# NOTES

# SEGMENT REPORTING[1, 2]

| € million | METRO Germany 2017/18 | METRO Germany 2018/19 | METRO Western Europe (excl. Germany) 2017/18 | METRO Western Europe (excl. Germany) 2018/19 | METRO Russia 2017/18 | METRO Russia 2018/19 | METRO Eastern Europe (excl. Russia) 2017/18 | METRO Eastern Europe (excl. Russia) 2018/19 |
|---|---|---|---|---|---|---|---|---|
| External sales (net) | 4,761 | **4,735** | 10,609 | **10,752** | 2,815 | **2,662** | 6,952 | **7,191** |
| Internal sales (net) | 11 | **16** | 2 | **2** | 36 | **38** | 0 | **0** |
| Sales (net) | 4,773 | **4,751** | 10,611 | **10,753** | 2,850 | **2,700** | 6,952 | **7,191** |
| EBITDAR | 119 | **121** | 648 | **653** | 276 | **233** | 391 | **549** |
| EBITDA excluding earnings contributions from real estate transactions | 91 | **95** | 491 | **499** | 266 | **220** | 363 | **344** |
| Earnings contributions from real estate transactions | 0 | **0** | 39 | **29** | 0 | **0** | 12 | **181** |
| EBITDA | 91 | **95** | 530 | **529** | 266 | **220** | 375 | **524** |
| Depreciation/ amortisation/ impairment losses | 76 | **81** | 143 | **143** | 52 | **56** | 97 | **99** |
| Reversals of impairment losses | 0 | **0** | 1 | **4** | 0 | **0** | 0 | **0** |
| EBIT | 15 | **14** | 388 | **390** | 214 | **164** | 278 | **426** |
| Investments | 65 | **69** | 127 | **128** | 83 | **35** | 69 | **63** |
| Non-current segment assets | 875 | **859** | 1,892 | **1,820** | 958 | **1,006** | 1,424 | **1,354** |
| Selling space (1,000 m$^2$) | 915 | **915** | 1,525 | **1,531** | 636 | **688** | 1,384 | **1,391** |
| Locations (number) | 103 | **103** | 240 | **240** | 93 | **94** | 193 | **195** |

[1] Segment reporting is explained in the notes to the consolidated financial statements in no. 42 segment reporting.
[2] Adjustment of previous year due to discontinued operations

| METRO Asia | | Others | | Consolidation | | METRO Continuing operations | | Discontinued operations incl. IFRS 5 assessment | |
|---|---|---|---|---|---|---|---|---|---|
| 2017/18 | **2018/19** | 2017/18 | **2018/19** | 2017/18 | **2018/19** | 2017/18 | **2018/19** | 2017/18 | **2018/19** |
| 1,612 | **1,696** | 43 | **46** | 0 | **0** | 26,792 | **27,082** | 9,742 | **9,788** |
| 0 | **0** | 520 | **667** | −570 | **−723** | 0 | **0** | 0 | **0** |
| 1,612 | **1,696** | 563 | **713** | −570 | **−723** | 26,792 | **27,082** | 9,742 | **9,788** |
| 42 | **145** | −80 | **−135** | −3 | **1** | 1,394 | **1,566** | 478 | **218** |
| 9 | **11** | −129 | **−148** | −3 | **0** | 1,088 | **1,021** | 308 | **−2** |
| 8 | **107** | 69 | **21** | 0 | **0** | 128 | **338** | 1 | **50** |
| 17 | **119** | −60 | **−126** | −3 | **0** | 1,216 | **1,359** | 309 | **49** |
| 22 | **25** | 117 | **133** | 0 | **1** | 507 | **536** | 283 | **446** |
| 0 | **0** | 3 | **0** | 0 | **0** | 4 | **5** | 2 | **0** |
| −5 | **94** | −174 | **−259** | −3 | **−1** | 713 | **828** | 27 | **−398** |
| 28 | **26** | 195 | **180** | −2 | **−2** | 565 | **499** | 246 | **215** |
| 411 | **441** | 808 | **779** | −20 | **9** | 6,348 | **6,268** | 1,848 | **1,613** |
| 204 | **202** | 0 | **0** | 0 | **0** | 4,665 | **4,728** | 2,488 | **2,476** |
| 46 | **46** | 0 | **0** | 0 | **0** | 675 | **678** | 373 | **373** |

# 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 2019 were prepared in accordance with the International Financial Reporting Standards (IFRS).

