property, plant and equipment, are attributable to the segment West in an amount of €22 million, to the segment Russia in an amount of €10 million, to the segment Others in an amount of €8 million, to the segment East in an amount of €7 million and to the segment Germany in an amount of €6 million. They are offset by reversals of impairment losses in an amount of €14 million.

€ million	2022/23	2023/24
Amortisation of intangible assets, depreciation of property, plant and equipment and investment properties	840	**865**
Impairment losses on intangible assets, property, plant and equipment and investment properties	100	**53**
thereof cost of sales	(0)	**(1)**
thereof selling expenses	(91)	**(31)**
thereof general administrative expenses	(9)	**(2)**
thereof other operating expenses	(0)	**(20)**
Impairment losses on non-current financial investments	0	**0**
	939	**918**

15. Cost of materials

The cost of sales includes cost for raw materials, supplies and goods purchased in the amount of €25,118 million (2022/23: €24,869 million) as well as cost of services purchased in the amount of €26 million (2022/23: €26 million).

16. Personnel expenses

Personnel expenses can be broken down as follows:

€ million	2022/23	**2023/24**
Wages and salaries	2,414	**2,530**
Social security expenses, expenses for post-employment benefits and related employee benefits	622	**634**
(thereof for post-employment benefits)	(37)	**(37)**
	3,035	**3,163**

Wages and salaries include expenses relating to restructuring measures and severance payments of €60 million (2022/23: €47 million). Variable remuneration rose to €96 million (2022/23: €93 million). Wages and salaries also include expenses for long-term remuneration components totalling €18 million (2022/23: €13 million).

The average number of people employed by the group during the year was as follows:

	2022/23	**2023/24**
Blue collar/white collar	89,440	**85,963**
(thereof employed abroad)	(72,286)	**(69,359)**
Apprentices/trainees	1,761	**1,847**
(thereof employed abroad)	(1,022)	**(1,094)**
	91,201	**87,810**

This includes an absolute number of 11,737 (2022/23: 12,743) part-time employees.

NOTES TO THE BALANCE SHEET

17. Goodwill and other intangible assets

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

		30/9/2023		**30/9/2024**	
			WACC		**WACC**
	Segment	€ million	%	**€ million**	**%**
METRO France	West	293	6.6	**293**	**6.5**
Johan i Hallen & Bergfalk (JHB)	West	62	6.6	**76**	**6.9**
Others (each below 10% of the total carrying amount)		357	6.0–12.6	**352**	**5.9–9.7**
		712		**721**	

Additions to goodwill are the result of acquisitions made in financial year 2023/24; they relate to Fisk Idag and Donier (JHB group) as well as Caterite.

The expected future cash flows on which the impairment test is based are derived from a qualified planning process, which takes intra-group experience as well as macroeconomic data collected by third-party sources into account. The detailed planning period generally spans 3 years, with various scenarios being derived and analysed with regard to their appropriateness for the impairment test. The detailed planning period can generally be extended by up to 2 further planning years for units undergoing a transformation process. No use was made of this option in financial year 2023/24 nor in the previous year. Following the detailed planning period, a growth rate of 1.25% 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 2.59% (30/9/2023: 2.45%) and a market risk premium of 6.75% (30/9/2023: 6.97%) in Germany as well as a beta factor of 0.90 (30/9/2023: 0.86). Country-specific risk premiums are applied to the equity cost of capital and to the borrowing costs.

Considering the continued consistent implementation of the sCore strategy, we assume sales and EBITDA growth in the detailed planning phase. For the units with goodwill considered to be significant, this results in the following development of sales and EBITDA until the end of the detailed planning period.

	Sales	EBITDA
METRO France	Slightly rising	Slightly rising
Johan i Hallen & Bergfalk (JHB)	Significantly rising	Significantly rising

Full impairment of goodwill led to an expense of €20 million in the financial year (2022/23: €0 million). It related mainly to METRO Austria (segment West) and was required as a result of the expected reduction in sales and earnings performance and the resulting consequences for future cash flows.

The estimated recoverable amount of the goodwill of Johan i Hallen & Bergfalk (JHB) exceeds the carrying amount by €2 million. A change in 2 assumptions, which was considered possible, could lead to the carrying amount exceeding the recoverable amount. If the capitalisation rate was 0.07 percentage points higher, at 6.94% (rather than 6.87%), and EBITDA in perpetuity included in the assumed free cash flow of €8.8 million (rather than €8.9 million) was 0.8 percentage points lower, fair value less costs of disposal would be equal to the carrying amount.

Disposals of goodwill arise due to changes in the consolidation group and are reported at the time of deconsolidation.

The development of intangible assets is shown in the following table.

€ million	Goodwill	Intangible assets without goodwill	(thereof internally generated intangible assets)
Acquisition or production costs			
As of 1/10/2022	868	2,340	(1,412)
Currency translation/hyperinflation	−30	−25	(−3)
Additions to consolidation group	65	65	(0)
Additions	0	164	(134)
Disposals	−9	−478	(−427)
Transfers	0	2	(−2)
As of 30/9/2023 / 1/10/2023	894	2,067	(1,114)
Currency translation/hyperinflation	5	−3	(0)
Additions to consolidation group	20	13	(0)
Additions	0	153	(120)
Disposals	0	−7	(−1)
Reclassification in accordance with IFRS 5	0	0	(0)
Transfers	0	4	(−4)
As of 30/9/2024	919	2,227	(1,229)
Depreciation/amortisation/impairment			
As of 1/10/2022	221	1,768	(1,084)
Currency translation/hyperinflation	−30	−12	(−2)
Additions, scheduled	0	158	(107)
Additions, impairment	0	7	(2)
Disposals	−9	−476	(−426)
Transfers	0	0	(0)
As of 30/9/2023 / 1/10/2023	182	1,444	(764)
Currency translation/hyperinflation	−4	−2	(0)
Additions, scheduled	0	158	(110)
Additions, impairment	20	1	(1)
Disposals	0	−6	(0)
Reclassification in accordance with IFRS 5	0	0	(0)
Transfers	0	−1	(1)
As of 30/9/2024	198	1,595	(876)
Carrying amount as of 1/10/2022	647	572	(328)
Carrying amount as of 30/9/2023	712	623	(350)
Carrying amount as of 30/9/2024	**721**	**632**	**(353)**

The acquired **brand rights** changed as follows:

		30/9/2023		**30/9/2024**	
			WACC		**WACC**
	Licence rate in %	€ million	%	**€ million**	**%**
Classic Fine Foods	1.0	50	6.8	**48**	**6.8**
Pro à Pro	0.3	33	6.6	**33**	**6.5**
Johan i Hallen & Bergfalk (JHB)	1.0	23	6.6	**24**	**6.9**
Others	0.2–1.0	9	6.0–7.0	**13**	**6.4–6.7**
		116		**117**	

Trademark rights generally represent assets with an indefinite useful life. The expected useful life of the trademark rights is generally indeterminable, because METRO can use these rights without restrictions and abandoning them is not envisaged in the future. The carrying amounts of these brands are reviewed annually for units to which goodwill is not simultaneously allocated in line with the procedure for the respective purchase price allocations using the licence price analogy method. Level 3 input parameters of the fair value hierarchy are applied here. The mandatory annual impairment test confirmed the recoverability of the carrying amounts. The estimated recoverable amount of the trademark rights of Classic Fine Foods exceeds the carrying amount by €2 million. If the capitalisation rate was 0.23 percentage points higher, at 7.05% (rather than 6.82%), and the sales assumed in perpetuity were €9 million lower, at €303 million (rather than €312 million), fair value less costs of disposal would be equal to the carrying amount.

Other intangible assets include €24 million (2022/23: €23 million) in software purchased from third parties and still in development and €9 million (2022/23: €7 million) in concessions, rights and licences.

Research and development expenses recognised in expenses essentially concern internally generated software and amounted to €43 million (2022/23: €42 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 (30/9/2023: €2 million) were recorded.

18. Property, plant and equipment

Property, plant and equipment recognised at €5,364 million (30/9/2023: €5,091 million) includes own tangible assets in the amount of €3,092 million (30/9/2023: €3,029 million) and rights of use for leased property, plant and equipment in the amount of €2,271 million (30/9/2023: €2,063 million). 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 1/10/2022	5,899	2,974	137	9,010
Currency translation/hyperinflation	−684	−222	−15	−921
Additions to consolidation group	0	2	0	3
Additions	50	91	222	364
Disposals	−87	−194	−3	−284
Reclassification in accordance with IFRS 5	−107	−54	−11	−171
Transfers	118	108	−160	65
As of 30/9/2023 / 1/10/2023	5,190	2,706	170	8,066
Currency translation/hyperinflation	9	7	−1	15
Additions to consolidation group	7	2	0	9
Additions	69	107	209	385
Disposals	−51	−92	−3	−147
Reclassification in accordance with IFRS 5	0	0	0	0
Transfers	73	167	−230	9
As of 30/9/2024	5,295	2,897	145	8,337

€ million	Land and buildings	Other plant, business and office equipment	Assets under construction	Total
Depreciation/amortisation/impairment				
As of 1/10/2022	3,188	2,200	13	5,402
Currency translation/hyperinflation	−297	−144	−4	−445
Additions, scheduled	158	155	0	312
Additions, impairment	74	4	0	78
Disposals	−83	−185	0	−267
Reclassification in accordance with IFRS 5	−28	−37	0	−65
Reversals of impairment losses	0	−2	0	−2
Transfers	22	2	0	24
As of 30/9/2023 / 1/10/2023	3,034	1,994	9	5,037
Currency translation/hyperinflation	1	7	0	8
Additions, scheduled	160	159	1	320
Additions, impairment	13	6	2	21
Disposals	−47	−87	−1	−135
Reclassification in accordance with IFRS 5	0	0	0	0
Reversals of impairment losses	−14	0	0	−14
Transfers	−16	24	0	8
As of 30/9/2024	3,132	2,103	11	5,245
Carrying amount as of 1/10/2022	2,711	774	124	3,608
Carrying amount as of 30/9/2023	2,156	711	161	3,029
Carrying amount as of 30/9/2024	**2,164**	**794**	**134**	**3,092**

As in the previous year, there were no restrictions on titles in the form of liens and encumbrances for items of property, plant and equipment.

Contractual commitments were recorded for items of property, plant and equipment in the amount of €55 million (30/9/2023: €46 million).

The development of **right-of-use assets** of leased property, plant and equipment is shown in the following table.

€ million	Land and buildings	Vehicles	Others	Total
Net carrying amount				
As of 1/10/2022	1,992	103	31	2,126
Additions	354	87	31	471
Depreciation/amortisation/impairment	−267	−59	−12	−338
Additions, impairment	−10	0	0	−10
Reclassifications and net change in consolidation group	−105	0	1	−104
Disposals, currency translation/ hyperinflation and reversals of impairment losses	−79	−4	−1	−83
As of 30/9/2023 / 1/10/2023	1,884	128	50	2,063
Additions	456	113	38	607
Depreciation/amortisation/impairment	−279	−72	−14	−365
Additions, impairment	−6	0	0	−6
Reclassifications and net change in consolidation group	−3	6	−3	0
Disposals, currency translation/ hyperinflation and reversals of impairment losses	−16	−4	−6	−27
As of 30/9/2024	**2,036**	**170**	**66**	**2,271**

19. Investment properties

The development of investment properties is shown in the following table.

€ million	Investment properties (owned)	Investment property rights of use	Total
Acquisition or production costs			
As of 1/10/2022	352	868	1,220
Currency translation/hyperinflation	1	19	20
Additions to consolidation group	0	0	0
Additions	0	6	6
Disposals	−28	−100	−128
Reclassification in accordance with IFRS 5	−80	0	−80
Transfers associated with tangible assets	0	30	30
As of 30/9/2023 / 1/10/2023	245	823	1,068
Currency translation/hyperinflation	0	28	28
Additions	0	18	18
Disposals	−13	−495	−508
Reclassification in accordance with IFRS 5	0	0	0
Transfers associated with tangible assets	0	0	0
As of 30/9/2024	233	374	607
Depreciation/amortisation/impairment			
As of 1/10/2022	260	788	1,048
Currency translation/hyperinflation	0	18	19
Additions, scheduled	4	26	31
Additions, impairment	0	4	4
Disposals	−21	−94	−115
Reclassification in accordance with IFRS 5	−55	0	−55
Reversals of impairment losses	0	0	0
Transfers associated with tangible assets	0	30	30
As of 30/9/2023 / 1/10/2023	190	772	962
Currency translation/hyperinflation	0	28	28
Additions, scheduled	3	19	21
Additions, impairment	2	3	5
Disposals	−8	−488	−495
Reclassification in accordance with IFRS 5	0	0	0
Reversals of impairment losses	0	0	0
Transfers associated with tangible assets	0	0	0
As of 30/9/2024	187	334	521
Carrying amount as of 1/10/2022	92	80	172
Carrying amount as of 30/9/2023	55	51	106
Carrying amount as of 30/9/2024	**46**	**40**	**86**

The fair values of these investment properties total €190 million (30/9/2023: €252 million) with a carrying amount of €86 million (30/9/2023: €106 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 necessary, external expert appraisals are also gathered.

Rental income from continuing operations amounts to €48 million, with right-of-use assets accounting for €39 million of this total (2022/23: €114 million, thereof €103 million from right-of-use assets). The related expenses amount to €46 million, with right-of-use assets accounting for €34 million (2022/23: €85 million, thereof €74 million from rights-of-use assets).

As in the previous year, there were no restrictions on titles in the form of liens and encumbrances.

20. Other financial and other non-financial assets

Other financial assets include receivables due from suppliers in particular. 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.

Additionally, the other 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 prior-year figure had included in particular a put option and receivables from claims.

The other non-financial assets primarily consist of the other tax receivables in the amount of €195 million (30/9/2023: €215 million). This item also includes prepaid expenses and deferred income, prepayments on inventories and other non-current assets as well as raw materials and supplies.

Furthermore, the other non-financial assets consist of contract assets and assets for the right to recover products from a customer on settling the refund liabilities.

21. Deferred tax assets/deferred tax liabilities

Deferred taxes relate to the following balance sheet items:

	30/9/2023		**30/9/2024**		Change through profit or loss – previous year		**Change through profit or loss – current year**	
€ million	Assets	Liabilities	**Assets**	**Liabilities**	Assets	Liabilities	**Assets**	**Liabilities**
Goodwill	13	0	**9**	**0**	−5	0	**−4**	**0**
Other intangible assets	13	148	**15**	**151**	2	1	**2**	**0**
Property, plant and equipment and investment properties	91	643	**139**	**682**	3	−11	**51**	**39**
Financial assets and investments accounted for using the equity method	4	5	**5**	**6**	0	1	**1**	**1**
Inventories	22	2	**25**	**4**	−6	2	**3**	**2**
Other financial and non-financial assets	61	58	**64**	**33**	5	−17	**4**	**−20**
Assets held for sale	0	6	**0**	**0**	−3	5	**0**	**−4**
Provisions for post-employment benefits plans and similar obligations	64	57	**79**	**59**	0	1	**0**	**2**
Other provisions	53	14	**55**	**15**	3	3	**4**	**1**
Financial liabilities	682	1	**675**	**2**	−11	−1	**−6**	**1**
Other financial and non-financial liabilities	55	20	**68**	**19**	−102	−7	**16**	**0**
Liabilities related to assets held for sale	0	0	**0**	**0**	0	0	**0**	**0**
Outside basis differences	0	4	**0**	**4**	−58	−23	**0**	**0**
Hyperinflation	0	33	**0**	**34**	0	2	**0**	**−6**
Write-downs of temporary differences	−42	0	**−56**	**0**	54	0	**−16**	**0**
Loss carry-forwards	38	0	**23**	**0**	−7	0	**−16**	**0**
Carrying amount of deferred taxes before offsetting	**1,053**	**992**	**1,101**	**1,009**	**−126**	**−43**	**41**	**15**
Offsetting	−902	−902	**−924**	**−924**	126	126	**−41**	**−41**
Carrying amount of deferred taxes	**151**	**90**	**176**	**85**	**0**	**82**	**0**	**−26**

The reported balance of deferred tax assets and liabilities in the amount of €91 million (30/9/2023: €61 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.

The sum of the amount of temporary differences in connection with investments in subsidiaries for which no deferred tax liabilities were recognised was not determined as this would have entailed a disproportionately high effort due to the level of detail of the METRO group.

No deferred tax assets were capitalised for the following tax loss carry-forwards and interest carry-forwards or temporary differences because realisation of the assets in the short to medium term is not expected:

€ million	30/9/2023	**30/9/2024**
Corporate tax losses	4,447	**4,709**
Trade tax losses	4,026	**4,166**
Interest carry-forwards	137	**217**
Temporary differences	197	**242**

The trade tax loss carry-forwards for which no deferred tax assets were recognised relate to German companies and can be carried forward without limitations.

Expiry dates of corporate tax loss carry-forwards on which no deferred taxes have been recognised

€ million	30/9/2023	30/9/2024
Tax loss carry-forwards, corporate tax	**4,447**	**4,709**
Up to 1 year	72	**71**
1 to 5 years	168	**180**
Over 5 years	87	**84**
Can be carried forward without limitation	4,120	**4,373**

Tax effects on components of other comprehensive income

	2022/23			**2023/24**		
€ million	Before taxes	Taxes	After taxes	**Before taxes**	**Taxes**	**After taxes**
Currency differences from translating the financial statements of foreign operations	−768	0	−768	**14**	**0**	**14**
thereof currency translation differences from net investments in foreign operations	(−22)	(0)	(−22)	**(−34)**	**(0)**	**(−34)**
Effective portion of gains/losses from cash flow hedges	−1	0	−1	**−4**	**1**	**−4**
Effects from the fair value measurements of equity instruments	1	0	1	**0**	**0**	**0**
Remeasurement of defined benefit pension plans	−9	2	−7	**−59**	**17**	**−42**
	−777	**2**	**−775**	**−40**	**18**	**−22**

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.

22. Inventories

Inventories include food merchandise in the amount of €1,812 million (30/9/2023: €1,785 million) and non-food merchandise in the amount of €446 million (30/9/2023: €457 million).

Negative currency effects, resulting in particular from the development of the Turkish lira, decreased inventories by a total of €33 million.

Inventories include impairments of €98 million (30/9/2023: €116 million). The inventories are subject to the customary or statutory retention of title.

23. Trade receivables

These are receivables with a remaining term of up to 1 year.

Negative currency effects, resulting in particular from the development of the Turkish lira, decreased trade receivables by a total of €10 million.

24. Impairments of financial assets

Impairment losses as of 30 September 2024 amount to €134 million (30/9/2023: €146 million).

For **trade receivables,** the expected credit loss over the entire term was recorded. The impairment losses are carried out based on previous experience with regard to maturity and default, as well as in consideration of region- and customer-specific portfolios.

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.

Individual receivables for which there are objective indications of an impairment of creditworthiness are impaired individually.

The following table shows the gross carrying amounts recognised as of the closing date and the expected credit losses of trade receivables:

€ million	Total gross receivable as of 30/9/2023	Range of determined default rates	Thereof subject to risk provision	Impairment losses recognised	**Total gross receivable as of 30/9/2024**	**Range of determined default rates**	**Thereof subject to risk provision**	**Impairment losses recognised**
Not past due	534	0.07%–0.60%	440	–15	**537**	**0.07%–0.60%**	**446**	**–15**
Up to 90 days past due	120	0.45%–5.73%	92	–1	**119**	**0.45%–5.73%**	**85**	**–1**
91 to 180 days past due	28	1.45%–16.53%	9	–1	**25**	**1.45%–16.53%**	**12**	**0**
181 to 270 days past due	10	2.61%–24.18%	5	0	**7**	**2.61%–24.18%**	**3**	**0**
271 to 360 days past due	11	2.17%–32.19%	3	0	**7**	**2.17%–32.19%**	**3**	**0**
More than 360 days past due	32	4.80%–67.62%	3	–1	**46**	**4.80%–67.62%**	**6**	**–1**
Gross receivable	**735**		**551**	**-**	**742**		**555**	**-**
Impairment	–83		-	–19	**–84**		**-**	**–19**
Maximum credit risk	**651**		**-**	**-**	**658**		**-**	**-**

Besides the impairment recognised based on the presented regional provision matrix, the risk provision of €19 million (30/9/2023: €19 million) also includes an additional country and customer group-specific risk provision against the backdrop of the war in Ukraine and the subdued business climate in the hospitality industry.

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

€ million	2022/23	**2023/24**
As of 1/10	**87**	**83**
Addition to impairment	36	**26**
Reversal/utilisation of the impairment	–34	**–25**
Other changes	–5	**–1**
As of 30/9	**83**	**84**

The impairments include individual impairment losses in the amount of €65 million (30/9/2023: €65 million).

Trade receivables in the amount of €30 million (30/9/2023: €22 million) were not impaired, as collateral is available.

METRO applies the general impairment requirements to **receivables from suppliers, receivables from credit card transactions, loans, receivables from leases and other real-estate-related receivables**. For this purpose, the receivables are divided into the risk classes of good, medium and bad as well as individual impairment losses based on their (past-due) maturities and the counterparty rating. 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. Receivables that are not yet due or that are only slightly past due by a maximum of 30 days are primarily classified in the good risk class, and receivables that are past due by more than 90 days are classified in the bad risk class. Receivables that are past due by between 30 and 90 days are primarily placed in the medium risk class. Receivables are downgraded in terms of risk class in the event of significant changes in the counterparty's creditworthiness.