The consolidated financial statements in their present form comply with the stipulations of § 315 e 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 consolidated financial statements (3 December 2019) 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.

Certain items in the income statement and the balance sheet have been combined to increase transparency and informative value. These items are explained separately in the notes.

The consolidated financial statements have been prepared 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 accounting and measurement methods were used in the preparation of the consolidated financial statements.

## Application of new accounting methods

### Accounting standards applied for the first time in financial year 2018/19

The following IFRS, issued or revised by the International Accounting Standards Board (IASB), that were binding for METRO AG in financial year 2018/19 were applied for the first time in these consolidated financial statements:

**IFRS 9 (Financial Instruments)**

As of financial year 2018/19, the new IFRS 9 (Financial Instruments) will replace IAS 39 (Financial Instruments: Recognition and Measurement) covering the classification and measurement of financial instruments. In particular, IFRS 9 introduces new regulations as follows:

- The classification and measurement of financial assets
- The determination and reporting of impairments of specific financial assets,
- The balance sheet reporting of hedging relationships.

**Changeover effects**
METRO has made use of the option pertaining to a modified retrospective application and recognised the effect of the first-time application of IFRS 9 as an adjustment to the opening balance of the reserves retained from earnings with effect on 1 October 2018. The first-time application of the new subsequent measurement regulations and the amended impairment rules for financial assets leads to an equity-reducing adjustment, which was reported to the sum of €4 million. The 2 adjustments were made taking into account offsetting deferred income tax effects in the amount of €1 million, resulting in an overall reduction of reserves retained from earnings in the amount of €3 million. As METRO exercises the option to continue the hedge accounting in accordance with IAS 39, the first-time application of IFRS 9 does not require any adjustments in this respect.

METRO has implemented the consequential amendment applied to IAS 1 (Presentation of Financial Statements) due to the passing of IFRS 9, which stipulates that impairments of financial assets must be reported as a separate item in the income statement. For reporting periods after the start of financial year 2018/19, the separate item earnings from impairment of financial assets will be included in the EBIT (Earnings Before Interest and Taxes).

| € million | Categories as per IAS 39 | Categories as per IFRS 9 | Carrying amount as per IAS 39 30/9/2018 | Carrying amount as per IFRS 9 1/10/2018 | Change | Reason for change |
|---|---|---|---|---|---|---|
| Loans | Loans and receivables | Amortised cost | 29 | 29 | 0 | – |
| Loans | Loans and receivables | At fair value through profit or loss | 4 | 4 | 0 | – |
| Receivables due from suppliers | Loans and receivables | Amortised cost | 328 | 329 | 1 | Measurement attribute |
| Trade receivables | Loans and receivables | Amortised cost | 571 | 568 | −3 | Measurement attribute |
| Miscellaneous financial assets | Loans and receivables | Amortised cost | 238 | 238 | 0 | – |
| Derivative financial instruments not in a hedging relationship | Held for trading | At fair value through profit or loss | 7 | 7 | 0 | – |
| Investments | Available for sale | At fair value through profit or loss | 48 | 47[1] | −2[1] | Reclassification |
| Securities | Available for sale | At fair value through other comprehensive income | 1 | 0 | −1 | Reclassification |
| Securities | Available for sale | At fair value through profit or loss | 0 | 2 | 2 | Reclassification |
| Derivative financial instruments in a hedging relationship | No category | Not classified | 4 | 4 | 0 | – |
| Cash and cash equivalents | No category | Amortised cost | 1,298 | 1,298 | 0 | – |

[1] Contains investments to the sum of €1 million (rounded) which are recognised at fair value through other comprehensive income.

**Classification and measurement of financial assets**

Under IFRS 9, the classification and (subsequent) measurement of financial assets depends on the business model within which a financial asset is held and the characteristic of the individual cash flows of a financial asset.