The following table shows the gross carrying amount and the development of risk provisions in relation to financial assets to which the general impairment requirements are applied:

€ million	Good	Medium	Bad	Individual impairment[2]	Total
Gross carrying amount as of 30/9/2023	**312**	**22**	**19**	**110**	**463**
Gross carrying amount as of 30/9/2024	**259**	**8**	**19**	**90**	**376**
Impairment					
As of 1/10/2022	2	0	1	52	55
Newly originated/acquired financial assets	0	0	0	10	11
Other changes within a stage	0	0	0	17[2]	18
Derecognised financial assets	−2	0	0	−19	−22
Utilisation	0	0	0	−2	−2
Other changes[1]	0	0	0	−4	−4
As of 30/9/ 1/10/2023	**0**	**0**	**1**	**55**	**56**
Newly originated/acquired financial assets	0	0	0	10	10
Other changes within a stage	0	0	0	1	1
Derecognised financial assets	0	0	0	−23	−23
Utilisation	0	0	0	−1	−1
Other changes[1]	0	0	0	0	0
As of 30/9/2024	**0**	**0**	**1**	**43**	**43**

1 Currency translation differences, changes in the consolidation group and reclassifications to assets held for sale are recognised in other changes.
2 Adjustment to the previous year due to the application of the general impairment principle to other real-estate-related receivables.

In addition, there are impairment losses of €7 million (30/9/2023: €7 million) on financial assets that are subject neither to the simplified nor to the general impairment requirements.

25. Cash and cash equivalents

Cash and cash equivalents include bank deposits and other short-term liquid financial assets in the amount of €769 million (30/9/2023: €561 million) and cheques and cash on hand in the amount of €25 million (30/9/2023: €30 million).

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

The cash of our Russian group companies amounts to €184 million (30/9/2023: €101 million). They are constantly monitored for relevant restrictions in light of increased governmental interventions. They are not currently subject to any restrictions within Russia; in certain cases cross-border foreign exchange/capital transfers require approval from the authorities.

- **For more information, see the cash flow statement and no. 37 – notes to the cash flow statement.**

26. Assets held for sale

The shares in WM Holding (HK) Limited, which were allocated to the segment East, were sold to the main shareholder. The measurement of the shares at fair value, which resulted in a loss of €1 million (2022/23: loss of €5 million), and the disposal gain are reported in the other investment result.

The sale of individual properties in Turkey and the Netherlands was completed successfully.

27. Equity

The subscribed capital of METRO AG as of 30 September 2024 is fully paid in and remains unchanged and is broken down as follows:

No-par-value bearer shares, accounting par value of €1.00		30/9/2023	**30/9/2024**
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**

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.

Authorised capital

The Annual General Meeting on 11 February 2022 authorised the Management Board to increase the share capital, subject to the consent of the Supervisory Board, by issuing new ordinary shares against cash contributions in 1 or several tranches for a total maximum of €108,929,175 by 10 February 2027 (authorised capital). Existing shareholders may exercise their subscription rights. Subject to the consent of the Supervisory Board, the Management Board is authorised to exclude shareholder subscription rights to offset fractional amounts. To date, the authorised capital has not been fully utilised.

Capital reserve and reserves retained from earnings

Prior to the effective date of the reclassification and demerger of CECONOMY AG on 12 July 2017, METRO AG was not yet a group within the meaning of IFRS 10. Accordingly, combined financial statements of METRO Wholesale & Food Specialist GROUP (hereinafter: MWFS GROUP) were still prepared for METRO AG’s stock exchange prospectus. Equity in the combined financial statements was the residual amount from the combined assets and liabilities of MWFS GROUP. Following the demerger, METRO became an independent group with METRO AG as the listed parent company. Therefore, the equity in the consolidated financial statements is subdivided according to legal requirements. The subscribed capital of €363 million and the capital reserve of €6,118 million were recognised at the carrying amounts from the Annual Financial Statements of METRO AG as of 30 September 2017. For this purpose, a transfer was made from the equity item net assets, recognised as of 1 October 2016, attributable to the former METRO GROUP of the combined financial statements of MWFS

GROUP. The remaining negative amount of this equity item was reclassified to other reserves retained from earnings. Thus, it cannot be traced back to a long-term loss history.

The **change** from currency translation differences has a positive effect on equity in the amount of €14 million (2022/23: €−767 million). The translation of the local financial statements to the group currency without affecting profit or loss resulted in an increase of €38 million in other comprehensive income. The derecognition through profit or loss of cumulative currency differences of companies that were deconsolidated or discontinued their operations in financial year 2023/24 had an opposing effect of €−24 million.

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.

In accordance with the resolution adopted by the Annual General Meeting held on 7 February 2024, a dividend of €0.55 per ordinary share and per preference share was distributed out of the balance sheet profit of €205 million reported for financial year 2022/23, taking the total distribution to €201 million – including the deferred payment of the preliminary dividend of €0.17 per preference share for financial years 2020/21 and 2021/22.

In line with METRO’s dividend policy (payout ratio of 45% to 55% of EPS), there are no planned dividend payments in financial year 2023/24.

28. Provisions for post-employment benefits plans and similar obligations

Provisions for post-employment benefits plans in the amount of €377 million (30/9/2023: €324 million) consist of commitments primarily related to benefits defined by the provisions of company pension plans. These take the form of defined benefit plans directly from the employer (employer’s commitments) and defined benefit plans from external pension providers (benevolent funds in Germany and international pension funds). The external providers’ assets serve exclusively to finance the pension entitlements and qualify as plan assets. The benefits under the different plans are based on performance and length of service.

The most important performance-based pension plans are described in the following.

Germany

METRO grants many employees in Germany retirement, disability and surviving dependant’s benefits. New commitments are granted in the form of ‘defined benefit’ commitments in the meaning of IAS 19 (contribution-oriented commitments pursuant to German company pension law), which comprise a payment contribution component and an employer-matching component. Contributions are paid to a pension insurance from which benefits are paid out when the insured event occurs. A provision is recognised for entitlements not covered by pension insurance.

In addition, there are various pension schemes closed for new entrants, which usually provide for lifetime pensions from the start of the pension or from the time the disability is recognised. Benefits are largely defined as fixed payments or on the basis of set annual increases. In special cases, benefits are calculated in consideration of accrued statutory pension entitlements. The commitments provide for surviving dependants’ benefits of varying sizes, depending on the benefits the former employee received or would have received in case of disability.

There are also deferred compensation contracts with the Hamburger Pensionskasse (Hamburg pension fund).

Netherlands

In the Netherlands, there is a defined benefit pension plan that was closed with effect from 1 January 2021 for new entrants and future increases in pension entitlements and, since then, has been replaced by a collective defined contribution (CDC) plan for future entitlements.

In addition to retirement benefits, the defined benefit pension plan provides disability and death benefits whose amount depends on the pensionable salary per year of service. Benefits are funded through a country-specific pension fund.

In the reporting period, the existing plan assets were transferred to a matching pension insurance so that the asset is now recognised on the basis of the amount of the obligations. This resulted in an actuarial loss of around €102 million on plan assets, which was fully offset by a corresponding reduction in the asset ceiling. Asset adjustments (upper limit for the asset) will no longer have to be made in future.

The financing status of the **present value of defined benefit obligations** developed as follows:

€ million	30/9/2023	**30/9/2024**
Financing status		
Present value of defined benefit obligations	914	**992**
Less fair value of plan assets	689	**614**
Asset adjustment (asset cap)	99	**0**
Net liability/asset	**324**	**377**
thereof recognised as a provision	(324)	**(377)**
thereof recognised as a net asset	(1)	**(0)**

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:

	30/9/2023		**30/9/2024**	
%	Germany	Netherlands	**Germany**	**Netherlands**
Actuarial interest rate	4.60	4.70	**3.50**	**3.60**
Pension trend	2.30	2.00	**2.20**	**1.68**

As in previous years, METRO used generally recognised methods to determine the actuarial interest rate. With these, the respective actuarial interest rate based on the yield of investment grade corporate bonds is determined as of the closing date taking account of the currency and maturity of the underlying obligations. The actuarial interest rate for the Eurozone is based on the results of a method applied in a uniform manner across the group. The interest rate for this is set on the basis of the returns of high-quality corporate bonds and the duration of commitments. In countries without a liquid market of suitable corporate bonds, the actuarial interest rate was determined on the basis of government bond yields.

Aside from the actuarial interest rate, the pension trend represents another key actuarial parameter. In Germany, the rate of pension increases is derived directly from the inflation rate insofar as pension adjustments can be determined on the basis of the increase in the cost of living. In international companies, pension adjustments are also generally determined on the basis of the inflation rate.

The other parameters are not relevant for the measurement of pension obligations.

The impact of changes in fluctuation and mortality assumptions was analysed for major plans. As of 30 September 2024, the mortality rates for the German group companies are based on the 2018 G tables provided by Heubeck-Richttafeln-GmbH.

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.

If the other assumptions had remained constant, the changes to the relevant actuarial assumptions considered reasonably possible as of the closing date would have affected the defined benefit obligation by the amounts shown in the following.

		30/9/2023		**30/9/2024**	
€ million		Germany	Netherlands	**Germany**	**Netherlands**
Actuarial interest rate	Increase by 100 basis points	−31	−70	**−36**	**−74**
	Decrease by 100 basis points	38	91	**44**	**97**
Pension trend	Increase by 25 basis points	7	21	**8**	**22**
	Decrease by 25 basis points	−7	−20	**−8**	**−20**

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

€ million	2022/23	**2023/24**
Present value of defined benefit obligations		
As of the beginning of the period	917	**914**
Recognised in profit or loss under	**44**	**51**
interest expense	34	**41**
current service cost	12	**10**
past service cost (incl. curtailments and changes)	−2	**0**
effect from settlements	0	**0**
Recognised outside of profit or loss under remeasurement of defined benefit pension plans in other comprehensive income	**−1**	**64**
Actuarial gains/losses from		
changes in demographic assumptions (−/+)	1	**0**
changes in financial assumptions (−/+)	5	**108**
experience-based correction (−/+)	−7	**−44**
Other effects	**−45**	**−38**
Benefit payments (incl. tax payments)	−42	**−41**
Contributions from plan participants	4	**4**
Change in consolidation group/transfers	−3	**0**
Currency effects	−4	**−1**
As of the end of the period	**914**	**992**

Changes in parameters on the basis of actuarial calculations led to a total change in the present value of defined benefit obligations by €108 million (2022/23: €6 million).

The present value of defined benefit obligations is largely attributable to Germany in the amount of €421 million (30/9/2023: €358 million) and the Netherlands in the amount of €463 million (30/9/2023: €453 million).

The weighted average term of defined benefit obligations is 13 years in Germany (30/9/2023: 13 years), 19 years in the Netherlands (30/9/2023: 18 years) and 9 years in the other countries (30/9/2023: 9 years).

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

%	30/9/2023	30/9/2024
Active members	20	**22**
Former claimants	42	**41**
Pensioners	38	**37**

The granting of defined benefit pension entitlements exposes METRO to various risks. These include general actuarial risks resulting from the measurement of pension commitments (for example interest rate risks) as well as capital and investment risks related to plan assets.

With a view to the funding of future pension payments from indirect commitments and a stable actuarial reserve, METRO primarily invests plan assets in low-risk investment forms. The funding of direct pension commitments is secured through operating cash flow at METRO.

The **fair value of plan assets** developed as follows:

€ million	2022/23	2023/24
Change in plan assets		
Fair value of plan assets as of beginning of period	702	**689**
Recognised in profit or loss under	**27**	**31**
interest income	27	**31**
Recognised outside of profit or loss under remeasurement of defined benefit pension plans in other comprehensive income	**−30**	**−98**
Gains/losses from plan assets excl. interest income (+/−)	−30	**−98**
Other effects	**−9**	**−8**
Benefit payments (incl. tax payments)	−18	**−17**
Settlements	0	**0**
Employer contributions	5	**5**
Contributions from plan participants	4	**4**
Change in consolidation group/transfers	0	**0**
Currency effects	0	**0**
Fair value of plan assets as of end of period	**689**	**614**

The plan assets are largely attributable to Germany in the amount of €124 million (30/9/2023: €112 million) and the Netherlands in the amount of €463 million (30/9/2023: €552 million).

The assets related mainly to receivables from insurance companies in an amount of €587 million (30/9/2023: €112 million).

The actual loss from the plan assets amounts to €67 million in the reporting period (2022/23: loss of €3 million). For financial year 2024/25, the company expects employer payments to external pension providers totalling approximately €5 million and employee contributions of €3 million in plan assets, with contributions in Germany accounting for the major share of this total.

The pension expenses of the direct and indirect post-employment benefits plan commitments can be broken down as follows:

€ million	2022/23	2023/24
Current service cost[1]	12	**10**
Net interest expenses[2]	11	**14**
Past service cost (incl. curtailments and changes)	−2	**0**
Settlements	0	**0**
Pension expenses	**21**	**24**

[1] Netted against employees' contributions.
[2] Included therein: interest effect from the adjustment of the asset ceiling.

A loss of €59 million was recognised outside of profit or loss in other comprehensive income in financial year 2023/24. This figure is comprised of the effect from the change in actuarial parameters in the amount of €108 million, experience-based corrections of €−44 million, the loss on plan assets of €98 million and the change in the effect of the asset ceiling in the Netherlands of €−104 million.

In addition to expenses from defined benefit commitments, expenses for payments to external pension providers relating to defined contribution pension commitments of €87 million in financial year 2023/24 (2022/23: €86 million) were recorded. These figures also include payments to statutory pension insurance.

The provisions for **obligations similar to pensions** essentially comprise commitments from employment anniversary allowances, death benefits and partial retirement plans. Provisions amounting to €28 million (30/9/2023: €27 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.

29. Other provisions (non-current)/provisions (current)

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

€ million	Real estate obligations	Obligations from trade transactions	Restructuring and severance payments	Miscellaneous	Total
As of 1/10/2023	87	66	82	236	471
Currency translation	0	−2	0	−5	−7
Addition	18	31	47	154	249
Reversal	−18	−2	−9	−70	−99
Utilisation	−22	−31	−37	−86	−177
Interest portion in addition/change in interest rate	0	0	1	0	1
Transfer	0	4	0	−4	0
As of 30/9/2024	**66**	**65**	**82**	**226**	**439**
thereof non-current	(13)	(0)	(14)	(115)	(142)
thereof current	(52)	(65)	(68)	(111)	(297)

Provisions for real-estate-related obligations primarily concern maintenance obligations, dismantling and removing obligations and rental commitments. The due date of the property-related provisions depends on the remaining term of the lease agreements.

The provisions for obligations from trade transactions mainly consist of risks from subsequent charges to suppliers, warranties, customer loyalty programmes for third-party suppliers and other matters.

Restructuring provisions mainly relate to measures for the continued implementation of the sCore strategy and primarily concern the segments Others, West and Germany. Depending on the progress, payments will be made in subsequent years.

Other provisions mainly include provisions in connection with disposals of subsidiaries of €43 million (30/9/2023: €66 million), provisions for remuneration components amounting to €41 million (30/9/2023: €32 million), provisions for litigation costs/risks amounting to €39 million (30/9/2023: €37 million), provisions for risks from other taxes amounting to €23 million (30/9/2023: €32 million) and provisions for guarantee and warranty risks. 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 expected to be due in the years 2025 to 2027.

Depending on the respective term and country, interest rates for non-interest-bearing, non-current provisions range from 2.40% to 4.96%.

30. Liabilities

Liabilities changed as follows:

€ million	30/9/2023 Total	Remaining term: up to 1 year	Remaining term: 1 to 5 years	Remaining term: over 5 years	30/9/2024 Total	Remaining term: up to 1 year	Remaining term: 1 to 5 years	Remaining term: over 5 years
Trade liabilities	**3,667**	**3,667**	**0**	**0**	**3,813**	**3,813**	**0**	**0**
Bonds incl. commercial papers	930	281	649	0	**1,240**	**693**	**547**	**0**
Liabilities to banks	112	108	2	2	**54**	**51**	**3**	**0**
Liabilities from leases	2,621	436	1,220	965	**2,725**	**409**	**1,205**	**1,111**
Financial liabilities	**3,663**	**825**	**1,871**	**967**	**4,019**	**1,153**	**1,755**	**1,111**
Other financial liabilities	**883**	**857**	**4**	**23**	**857**	**823**	**31**	**4**

31. Trade liabilities

Trade liabilities increased by €146 million.

Negative currency effects, resulting in particular from the development of the Turkish lira, decreased trade liabilities by a total of €50 million.

32. Financial liabilities (excluding liabilities from leases)

The company’s medium-term and long-term financing needs are covered by a bond issuance programme with a maximum volume of €5 billion. On 7 March 2024, a new bond with a nominal volume of €500 million, a term of 5 years and a 4.625% coupon was successfully placed on the capital market. On 10 July 2024, a matured bond of €51 million was redeemed. As of 30 September 2024, the utilised bond issuance programme amounted to a total of €1,150 million (30/9/2023: €701 million).

Short-term financing requirements are covered through the Euro Commercial Paper Programme (CP) with a maximum volume of €2 billion. On average, the programme was used at €276 million during the reporting period. As of 30 September 2024, the utilisation amounted to €76 million (30/9/2023: €225 million).

In addition, METRO has access to syndicated credit facilities totalling €1,000 million (30/9/2023: €1,000 million) with terms ending in 2028. The syndicated credit facility was not utilised at any time during the reporting period.

As of 30 September 2024, METRO had access to additional bilateral bank credit facilities totalling €154 million (30/9/2023: €262 million). As of the closing date, €54 million (30/9/2023: €112 million) of the bilateral credit facilities had been utilised. As of the closing date, there were €100 million of free bilateral credit facilities available.

Default by a lender can be covered at any time by the existing free credit facilities or the available money and capital market programmes. METRO therefore does not bear any creditor default risk.

METRO principally does not provide collateral for financial liabilities.

The table below shows the **maturity and interest rate structure** of the financial liabilities. The carrying amounts and fair values indicated include the interest accrued when the maturity is less than 1 year.

Redeemable loans that are reported under **liabilities to banks** –excluding current account overdrafts – are listed with the remaining terms corresponding to their redemption date.

Financial liabilities

30/9	Instrument	Local currency	Nominal volume in € million	Interest	€ million: Carrying amount up to 1 year	Carrying amount 1 to 5 years	Carrying amount over 5 years	Fair value
2024	**Bonds/CP**	**EUR**	**76**	**Variable**	**76**	**0**	**0**	**1,270**
2024	**Bonds/CP**	**EUR**	**1,150**	**Fixed**	**618**	**547**	**0**	
2024	**Liabilities to banks**	**EUR**	**4**	**Variable**	**0**	**3**	**0**	**4**
2024	**Liabilities to banks**	**TRY**	**15**	**Fixed**	**15**	**0**	**0**	**15**
2023	Bonds/CP	EUR	225	Variable	224	0	0	902
2023	Bonds/CP	EUR	701	Fixed	57	649	0	
2023	Liabilities to banks	EUR	50	Fixed	50	0	0	54
2023	Liabilities to banks	EUR	4	Variable	1	2	2	
2023	Liabilities to banks	TRY	11	Fixed	11	0	0	11

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 1 year.

33. Other financial and other non-financial liabilities

Other financial liabilities include in particular payroll liabilities amounting to €536 million (30/9/2023: €556 million).

Other non-financial liabilities in the amount of €272 million (30/9/2023: €295 million) are primarily comprised of other tax liabilities (sales tax, wage and church tax as well as other taxes) and contract liabilities.

Net sales realised in financial year 2023/24, which were included in the balance of contractual liabilities at the beginning of the period, amount to €54 million (30/9/2023: €37 million). In addition, as part of the sale of METRO India, a licence payment of €17 million received in advance for using the METRO brand is recognised (30/9/2023: €28 million); the income realised from it over the period of use until financial year 2025/26 is reported in other operating income. As permitted by IFRS 15, no disclosures are provided for remaining performance obligations that have an expected original maturity of 1 year or less as of 30 September 2024 or 30 September 2023.

34. 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:

	(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 recognised in the balance sheet	Corresponding amounts that are not netted in the balance sheet		
Mio. €				Financial instruments	Collateral received/ provided	Net amount
30/9/2024						
Financial assets						
Receivables due from suppliers	284	57	226	14	0	212
Derivative financial instruments	3	0	3	1	0	2
	287	**57**	**229**	**16**	**0**	**213**
Financial liabilities						
Trade liabilities	3,871	57	3,813	14	0	3,799
Derivative financial instruments	4	0	4	1	0	3
	3,875	**57**	**3,818**	**16**	**0**	**3,802**
30/9/2023						
Financial assets						
Receivables due from suppliers	348	103	245	11	0	235
Derivative financial instruments	6	0	6	1	0	6
	354	103	252	11	0	240
Financial liabilities						
Trade liabilities	3,770	103	3,667	11	0	3,656
Derivative financial instruments	5	0	5	1	0	5
	3,775	**103**	**3,672**	**11**	**0**	**3,661**

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.