On this basis, the individual financial asset is assigned to one of the following classes at initial recognition:

- Measured at amortised cost (AC),
- Measured at fair value through other comprehensive income (FVOCI)
- Measured at fair value through profit or loss (FVPL)

As these classifications differ from the previously applicable rules of IAS 39, there are corresponding differences in the classification and measurement of financial assets. The majority of debt instruments, loans, trade receivables and other financial assets (with the exception of equity instruments) held by METRO meet the criteria for reporting at amortised cost (AC) as per IFRS 9. Under the new standard, selected financial assets must be measured at fair value through profit or loss (FVPL). This applies in particular to certain loans as well as derivative financial instruments that are not designated as part of a hedging transaction. METRO has classified its financial assets as laid out in the preceding table, based on the underlying business models and the contractually determined cash flow characteristics. In total, this has not resulted in any changes to carrying amounts due to reclassification.

The implementation of IFRS 9 does not cause any major changes to the classification and subsequent measurement regulations for financial liabilities.

According to the new accounting and measurement methods pursuant to IFRS 9, METRO classifies the majority of equity instruments held by it as measured at fair value through profit or loss since 1 October 2018. Since 1 October 2018, METRO has been deciding for each new equity instrument whether the instrument is measured at fair value through profit or loss (FVPL) or at fair value through other comprehensive income without subsequent reclassification to profit or loss (FVOCInR).

**Impairments of financial assets**

In accordance with the new accounting and measurement methods, METRO will apply the general impairment requirements stipulated in IFRS 9 to financial assets in the AC (with the exception of trade receivables) and FVOIC categories. The credit risk is in these cases evaluated on the basis of the counterparty’s credit quality – which METRO assesses using external ratings, previous experience with the respective customer and credit risk rating grades. METRO minimises credit risk by predominantly investing in first-class debt capital instruments from issuers with a good to very good rating (investment grade). For these kinds of assets, the credit worthiness of the issuers is also monitored continuously. This enables METRO to identify any probable significant increase in the credit risk early on, allowing it to swiftly respond to any potential changes. METRO uses borrower-specific information to monitor loans and other financial assets. The introduction of the impairment models could in subsequent years lead to a higher fluctuation in the consolidated result, since the level of risk provisions also depends on economic conditions.

As of the start of financial year 2018/19, METRO recognises expected credit losses for trade receivables over the entire term of these financial instruments. METRO elected to apply the simplified procedure available under IFRS 9 and ascertain the expected losses on the basis of provision matrices. The outstanding receivables are continuously monitored by the individual METRO companies.

**IFRS 15 (Revenue from Contracts with Customers)**
The new IFRS 15 has replaced IAS 18 (Revenue) and IAS 11 (Construction Contracts) and related interpretations. It stipulates a uniform and comprehensive model for recognising revenue from customers.

The new standard uses a 5-step model to determine the amount of revenue and the date of recognition. Revenues are recognised when a performance obligation is satisfied. The performance obligation is satisfied when customer obtains the control of the good or the service. The performance obligation can be satisfied at a point in time or over a period of time. If the performance obligation is satisfied over a period of time, the net sales are recognised over the period in such a way that, on the basis of the selected method, the performance obligation is satisfied in a manner that best reflects the continuous transfer of control over time.

As of 1 October 2018 (beginning of financial year 2018/19), METRO applied IFRS 15 by employing the modified retrospective transition method, under which no adjustments were made to previous year's figures. With respect to the transition, METRO elected to make use of the practical expedient according to which IFRS 15 is only applied retrospectively to contracts that have not been fully performed at the date of the first-time application. As per the modified retrospective transition method, the effects of the first-time application were cumulatively reported in equity outside of profit or loss as at the day of the first-time application on 1 October 2018.

The first-time application of IFRS 15 has led to changes in the following significant topics in the METRO group, which have recorded an increase of contract assets (€1 million) and contract liabilities (€6 million) in the opening statement dated 1 October 2018. This caused a reduction of reserves retained from earnings to the sum of €5 million before deferred taxes (€4 million after deferred taxes).

**Essential rights from customer loyalty programmes**
As part of discount campaigns or customer loyalty programmes, the customer is regularly granted the option of acquiring additional goods or services at a discounted price in the future. The part of the transaction price corresponding to the relative stand-alone selling price of the right must be allocated to the resulting essential right. Revenue recognition for the essential right occurs at the time the right is redeemed or expired, leading to a later recognition of revenue.