35. Undiscounted cash flows of financial liabilities

The undiscounted cash flows of financial liabilities are as follows:

	Contractual cash flows 30/9/2023			Contractual cash flows 30/9/2024		
€ million	up to 1 year	1 to 5 years	over 5 years	up to 1 year	1 to 5 years	over 5 years
Bonds incl. commercial papers	289	665	0	710	647	0
Liabilities to banks	111	2	2	54	6	0
Liabilities from leases	540	1,483	1,234	522	1,508	1,407
Trade liabilities	3,666	0	0	3,813	0	0
Other financial liabilities	857	4	23	823	31	4
Currency derivatives carried as liabilities	(5)	(0)	(0)	(4)	(0)	(0)

36. Carrying amounts and fair values according to measurement categories

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

		30/9/2023		30/9/2024	
€ million	Class of financial instruments and valuation hierarchy	Carrying amounts	Fair value	Carrying amounts	Fair value
Loans and credit granted	Measured at amortised cost	12	13	14	15
Receivables due from suppliers	Measured at amortised cost	245	245	226	226
Trade receivables	Measured at amortised cost	674	674	688	688
Miscellaneous financial instruments	Measured at amortised cost	229	229	174	174
Investments	Financial instruments measured at fair value through profit or loss (Level 2)	47	47	33	33
Derivative financial instruments not in a hedging relationship	Financial instruments measured at fair value through profit or loss (Level 2)	2	2	3	3
Securities	Financial instruments measured at fair value through profit or loss (Level 2)	2	2	2	2
Loans and credit granted	Financial instruments measured at fair value through profit or loss (Level 2)	7	7	7	7
Miscellaneous financial instruments	Financial instruments measured at fair value through profit or loss (Level 3)	84	84	0	0
Investments	Financial instruments measured at fair value in other comprehensive income (Level 2)	3	3	4	4
Derivative financial instruments in a hedging relationship	Derivatives in a hedging relationship (Level 2)	4	4	0	0
Cash and cash equivalents	Measured at amortised cost	591	591	794	794
Receivables from leases	No valuation category under IFRS 9	87	87	43	43
Derivative financial instruments not in a hedging relationship	Financial instruments measured at fair value through profit or loss (Level 2)	4	4	2	2
Miscellaneous financial liabilities	Financial instruments measured at fair value through profit or loss (Level 3)	1	1	0	0
Financial liabilities excluding liabilities from leases	Measured at amortised cost	1,042	1,014	1,294	1,324
Trade liabilities	Measured at amortised cost	3,667	3,667	3,813	3,813
Miscellaneous financial liabilities	Measured at amortised cost	877	877	853	853
Derivative financial instruments in a hedging relationship	Derivatives in a hedging relationship (Level 2)	1	1	2	2
Liabilities from leases	No valuation category under IFRS 9	2,621	n/a	2,725	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 €37 million (30/9/2023: €51 million), €33 million (30/9/2023: €47 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 €4 million (30/9/2023: €3 million) are measured at fair value recognised in equity. The classification (FVOCInR) was chosen because investment was made in these equity instruments with a longer-term investment horizon.

In addition, securities totalling €2 million (30/9/2023: €2 million) are recognised through profit or loss. These primarily concern highly liquid exchange-listed money market funds.

The other financial instrument of €0 million (30/9/2023: €84 million) relates to the put option in connection with the disposal of the shares in WM Holding (HK) Limited.

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, cash and cash equivalents as well as other financial instruments 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.

OTHER NOTES

37. Notes to the cash flow statement

Cash flow from operating activities includes lease payments with a redemption portion of €32 million (2022/23: €52 million) and an interest portion of €4 million (2022/23: €9 million).

The item 'other' in cash flow from operating activities is comprised of 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, in the previous year, the reclassification of deconsolidation results recognised in EBIT.

The other investments included in cash flow from investing activities primarily relate to payments for intangible assets. The disposals of subsidiaries include primarily the sale of the remaining shares in WM Holding (HK) Limited, and therefore METRO's former business in China.

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.

Proceeds from divestments mainly include real estate disposals.

The lease payments reported under cash flow from financing activities include the redemption portion of €452 million (2022/23: €467 million) and an interest portion of €122 million (2022/23: €124 million). The redemption portion includes payments for initial direct costs of an immaterial amount.

Reconciliation of the cash flow from financial liabilities to the change in financial liabilities reported in the balance sheet

€ million	30/9/2022	Cash item	Additions	Interest expenses	Disposals	Consolidation group changes	Reclassifications/ other	Changes in exchange rates	30/9/2023
Bonds incl. commercial papers	1,209	−275	0	0	0	0	−3	0	930
Liabilities to banks	69	96	0	0	0	−44	0	−9	112
Liabilities from leases	2,847	−591	490	124	−28	−98	−47	−76	2,621
	4,124	**−770**	**490**	**124**	**−28**	**−143**	**−50**	**−85**	**3,663**

€ million	30/9/2023	Cash item	Additions	Interest expenses	Disposals	Consolidation group changes	Reclassifications/ other	Changes in exchange rates	**30/9/2024**
Bonds incl. commercial papers	930	297	0	13	0	0	0	0	**1,240**
Liabilities to banks	112	−55	0	0	0	0	0	−3	**54**
Liabilities from leases	2,621	−573	606	122	−42	4	−6	−5	**2,725**
	3,663	**−332**	**606**	**135**	**−42**	**4**	**−6**	**−8**	**4,019**

38. Segment reporting

METRO is active in the store-based wholesale trade with the brands METRO and MAKRO as well as in the delivery business (FSD) with the METRO delivery service and, among others, with the supply specialists Classic Fine Foods, Caterite, Pro à Pro, R Express, Aviludo, Pro a Pro Spain and Johan i Hallen Bergfalk (JHB). Apart from that, digital solutions round off the multichannel approach. 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). Accordingly, the organisational unit for each country is an operating segment.

The operating segments are aggregated into reporting segments on the basis of their regional allocation. In this context, the regional allocation also reflects slight differences in the economic environment (for example market saturation, inflation level) and in the political and regulatory situation of the countries. This accordingly leads to the reporting segments West and East; in view of their historical significance for the group, the countries Germany and Russia are still presented as separate reporting segments. The segment Others includes in particular DISH Digital Solutions, the business unit that bundles the group's digitalisation initiatives. It also includes METRO MARKETS and the service companies METRO PROPERTIES, METRO LOGISTICS, METRO DIGITAL and METRO SOURCING and others, which provide group-wide services in the areas of real estate, logistics, information technology, advertising and procurement. In the digital business sector, METRO MARKETS plays a special role with its B2B online marketplace for professional equipment for HoReCa customers. Through this distribution channel, METRO offers food and non-food articles from its own product range as well as products from third parties.

The main components of segment reporting are described below:

- External sales represent sales of the operating segments to third parties outside the group.
- Internal sales represent sales between the group's operating segments. These transactions are settled at normal market conditions.
- The term 'transformation costs' comprises non-regularly-recurring effects from strategic portfolio adjustments. Starting in financial year 2024/25, transformation costs/income will comprise not only portfolio measures, but also costs incurred in connection with group-wide restructuring initiatives.
- The earnings contributions from real estate transactions include the EBITDA-effective earnings from the disposal of land and land usage rights and/or buildings as part of a disposal transaction. Earnings from the disposal of dedicated real estate companies or the disposal of shares in such companies capitalised at equity are, as a result of their commercial substance, also included in the earnings contributions from real estate transactions. The earnings have been reduced by cost components incurred in relation to real estate transactions.
- EBIT is the key ratio for segment reporting and describes operating earnings for the period before net financial result and income taxes. Intra-group rental contracts are shown as operating leases in the segments. The rental takes place at normal market conditions. In principle, impairment risks related to non-current assets are only shown in the segments where they represent group risks. In analogy, this also applies to deferred assets and liabilities, which are only shown at segment level if this was also required in the consolidated balance sheet.

- Segment investments include additions (including additions to the consolidation groups as well as effects from hyperinflationary accounting) to goodwill, other intangible assets and property, plant and equipment and investment properties. Exceptions to this are additions due to the reclassification of assets held for sale as non-current assets.
- 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	30/9/2023	30/9/2024
Non-current segment assets	**6,609**	**6,859**
Financial assets	71	**59**
Investments accounted for using the equity method	97	**97**
Deferred tax assets	151	**176**
Other	1	**0**
Non-current group assets	**6,929**	**7,192**

In financial year 2023/24, significant external sales of €6,356 million (2022/23: €6,312 million) and significant non-current segment assets of €1,259 million (30/9/2023: €1,236 million) were attributable to France (in the segment West).

39. Management of financial risks

METRO Treasury manages the financial risks of the group. These primarily concern

- price risks,
- liquidity risks,
- credit risks and
- cash flow risks.
- **For more information about the risk management system, see chapter 2 economic report – 2.2 asset, financial and earnings position – financial and asset position – financial management in the combined management report.**

Price risks

For METRO, price risks result from the impact of changes in market interest rates and/or foreign currency exchange rates on the value of financial instruments.

Interest rate risks can arise for METRO from changes in interest rate levels. If necessary, interest rate derivatives are used to cap these risks.

The remaining interest rate risk is assessed using a sensitivity analysis. The sensitivity analysis is based on floating-rate financial instruments in consideration of their corresponding hedging transactions.

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 €655 million (30/9/2023: €286 million).

Given this total balance, an interest rate rise of 10 basis points would result in a €1 million (2022/23: €0 million) higher interest result per year. An interest rate decrease of 10 basis points would have the opposite effect of €–1 million (2022/23: €0 million).

METRO faces currency risks in its international procurement of merchandise and because of costs, financing, dividends and lease agreements that are incurred in a currency other than the relevant local currency or are pegged to the development of another currency. In accordance with the specifications of the group guideline, resulting foreign currency positions must be hedged. Exceptions from this hedging requirement exist where hedging is not economically reasonable and in the case of legal and regulatory restrictions in the respective countries. METRO AG handles the group-wide coordination of the hedging measures of the group companies and uses external derivative financial instruments as needed. Moreover, currency risks for METRO result from the recognition of foreign currency lease liabilities and foreign currency lease receivables, which affect the amount of the other financial result due to the exchange rate at closing date. Where possible, the risk is reduced through the use of balance sheet hedging measures (‘natural hedge’).

The presentation of the currency risk resulting from the exceptions is also based on a sensitivity analysis.

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.