**Multi-component contracts in relation to franchise agreements**

Some of METRO's franchise models make use of multi-component contracts that provide customers purchasing a package of franchise products and services from METRO at the time of entering into the contract, with selected contractual components being subsidised by METRO. In such cases, the total consideration of the contract must be divided into the identifiable performance obligations in accordance with the relative individual selling prices. Thus in comparison to the previous accounting under IAS 18, a potentially larger part of the total compensation is attributable to the previously subsidised component, so that in the future net sales for those products will be reported earlier.

Compared to the previous regulation, net sales from these topics have not changed significantly in financial year 2018/19.

The following transitional topics led to a revised disclosure in the reporting period:

**Constellation as principal or agent**

The acknowledgement of whether METRO acts as principal or agent had to be reassessed based on the indicator changes in IFRS 15. With regard to certain transactions, METRO acts as an agent (net sales and cost of sales) instead of a principal (gross sales and additional cost of sales), taking into account the changed indicators. In financial year 2018/19, this led to a reduction in sales of €33 million and cost of sales of €33 million.

**Contract liabilities**

Contract liabilities relate to deferred revenue from sales to customers; they mainly comprise advance payments on orders and deferred revenue from the company's own customer loyalty programmes. Instead of primarily being reported under deferred income, the above items are now reported as contract liabilities of €35 million as of 30 September 2019 (1/10/2018: €31 million).

**Right of return**

Sales in some METRO Wholesale business models regularly result in redemption or conversion rights. These may be legally binding or arise from active business practice. Refunds represent a form of variable consideration in the determination of the transaction price. Instead of being presented as a provision, the return or exchange rights granted to customers are recognised as a refund liability under other non-financial liabilities as of 30 September 2019 in the amount of €1 million. For the right to recover products from a customer on settling reimbursement refund-liability, assets in the amount of €1 million are reported in other non-financial assets as of 30 September 2019.

**Additional IFRS amendments**
Other accounting rules to be applied for the first time in financial year 2018/19 without material effects on METRO are:

- IAS 40 – Investment Property (clarification: transfers of Investment Property.)
- IFRS 2 – Share-based Payment (Classification and Measurement of Share-based Payment Transactions)
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration
- Amendments to IFRS 1 (First-time Adoption of International Financial Reporting Standards) and IAS 28 (Investments in Associates and Joint Ventures) in accordance with the Annual Improvements to IFRS Standards −2014-2016 Cycle

**Accounting standards that were published but not yet applied in financial year 2018/19**
A number of other standards and interpretations revised or newly adopted by the IASB were not yet applied by METRO in financial year 2018/19 because they were either not yet mandatory or have not yet been endorsed by the European Commission.

| Standard/ Interpretation | Title | Effective date according to IFRS[1] | Application at METRO AG from[2] | Endorsed by EU[3] |
|---|---|---|---|---|
| Amendments to IFRS 3 | Business combinations (definition of a business)[4] | 1/1/2020 | 1/10/2020 | No |
| Amendments to IFRS 3/ IFRS 11 | Changes resulting from the annual improvements cycle 2015–2017 (Additional guidance for applying the acquisition method to particular types of business combinations) | 1/1/2019 | 1/10/2019 | Yes |
| Amendments to IFRS 9 | Financial Instruments (Prepayment Features with Negative Compensation) | 1/1/2019 | 1/10/2019 | Yes |
| Amendments to IFRS 9/ IFRS 7/IAS 39 | Financial instruments (adjustments due to the reform of Interest Rate Renchmark Reform)[4] | 1/1/2020 | 1/10/2020 | No |
| Amendments to IFRS 10/ IAS 28 | Consolidated Financial Statements/Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)[4] | Unknown[5] | Unknown[5] | No |
| IFRS 16 | Leases | 1/1/2019 | 1/10/2019 | Yes |
| IFRS 17 | Insurance Contracts[4] | 1/1/2021 | 1/10/2021 | No |
| Amendments to IAS 1/ IAS 8 | Changes to the definition of ‘Material’[4] | 1/1/2020 | 1/10/2020 | No |
| Amendments to IAS 12 | Changes resulting from the annual improvements cycle 2015–2017 (Income Tax Consequences of Payments on Instruments Classified as Equity) | 1/1/2019 | 1/10/2019 | Yes |
| Amendments to IAS 19 | Employee Benefits (Plan Amendment Curtailment or Settlement)[4] | 1/1/2019 | 1/10/2019 | Yes |
| Amendments to IAS 23 | Changes due to the annual improvements cycle 2015–2017 (– determination of the borrowing cost rate for funds not specifically borrowed for a qualified asset) | 1/1/2019 | 1/10/2019 | Yes |
| Amendments to IAS 28 | Investments in Associates and Joint Ventures (Long-term Interests in Associates and Joint Ventures) | 1/1/2019 | 1/10/2019 | Yes |
| IFRIC 23 | Uncertainty over Income Tax Treatments | 1/1/2019 | 1/10/2019 | Yes |
| Changes to the Conceptual Framework | Conceptual Framework for Financial Reporting (Amendments to References to the Conceptual Framework in IFRS Standards)[4] | 1/1/2020 | 1/10/2020 | 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: End of November 2019.

[4] Indefinite deferral of effective date by IASB.

[5] Start of application postponed indefinitely by the IASB.

**IFRS 16 (Leases)**

The new leasing standard IFRS 16 will replace the currently applicable standard IAS 17 (Leases) and IFRIC 4 (Determining Whether an Arrangement Contains a Lease). IFRS 16 generally applies to contracts that convey the right to use an asset, rental contracts and leases, subleases and sale-and-leaseback transactions. With respect to the lease of certain intangible assets, a lessee can elect to apply IFRS 16 to leases of certain intangible assets, whereas agreements on service concessions or leasing of natural resources are outside the scope of IFRS 16.

The key change of IFRS 16 compared to IAS 17 concerns the lessee accounting model. IFRS 16 introduces a uniform accounting model for lessees after the recognition of a right-of-use asset for each asset transferred for use. It also references a corresponding liability in the amount of the present value of the future lease payments. The lease payments include all fixed payments less any lease incentives for the conclusion of the contract. This includes all index-based variable lease payments. In addition, the lease payments must include any variable lease payments that classify as in-substance fixed payments as well as amounts expected to be payable by the lessee under residual value guarantees. The exercise price of a purchase option and additional liabilities stemming from lease extension options must be included in the lease liability if the lessee is reasonably certain to exercise such options. In addition, the lease liability must include any penalties to be paid for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

Over the term of the lease, the lease liability is accounted for under the effective interest method in consideration of lease payments made.

The simultaneously recognised right-of-use asset is capitalised at the amount of the liability. Lease payments already made and directly attributable costs must also be included. Any payments received from the lessor that are related to the lease are deducted. Measurement of the right-of-use asset also considers any reinstatement obligations from leases. The right-of-use asset is subject to scheduled amortisation.

**Exercising of options**

Lessees can elect to make use of several policy options. For accounting and measurement, they have the option to build a portfolio of leases with similar characteristics of which METRO is not availing itself. METRO will exercise the option of not applying the right-of-use approach to low-value assets (mainly business and office equipment) and short-term leases (maximum terms of 12 months). Rental expenses for these assets must therefore be recognised directly in the income statement.

The option to separate lease and non-lease components (service) is not exercised and the non-lease components are included in the right-of-use assets to be recognised.

In the future, comprehensive qualitative and quantitative information must be provided in the notes to the consolidated financial statements.

The revised definition of leases also applies to the lessor and can lead to assessments deviating from IAS 17. However, the lessor continues to classify a lease as either an operating lease or a finance lease.

IFRS 16 is applicable for reporting periods beginning on or after 1 January 2019.

METRO will apply these regulations for the first time on 1 October 2019.

**Transitional arrangements**

METRO will apply IFRS 16 for the first time with full retrospective effect. The figures from the previous year will be adapted in consideration of the applicable transitional rules.

The implementation project of the new standard for leases is in the final phase and the initial effects on the consolidated financial result and the financial position of the company are being examined internally.

The process for data collection of the lease agreements by the group companies has been completed. A leasing accounting tool was implemented to determine the carrying amounts to be recognised at the beginning of financial year 2019/20 as of 1 October 2018 and 1 October 2019 respectively as well as the expenses and income to be recognised for financial year 2018/19. The tool is also used for ongoing accounting and reporting of leases.

For continuing operations, the estimated effects of IFRS 16 on the opening balance sheet as of 1 October 2018 (beginning of financial year 2018/19) will lead to an increase in non-current assets of approximately €2.3 billion and an increase in total liabilities of approximately €2.6 billion.