As of the closing date, the remaining currency risk of METRO from the important currency pairs was as follows:

		Impact of devaluation of the euro by 10%			
€ million	Currency pair	Volume	30/9/2023	**Volume**	**30/9/2024**
Profit or loss for the period			+ (income)/ – (expenses)		**+ (income)/ – (expenses)**
	CZK/EUR	+85	+9	**+85**	**+9**
	PLN/EUR	+67	+7	**+43**	**+4**
	UAH/EUR	+58	+6	**+75**	**+7**
Equity			+ (income)/ – (expenses)		**+ (income)/ – (expenses)**
	CNY/EUR	+31	+3	**+102**	**+10**
	KZT/EUR	+135	+13	**+135**	**+13**
	PLN/EUR	+66	+7	**+71**	**+7**
	UAH/EUR	+175	+18	**+175**	**+18**
	USD/EUR	+68	+7	**+83**	**+8**

The foreign currency holdings above include intra-group balances. Foreign currency valuations from such holdings, insofar as no hedging is undertaken, lead to results in the other financial result as well as to compensating effects outside of profit or loss from the translation of the local financial statements of the counterparty into the group currency, which are recognised in other comprehensive income.

Interest rate and currency risks are substantially reduced and limited by the internal treasury guidelines, if hedging with derivative financial instruments is possible. The group-wide regulations specify that all hedging operations must adhere to specified requirements 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.

As of the closing date, the following derivative financial instruments (currency transactions) were being used for risk reduction:

	30/9/2023			**30/9/2024**		
		Fair values			**Fair values**	
€ million	Nominal volume[1]	Financial assets	Financial liabilities	**Nominal volume[1]**	**Financial assets**	**Financial liabilities**
Forward currency contracts	115	6	5	**109**	**3**	**4**
thereof within cash flow hedges	(100)	(4)	(1)	**(186)**	**(0)**	**(2)**
thereof not part of hedges	(15)	(2)	(4)	**(−76)**	**(3)**	**(2)**
	115	**6**	**5**	**109**	**3**	**4**

[1] Nominal volumes with a positive prefix indicate a surplus of foreign currency purchases from 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.

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.

Currency derivatives are used primarily for the Czech koruna, the US dollar, the Polish zloty, the Hong Kong dollar, the Romanian leu, the British pound sterling, the Swiss franc, the Bulgarian lew and the Australian dollar. The average hedging rate for METRO for the important currency pair resulting from a hedge designated in a hedging relationship is as follows: USD 1.10/EUR. The maturity of derivatives used for hedging purposes in the amount of €−2 million (30/9/2023: €3 million) is less than 1 year.

The effective portion of the change of the derivatives designated as cash flow hedges recognised in other comprehensive income can be found in the following table:

€ million	2022/23	**2023/24**
Initial or subsequent measurement of derivative financial instruments	−6	**−5**
Derecognition of cash flow hedges	4	**1**
thereof in inventories	(0)	**(0)**
thereof in net financial result	(4)	**(1)**
Effective portion of gains/losses from cash flow hedges	**−1**	**−4**

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, the absence of budgeted incoming payments or the deterioration of creditworthiness. METRO AG acts as financial coordinator for the group companies to ensure that they are provided with the necessary financing to fund their operating and investing activities as cost-effectively and sufficiently high as possible. Cash pooling is used for the need-based allocation of financial resources and the optimisation of interest expenses. METRO determines the financing need of the group on the basis of short- and medium-term liquidity planning.

Financing instruments include money and capital market products (time deposits, call money, commercial papers and listed bonds sold as part of ongoing capital market programmes) as well as bilateral and syndicated loans. METRO has a sufficient liquidity reserve so that liquidity risks are not likely, even if an unexpected event has a negative financial impact on the company's liquidity situation. The credit facilities held as a liquidity reserve are subject to specific credit conditions. In case that, contrary to expectations, the agreed credit terms cannot be met in the future and no temporary adjustment of the credit terms can be negotiated with the bank consortium, METRO has sufficient refinancing alternatives available with a similar liquidity effect. For more information about the instruments used for financing purposes, see the explanatory notes to the respective balance sheet items.

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 €1,988 million (30/9/2023: €1,988 million).

As part of the risk management of financial investments totalling €759 million (30/9/2023: €520 million) and derivative financial instruments with positive market values totalling €3 million (30/9/2023: €6 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. Cash on hand considered in cash and cash equivalents totalling €17 million (30/9/2023: €22 million) is not exposed to any credit risk.

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.

40. Contingent liabilities

There are contingent liabilities from guarantee and warranty contracts amounting to €11 million (30/9/2023: €18 million). These 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.

41. Other financial commitments

The nominal value of other financial commitments amounted to €408 million (30/9/2023: €435 million) and primarily concerned purchasing commitments from multi-year IT services and service agreements.

42. Leases

METRO as lessee

METRO mainly rents land and buildings for its wholesale stores, distribution centres, offices and warehouses. The leases are individually negotiated and contain a variety of different terms and conditions.

The lease agreements for the properties are generally concluded for fixed periods of 5 to 15 years and include extension and termination options in a large number of contracts.

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, which account for an insignificant portion of the leases, include the rental of technical equipment and machinery, IT infrastructure as well as business and office equipment.

- **A detailed presentation of the right-of-use assets can be found in no. 18 – property, plant and equipment – development of right-of-use assets of leased property, plant and equipment.**
- **A maturity analysis of the liabilities from leases can be found in no. 30 – liabilities.**
- **A maturity analysis of the undiscounted payments can be found in no. 35 – undiscounted cash flows of financial liabilities.**

In financial year 2023/24, there were no material expenses for variable lease payments that were not included in the measurement of lease liabilities.

The following expenses and income in connection with leases were recognised in the income statement.

€ million	30/9/2023	**30/9/2024**
Variable rental expenses from rights of use	−3	**−3**
Rental expenses for short-term leases	−22	**−21**
Rental expenses for leases of assets of minor value	−9	**−9**
Total rental expenses	**−33**	**−32**
Depreciation[1]	−378	**−393**
Interest expenses	−124	**−122**
Income and expenses from sale-and-leaseback transactions	193	**1**
Income from subletting of right-of-use assets	89	**59**

[1] Also includes depreciation on investment properties and impairment losses.

Furthermore, additions to right-of-use assets and liabilities from leases include variable rental payments that are dependent upon price indices or inflation rates. These rental adjustments are made annually or when contractually agreed minimum changes are exceeded. In financial year 2023/24, these rental adjustments amount to €17 million (2022/23: €34 million).

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 €613 million (30/9/2023: €671 million).

All reasonably certain cash outflows are considered for the determination of the lease liability and the corresponding right-of-use assets. Potential future cash outflows of €2,072 million (30/9/2023: €1,984 million) were not included in the lease liability as of 30 September 2024 because it is not reasonably certain that the leases will be renewed or not terminated.

During financial year 2023/24, lease extensions totalling €287 million (30/9/2023: €229 million) were exercised and included in lease liabilities using the incremental borrowing rate at the modification date of this lease.

METRO has no significant leases that contain residual value guarantees or purchase options.

Undiscounted payment obligations for leases that had not yet been commenced on the closing date and were thus not disclosed under lease liabilities totalled €65 million (30/9/2023: €17 million).

No sale-and-leaseback transactions were carried out in financial year 2023/24.

METRO as lessor

Lease payments due in subsequent periods from entities outside METRO for the rental of properties that are classified as finance leases or operating leases are shown below. In addition, the following rental income was recognised in the income statement:

	30/9/2023		**30/9/2024**	
€ million	Finance leases	Operating leases	**Finance leases**	**Operating leases**
Up to 1 year	44	70	**12**	**42**
1 to 2 years	22	33	**10**	**23**
2 to 3 years	18	23	**8**	**13**
3 to 4 years	15	13	**7**	**12**
4 to 5 years	7	10	**4**	**10**
Over 5 years	14	31	**12**	**26**
Total of undiscounted lease receivables	**120**	**181**	**53**	**126**
Not-yet-realised interest income	–14	–	**–7**	**–**
Impairment	–19	–	**–2**	**–**
Net investment in the lease after impairment	**87**	**–**	**43**	**–**
Lease income				
Fixed rental income	–	99	**–**	**80**
Variable rental income	1	0	**0**	**0**
Total rental income	**1**	**99**	**0**	**80**
Interest income	9	–	**4**	**–**

43. 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.

44. Events after the closing date

Marketing of promissory note loan

In financial year 2023/24, METRO started to market a promissory note loan. The settlement and therefore the outflow of the financial resources occurred on 2 October 2024. The promissory note loan in the amount of €300 million has several tranches with maturities of 3 and 5 years, each with fixed and variable interest rates.

45. Notes on related parties

METRO maintained the following business relations to related companies:

	2022/23				**2023/24**			
€ million	Total	Associates	Joint ventures	Miscella-neous related parties	**Total**	**Associates**	**Joint ventures**	**Miscella-neous related parties**
Services provided	55	55	1	0	**30**	**29**	**1**	**0**
General services	(7)	(6)	(1)	(0)	**(1)**	**(0)**	**(1)**	**(0)**
Lease services	(0)	(0)	(0)	(0)	**(0)**	**(0)**	**(0)**	**(0)**
Other services	(50)	(50)	(0)	(0)	**(28)**	**(28)**	**(0)**	**(0)**
Services received	82	75	4	3	**90**	**83**	**3**	**3**
General services	(11)	(7)	(4)	(0)	**(9)**	**(6)**	**(3)**	**(0)**
Lease services	(61)	(58)	(0)	(3)	**(70)**	**(67)**	**(0)**	**(3)**
Other services	(10)	(10)	(0)	(0)	**(11)**	**(11)**	**(0)**	**(0)**
Receivables from services provided as of 30/9	5	5	0	0	**2**	**2**	**0**	**0**
General services	(4)	(4)	(0)	(0)	**(0)**	**(0)**	**(0)**	**(0)**
Lease services	(0)	(0)	(0)	(0)	**(0)**	**(0)**	**(0)**	**(0)**
Other services	(1)	(1)	(0)	(0)	**(1)**	**(1)**	**(0)**	**(0)**
Liabilities from services received as of 30/9	0	0	0	0	**0**	**0**	**0**	**0**
General services	(0)	(0)	(0)	(0)	**(0)**	**(0)**	**(0)**	**(0)**
Dividends received	13	12	1	0	**20**	**19**	**1**	**0**

Transactions with associates and other related parties

The direct shareholder of METRO AG is EP Global Commerce GmbH (EPGC), Grünwald, which is indirectly a wholly owned subsidiary of EP Global Commerce a.s. (EPGC a.s.), Prague, Czech Republic. Mr Křetínský holds a 53% and Mr Tkáč indirectly holds a 47% interest in EPGC a.s.

According to the 2 voting rights notifications of 29 December 2020, Mr Křetínský and Mr Tkáč agree on the exercise of voting rights at the level of EPGC a.s. within the meaning of § 34 Section 2, Sentence 2, of the WpHG or otherwise cooperate with the aim of permanently and significantly changing the entrepreneurial direction of METRO AG.