At the end of financial year 2018/19, total liabilities remain the same at approximately €2.6 billion due to offsetting effects resulting from additions of usage rights and redemption payments.

Additional impairment losses in the amount of approximately €0.3 billion and interest expenses (2018/19 as well as 2019/20) will be recognised in the income statement in the future instead of leasing expenses. This leads to an improvement in EBITDA of approximately €0.4 billion and an improvement in EBIT at the expense of the financial result amounting to approximately €0.1 billion.

METRO plans to publish an IFRS 16 Transition Booklet in January 2020, which will contain the effects of the changeover per quarter and per segment for financial year 2018/19.

**Additional IFRS amendments**

At this point, the first-time application of the other standards and interpretations listed in the above table as well as amendments to IFRS are not expected to have a material impact on the group's net assets, financial position and results of operations.

## Segment reporting

The segment reporting of METRO was adjusted due to the activities not continued. The 5 Wholesale regions continue to be reportable segments as defined by IFRS 8 (Operating Segments). All other units are combined in the Others segment. In the combined management report, the separate disclosure of individual companies under 'METRO Wholesale Others' and total for 'METRO Wholesale segments' will no longer be provided.

## Adjustment of the previous year's financial statements

The Turkish government issued a decree in September 2018 under which business contracts may only be concluded in Turkish lira and no longer in other currencies such as euros or US dollars. At METRO, it is real estate lease contracts that will be affected predominantly. The lease contracts of METRO Properties Gayrimenkul Yatirim A.Ş that were previously based on euros have been converted accordingly to Turkish lira. As a result, as of 1 October 2018, the functional currency of the company will also change from euro to Turkish lira.

Deferred tax differences arising from the translation of tax carrying amounts at current rates compared with their translation at historical rates were adjusted retrospectively.

As of 1 October 2017, deferred tax assets were reduced by €30 million, deferred tax liabilities had been increased by €16 million and the net effect on equity amounted to €−46 million. The effect on income taxes in financial year 2017/18 amounted to €11 million expenses from deferred taxes. For financial year 2018/19 and onwards, no further currency-related effects on income taxes are expected, as the functional currency of METRO Properties Gayrimenkul Yatirim A.Ş. will not differ from the local currency anymore.

| € million | 30/9/2018 as reported in the previous year | Adjustment | **30/9/2018 adjusted** |
|---|---|---|---|
| Deferred tax assets | 365 | −37 | **329** |
| Deferred tax liabilities | 100 | 20 | **120** |
| Reserves retained from earnings | −3,392 | −57 | **−3,449** |
| Income taxes | −235 | −11 | **−246** |
| Profit or loss for the period[1] | 348 | −11 | **337** |
| Earnings[1] per share in € (basic = diluted) | 0.95 | −0.03 | **0.92** |
| Earnings[1] per share in € from continuing operations | 1.25 | −0.03 | **1.22** |

[1] The income statement effects are all attributable to continuing operations and the shareholders of METRO AG. The above presentation does not include the further changes of the previous year's amounts from the presentation of METRO China as an activity not continued.

## Consolidation group

Besides METRO AG, all companies indirectly or directly controlled by METRO AG are included in the consolidated financial statements if these companies individually or as a group are not immaterial to the consolidated financial statements. Control exists if there is a possibility to control a company's financial and business policy through a majority of voting rights or according to the Articles of Association, company contract or contractual agreement in order to benefit from this company's business activities.

Including METRO AG, 200 German (30/9/2018: 201) and 223 international (30/9/2018: 200) companies are included in the consolidated financial statements.

The group of consolidated companies changed as follows in financial year 2018/19:

| | |
|---|---|
| As of 1/10/2018 | 401 |
| Changes in financial year 2018/19 | |
| Companies merged with other consolidated subsidiaries | 8 |
| Disposal of shares | 2 |
| Other disposals | 7 |
| Newly founded companies | 4 |
| Acquisitions | 35 |
| **As of 30/9/2019** | **423** |

Deconsolidated companies are treated as group companies up to the date of their disposal.

Acquisitions in 2018/19 mainly include the acquisition of shelf companies for the spin-off of real estate.

The other disposal relate to the disposal of 2 real estate companies in China and the Czech Republic.

The remaining disposals relate exclusively to liquidations. Effects from changes in the consolidation group that are of special significance are explained separately in the notes relating to the respective items.