According to the information on the dividend payment resolved at Annual General Meeting 2024 on 12 February 2024, Mr Křetínský and Mr Tkáč held 180,026,758 ordinary shares and 322,419 preference shares via the chain of controlling companies described above. This corresponds to around 49.99% of voting rights. Given the normal attendance at Annual General Meetings, dependence on the above companies and individuals (controlling parties) under commercial and stock corporation law can therefore be presumed.

METRO is not aware of one of the controlling parties preparing consolidated financial statements for a larger group of companies in which METRO AG is included.

The services provided relate mainly to an existing collaboration with Košík Holding a.s. In the previous year, services from existing business relations with METRO GROUP Commerce (Shanghai) Co., Ltd. (formerly METRO China) had been included on the basis of a service level agreement and the granting of brand licences.

The balance sheet reports lease liabilities of €424 million (2022/23: €446 million) and rights of use of €372 million (2022/23: €394 million) from rental agreements with associates. It mainly concerned OPCI FWP France and OPCI FWS France.

Receivables from services provided were impaired in the amount of €0 million (2022/23: €1 million).

Business relations with related parties are based on contractual agreements providing for arm's-length prices. As in the previous year, there were no business relations with related natural persons and companies of management in key positions in financial year 2023/24.

Related persons (remuneration for members of management in key positions)

The management in key positions consists of members of the Management Board and the Supervisory Board of METRO AG.

The expenses for members of the Management Board of METRO AG amounted to €8.5 million (2022/23: €8.0 million) for short-term benefits, as well as €5.8 million for termination benefits (2022/23: €5.1 million) and €0.5 million (2022/23: €0.6 million) for post-employment benefits. The expenses for long-term benefits amounted to €3.4 million (2022/23: €3.0 million). Income of €5.1 million (2022/23: €0.6 million) was calculated for the share-based programmes with long-term incentive effect.

The short-term remuneration for the members of the Supervisory Board of METRO AG amounted to €2.4 million (2022/23: €2.4 million).

The total remuneration for members of management in key positions amounted to €15.4 million (2022/23: €18.6 million).

46. Share-based payments

Group Incentive Plan for executives

The Group Incentive Plan (GIP) is a remuneration system set up over several years that ensures management is involved in the sustainable and long-term company development of METRO, by satisfying the needs of shareholders, other groups associated with the company (for example employees, customers) and the environment.

To support the future alignment of METRO, the GIP is allocated annually in separate tranches at a fixed time. Every tranche has a term of 3 years. The GIP was granted for the first time on 1 April 2021 (financial year tranche 2020/21). Following the cyclical plan structure, an additional tranche of the GIP has been issued to managers each year on 1 April. Since financial year 2022/23, the remuneration systems set up over several years have no longer been share-based.

A target amount is set out in euros 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 achievement factors for each of the 3 performance targets. The weighted arithmetic mean of the factors results in the overall target achievement factor.

The maximum payout amount is the cap for the individual performance targets set out in the plan (payment cap).

The overall target achievement for the tranche for financial year 2020/21 as well as the tranche for financial year 2021/22 is expressed via the following 3 performance targets:

- 40% earnings per share (EPS),
- 50% METRO total shareholder return (METRO TSR),
- 10% sustainability component.

The **earnings per share performance target (EPS)** is generally calculated by comparing the achieved EPS with a target value set out at the start of the term. Positive and negative currency effects as well as separately reported transformation costs compared to the objective are neutralised in the EPS. Accordingly, for the measurement of the achievement of performance targets, the EPS reported in the consolidated financial statements is adjusted for currency effects as well as for special items/transformation costs.

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 **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, among other factors.

Performance cash plan for the Management Board

The annual performance cash plan tranches granted to the members of the Management Board in financial years 2020/21 and 2021/22 have a 4-year term.

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

- 60% total shareholder return (TSR),
- 40% earnings per share (EPS).

The **TSR component** is based on the relative total shareholder return (TSR) of the METRO ordinary share compared to the MDAX and a defined peer group over the 3-year TSR performance period. If the lower barrier of entry or less is reached, the target achievement of the TSR component is 0.0; if it is outperformed by 5 percentage points, the factor is 1.0. The target achievement factor for intermediate values and up to 300% is calculated using linear interpolation or extrapolation.

The target achievement of the **EPS component** is determined by comparing the EPS achieved at the end of the 3-year EPS performance period with a target value defined before the start of the term. If the lower barrier of entry or less is reached, the target achievement of the EPS component is 0.0; if the defined 100% value is reached, the factor is 1.0. The target achievement factor for intermediate values and up to 300% is calculated using linear interpolation or extrapolation.

The resulting payout amount is capped at 250% of the individual target amount.

The performance period of the tranche 2020/21 ended in financial year 2023/24.

The expenses and income of the individual plans for managers and the Management Board for financial year 2023/24 are as follows:

Total income of €4 million (2022/23: expenses of €3 million) was recognised under the tranche 2021 of the Group Incentive Plan (GIP) which came due in financial year 2023/24 and has largely been paid out. The tranche 2022 of the GIP gave rise to total income of €3 million (2022/23: expense of €2 million).

Provisions of €3 million were reversed for the previous performance share plan (2022/23: expenses of €0.5 million). Total income of €2 million was recognised for the performance cash plan (2022/23: €0.3 million).

Total provisions for the plans described above amounted to €2 million in financial year 2023/24 (2022/23: €26 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.

47. Corporate body emoluments

Remuneration of members of the Management Board in financial year 2023/24

The total compensation of the members of the Management Board in financial year 2023/24 amounted to €12.4 million (2022/23: €16.6 million). Total compensation in financial year 2023/24 consists of the fixed salary, short-term and long-term incentives and other remuneration.

The non-share-based long-term variable remuneration (performance cash plan 2023) granted to the members of the Management Board in financial year 2023/24 is stated with the addition to the provision and amounts to €2.2 million.

In financial year 2023/24, no credit lines were granted to members of the Management Board, nor were there any credit agreements from previous years.

Total remuneration of former members of the Management Board

The total compensation of the former members of the Management Board amounted to €6.2 million (2022/23: €5.9 million).

Apart from that, there are congruent, reinsured liabilities from pension provisions covered by life insurance contracts of €15.7 million towards former members of the Management Board.

Remuneration of members of the Supervisory Board

The total remuneration of all members of the Supervisory Board in financial year 2023/24 amounted to €2.4 million (2022/23: €2.4 million).

In financial year 2023/24, no credit lines were granted to members of the Supervisory Board, nor were there any credit agreements from previous years.

- **Further information on the remuneration of the members of the Management Board and the Supervisory Board is presented in the remuneration report. The remuneration report and the corresponding independent auditor’s report are publicly available on the METRO website at www.metroag.de/en/about-us/corporate-governance.**

48. 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 €5.5 million for services rendered. €4.6 million of this amount was attributable to professional fees for the audit of the financial statements, €0.5 million to other assurance services and €0.4 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 mandate extensions. In addition, the fees for the audits of IFRS reporting packages of subsidiaries of METRO AG for inclusion in the METRO consolidated financial statements as well as for the audits of annual financial statements of subsidiaries under commercial law are included. Moreover, reviews of interim financial statements and services in connection with an enforcement procedure were performed.

Other assurance services relate to agreed audit procedures (compliance certificates, declaration of completeness in accordance with the German Packaging Ordinance and a confirmation of a goods transport licence), a valuation certificate, the issuing of a comfort letter and the audit of the combined non-financial statement.

Other services comprise services in connection with the introduction of a new ERP system.

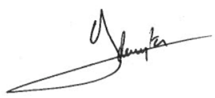
49. Declaration of conformity with the German Corporate Governance Code

In September 2024, 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 statements are permanently accessible on the website of METRO AG (www.metroag.de/en).

2 December 2024

The Management Board


Dr Steffen Greubel


Guillaume Deruyter


Christiane Giesen


Eric Riegger

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.

2 December 2024

The Management Board

Dr Steffen Greubel	Guillaume Deruyter	Christiane Giesen	Eric Riegger

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 consolidated balance sheet as at 30 September 2024, the consolidated income statement, the reconciliation from profit or loss to total comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 October 2023 to 30 September 2024, as well as the 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 2023 to 30 September 2024.

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 2024, and of its financial performance for the financial year from 1 October 2023 to 30 September 2024, 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). 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 2023 to 30 September 2024. 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 entitled “Notes to the group accounting principles and methods”. Disclosures on the development of goodwill as well as impairment testing can be found in Note 17 to the consolidated financial statements. We also refer to Note 14 on impairment.

The financial statement risk

Goodwill in the amount of EUR 721 million was reported in the consolidated financial statements of METRO as at 30 September 2024. Goodwill is allocated pursuant to IAS 36 to groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. These units are the organisational units for each country for METRO.

The recognised goodwill is tested for impairment once a year as at 30 June and, if there are any indicators of impairment, also on an ad hoc basis.

For impairment testing, the carrying amount of the respective organisational unit including allocated goodwill is compared with its recoverable amount. If the carrying amount including allocated goodwill exceeds the recoverable amount, there is a need for impairment. 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 complex and based on a range of assumptions that require judgement. This 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 discount rate of the respective organisational unit. The result of this impairment testing is heavily dependent upon estimates of the expected business and earnings performance of the organisational units as well as the estimated discount rate used and is therefore subject to considerable uncertainty.

In the consolidated financial statements as at 30 September 2024, the goodwill of the affected groups of cash-generating units was fully written down by a total of EUR 20 million. This was attributable especially to cash-generating unit METRO Austria. The impairment losses were largely driven by lower expectations for sales revenue and earnings as well as the associated expected future cash flows.

The Company’s sensitivity analysis for an additional group of cash-generating units indicated that a reasonably possible change in the discount rate or expected future cash flows would cause impairment.

There is a risk for the financial statements that impairment losses are not recognised in the correct amount.

IAS 36 requires extensive disclosures in the notes to the financial statements, particularly also in terms of METRO’s consideration of the potential sensitivity of material measurement assumptions and parameters. There is the risk that the disclosures in the notes are not complete and adequate.

Our audit approach

We evaluated how indicators of goodwill impairment are identified by METRO. To assess the annual impairment test, we made a risk-oriented, deliberate selection of the organisational units with goodwill.

For the selected organisational units, we assessed the appropriateness of the key assumptions and the calculation method of the Company with the involvement of our valuation specialists. To this end, we discussed and assessed the expected business and earnings development with regard to sales revenue and margin development in the detailed planning horizon with those responsible for planning. We also reconciled this information with 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 additionally assessed the consistency of the assumptions by reconciling them with general and industry-specific market expectations.

In this regard, we also confirmed the appropriateness of METRO’s budget process. As a result of the continuing uncertainties, METRO has prepared multi-year planning based on scenarios. Finally, we critically analysed previous adherence to budget on the basis of past target/actual deviations prepared by METRO.

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 discount rates or expected future cash flows, we analysed – taking into account country-specific particulars – the underlying assumptions and data of the discount rates and the expected future cash flows 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 evaluated the completeness and adequacy of the disclosures in the notes to the consolidated financial statements pursuant to IAS 36. This also included an assessment of the appropriateness of disclosures in the notes according to IAS 36.134(f) on sensitivity in the event of a reasonably possible change in the key assumptions used for measurement.

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 made in the notes in this connection are appropriate.

- **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 entitled "Notes to the group accounting principles and methods". Disclosures on movements in property, plant and equipment are provided under Note 18 in the notes to the consolidated financial statements. We also refer to Note 14 in the notes on depreciation and impairment of non-current assets.

The financial statement risk

The consolidated financial statements of METRO as at 30 September 2024 report land and buildings with a carrying amount of EUR 2,164 million and right-of-use assets (according to IFRS 16) with a carrying amount of EUR 2,271 million, which includes EUR 2,036 million relating to land and buildings. In the reporting year, impairment losses totalling EUR 19 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 respective cash-generating unit, which is determined using the discounted cash flow method.

Impairment testing is complex and based on a range of assumptions that require judgement. It is based on the cash flow planning of the cash-generating unit. Future cash flows are discounted using the country-specific discount rates and discount rates specific to real estate. The result of impairment testing is heavily dependent on the estimate of future cash flows and market rent, as well as on the country-specific discount rates and the real estate-specific discounting and capitalisation rates used and, therefore, is subject to considerable uncertainty.

There is the risk that necessary impairment losses are not recognised in the correct amount or are recognised too late.

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. In this regard, we also confirmed the appropriateness of METRO's budget process. As a result of the continuing uncertainties, METRO has prepared multi-year planning based on scenarios. We analysed previous adherence to the budget on the basis of past target/actual deviations prepared by METRO.

To assess the methodically and mathematically correct implementation of the valuation method, we verified the Company's calculation of real estate's fair value by using our own calculations and analysed deviations.

Furthermore, we evaluated the country-specific discount rates as well as the real estate-specific discount and capitalisation rates.

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.

- **Consolidation of business activities in Russia**

  For the accounting policies applied, we refer to the disclosures in the notes in the section entitled "Notes to the group accounting principles and methods". Information concerning the figures on Russian business activities can be found in the segment reporting section in the notes (Note 38).

The financial statement risk

The METRO Group has business units in Russia that contributed EUR 2,438 million to the consolidated sales revenue and EUR 143 million to adjusted group EBITDA in reporting year 2023/2024, as well as EUR 520 million to non-current segment assets as at 30 September 2024.

The aforementioned business activities are spread out across a total of five legal entities. These are shown in the list of shareholdings, which is included as an appendix to the consolidated financial statements, as well as disclosed in the German Company Register [Unternehmensregister]. The business units are fully consolidated pursuant to IFRS 10.

The Company continuously checks whether the requirements for consolidation in compliance with IFRS 10 are still met without any changes. Also due to the many sanctions and counter-sanctions in connection with the ongoing war in Ukraine, there are restrictions and difficulties in conducting transactions between the non-Russian parent company and the Russian subsidiaries, such as concerning the distribution of dividends. These restrictions and difficulties could impact the ability to exercise control over the Russian activities, which conflicts with consolidation within the meaning of IFRS 10. The assessment as to whether METRO has the power of control over the decisive transactions and can influence the returns from the Russian business units is based on management's estimates.

There is the risk for the consolidated financial statements that the Russian business units are improperly consolidated.

Our audit approach

We first gained an understanding of METRO's process activities to assess control within the meaning of IFRS 10 and evaluated the Company's documentation with regard to further consolidation of the Russian business units.

We also consulted with the Management Board as to what extent the operating activities in Russia should be continued and supplemented these findings by inspecting committee minutes.

Moreover, we discussed to what extent the management of Russian activities by the Group is possible without change and in what way restrictions have resulted for METRO.

With the involvement of our own specialists, we examined the existing sanctions and counter-sanctions for any relevant provisions that could affect METRO. We compared the results of this examination with the Company's own analyses.

Furthermore, we analysed the possibility of payments being made from and to Russia with regard to any restrictions and their potential relevance for the decision to consolidate entities.

In addition, we critically discussed our understanding with the component auditors of the Russian business units and, in doing so, drew on findings from the inspection of their working papers.

Our observations

METRO's approach for assessing the requirements for consolidating the Russian business units is appropriate and in line with the applicable principles of IFRS. The assumptions made by management regarding consolidation of the Russian entities are appropriate.

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 1.3 of the combined management report,
- the combined corporate governance statement for the Company and the Group referred to in the combined management report, and
- information extraneous to management reports and marked as unaudited.

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

In accordance with our engagement letter, we conducted a separate limited assurance engagement of the non-financial statement. Please refer to our assurance report dated 5 December 2024 for information on the nature, scope and findings of this assurance.

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 it has determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) 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) 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 the risk of not detecting a material misstatement 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 actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file "METRO ESEF final-2024-09-30-de V6.zip" (SHA256-Hashwert: 8db75d559baf840c3f3a81ed0b4dfc699746ec381f02f0d509a706107151ee4b) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 October 2023 to 30 September 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and the Combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's Management Board is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's Management Board is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the Annual General Meeting on 7 February 2024. We were engaged by the Supervisory Board on 26 March 2024. 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 must always be read together with the audited consolidated financial statements and the audited combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be entered in the German company register [Unternehmensregister] – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Michael Jessen.

Düsseldorf, 5 December 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Jessen Wirtschaftsprüfer [German Public Auditor]	**Mehdi Zadegan** Wirtschaftsprüferin [German Public Auditor]

INDEPENDENT ASSURANCE PRACTITIONER'S REPORT[28]

To the METRO AG, Düsseldorf

We have performed a limited assurance engagement on the combined non-financial statement of the METRO AG, Düsseldorf, and the METRO Group (hereinafter the "Company"), for the period from 1 October 2023 to 30 September 2024 included in the combined management report.

As disclosed in the section "global labour and social standards in the supply chain", certifications on manufacturing facilities of suppliers were conducted by external certification firms mandated by METRO AG to ensure compliance with the environmental, social and health standards of the amfori Business Social Compliance Initiative (BSCI) or equivalent standards. The appropriateness and accuracy of the conclusions from the audit/certification work performed was not part of our assurance procedures.

RESPONSIBILITIES OF MANAGEMENT

Management of the METRO AG is responsible for the preparation of the combined non-financial statement in accordance with §§ 289c bis 289e HGB und § 315c in conjunction with §§ 289c to 289e HGB and with Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the delegated acts adopted thereunder as set out in section "EU Taxonomy" of the combined non-financial statement.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures that are reasonable in the circumstances. Furthermore, management is responsible for such internal control as they consider necessary to enable the preparation of a combined non-financial statement that is free from material misstatement, whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, management has disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "EU Taxonomy" of the combined non-financial statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

28 Our engagement applied to the German version of the combined non-financial statement for the period from 1 October 2023 to 30 September 2024. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

INDEPENDENCE AND QUALITY ASSURANCE OF THE ASSURANCE PRACTITIONER'S FIRM

We have complied with the independence and quality assurance requirements set out in the national legal provisions and professional pronouncements, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

RESPONSIBILITY OF THE ASSURANCE PRACTITIONER

Our responsibility is to express a limited assurance conclusion on the combined non-financial statement based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the combined non-financial statement of the Company are not prepared, in all material respects, in accordance with §§ 289c bis 289e HGB und § 315c in conjunction with §§ 289c to 289e HGB and with the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management disclosed in section "EU Taxonomy" of the combined non-financial statement.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the assurance practitioner.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Inquiries of group-level personnel who are responsible for the materiality analysis in order to understand the processes for determining material topics and respective reporting boundaries for METRO AG
- A risk analysis, including media research, to identify relevant information on METRO AG's sustainability performance in the reporting period
- Evaluation of the design and the implementation of systems and processes for the collection, processing and monitoring of disclosures, including data consolidation, on environmental, employee and social matters, respect for human rights, and combating corruption and bribery
- Inquiries of group-level personnel who are responsible for determining disclosures on concepts, due diligence processes, results and risks, performing internal control functions and consolidating disclosures
- Inspection of selected internal and external documents
- Analytical procedures for the evaluation of data and of the trends of quantitative disclosures as reported at group level by all sites
- Evaluation of local data collection, validation and reporting processes as well as the reliability of reported data via a sampling survey at MAKRO Cash & Carry Polska S.A., Warswaw, Poland, and MAKRO Distribution Mayorista, S.A.U., Madrid, SpainInquiries of responsible employees at Group level to obtain an understanding of the approach to identify relevant economic activities in accordance with EU Taxonomy

- Interviews with responsible employees at Group level to gain an understanding of the procedure for identifying relevant economic activities in accordance with the EU taxonomy
- Evaluation of the design and the implementation of systems and processes for the collection, processing and monitoring of disclosures on turnover, capital expenditures and operating expenditures for the taxonomy-relevant economic activities for the 6 environmental objectives
- Assessment of data collection, validation and reporting processes and reliability of reported data for the taxonomy-aligned economic activities in relation to the assurance on the Technical Screening Criteria (substantial contribution for the environmental objective, DNSH criteria) and minimum safeguards
- Assessment of the overall presentation of the disclosures

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, management is required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

ASSURANCE OPINION

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the combined non-financial statement of METRO AG, Düsseldorf, for the period from 1 October 2023 to 30 September 2024 has not been prepared, in all material respects, in accordance with §§ 289c bis 289e HGB und § 315c in conjunction with §§ 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management as disclosed in section “EU Taxonomy” of the combined non-financial statement.

We do not express an opinion on the conclusions of the external certification firms mentioned in the combined non-financial statement.

RESTRICTION OF USE

This assurance report is solely addressed to METRO AG, Düsseldorf.

Our assignment for METRO AG, Düsseldorf, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer (German Public Auditors) and Wirtschaftsprüfungsgesellschaften (German Public Audit Firms) (Allgemeine Auftragsbedingungen für Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2024 (www.kpmg.de/AAB_2024_EN). By reading and using the information contained in this assurance report, each recipient confirms having taken note of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the attached General Engagement Terms with respect to us.

Duesseldorf, 5 December 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Stauder
Wirtschaftsprüfer
[German Public Auditor]

Hermanns
Wirtschaftsprüfer
[German Public Auditor]

FINANCIAL CALENDAR 2024/25

5 February 2025

Q1 disclosure 2024/25

19 February 2025

Annual General Meeting 2025

15 May 2025

Half-year financial report H1/Q2 2024/25

28 July 2025

9M/Q3 disclosure 2024/25

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

Viktoria Rous
Katrin Mingels

Concept, design and realisation (Online & PDF)

nexxar GmbH, Wien

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