For materiality reasons, 3 affiliated subsidiaries are not fully consolidated.

### Structured entities

Structured entities within the group concern leasing companies. The key purpose of the leasing companies is to acquire, lease out and manage assets. As of the closing date, 2 (30/9/2018: 3) structured entities were fully consolidated. As was already the case in the previous year, there were no obligations to grant financial assistance to structured entities in the meaning of IFRS 12.14. There are also no relationships with unconsolidated structured entities.

### Investments accounted for using the equity method

24 associated companies (30/9/2018: 24) and 8 joint ventures (30/9/2018: 8) are accounted in the consolidated financial statements using the equity method.

Another 2 companies (30/9/2018: 2) in which METRO AG indirectly or directly holds between 20% and 50% of the voting rights were measured at cost because they did not qualify as associates or because materiality considerations made the use of the equity method unnecessary.

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

€ million

30/9/2018

| Name | Registered office | Non-controlling interests in % | Non-controlling interests as of 30/9/2018 | Dividends paid[1] | Non-current assets | Current assets | Non-current liabilities | Current liabilities | Sales revenues | Profit-shares[1] |
|---|---|---|---|---|---|---|---|---|---|---|
| METRO Jinjiang Cash & Carry Co., Ltd. | Shanghai, China | 10.00 | 23 | 0 | 291 | 797 | 3 | 860 | 2,652 | 1 |

**€ million**

**30/9/2019**

| Name | Registered office | Non-controlling interests in % | Non-controlling interests as of 30/9/2019 | Dividends paid[1] | Non-current assets | Current assets | Non-current liabilities | Current liabilities | Sales revenues | Profit-shares[1] |
|---|---|---|---|---|---|---|---|---|---|---|
| **METRO Jinjiang Cash & Carry Co., Ltd.** | **Shanghai, China** | **10.00** | **14** | **13** | **298** | **897** | **3** | **1,045** | **2,812** | **5** |

[1] Attributable to non-controlling interests.

– **A complete list of group companies and associates is shown in no. 55 – overview of the major fully consolidated group companies ▸ page 296. In addition, a complete list of all group companies and associates is shown in no. 57 – affiliated companies of the METRO AG as of 30 September 2019 pursuant to § 313 of the German Commercial Code ▸ page 302.**

## Consolidation principles

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

Subsidiaries that, unlike METRO AG, do not close their financial year on 30 September prepared interim financial statements for consolidation purposes. In principle, subsidiaries are fully consolidated insofar as their consolidation is of material importance to the presentation of a true and fair view of the net assets, financial position and results of operations.

In accordance with IFRS 3 (Business Combinations), capital consolidation is effected using the purchase method. In the case of business combinations, the carrying amounts of the investments are offset against the revalued pro rata equity of the subsidiaries as of their acquisition dates. Any positive differences remaining after the allocation of hidden reserves and burdens are capitalised as goodwill. Goodwill is tested for impairment regularly once a year.

In addition, in the case of company acquisitions, hidden reserves and burdens attributable to non-controlling interests must be disclosed and recognised in equity as non-controlling interests. In accordance with IFRS 3, any negative differences remaining after the allocation of hidden reserves and burdens as well as after an reassessment during the period in which the business combination took place are recognised through profit or loss.

Acquisitions of additional shareholdings in companies where a controlling interest has already been acquired are recognised as equity transactions.

Investments in associates and joint ventures are accounted for using the equity method and treated in accordance with the principles applying to full consolidation, with existing goodwill being included in the amount capitalised for such investments. The disclosure of income from investments in associates, joint ventures and joint operations in the income statement depends on whether the investee carries out operating or non-operating activities. Operating activities include the retail and wholesale businesses as well as related support activities (for example rent/lease of real estate, procurement, logistics). Income from operating associates, joint ventures and joint operations is recognised in earnings before interest and taxes (EBIT); income from non-operating entities is however recognised in the net financial result.

Any deviating accounting and measurement methods used in the financial statements of entities valued at equity are retained as long as they do not substantially contradict METRO's uniform accounting and valuation methods.

According to IFRS 11 (Joint Arrangements), the individual venturers in joint operations recognise their portion of jointly held assets and jointly incurred liabilities in their own balance sheets.

Intra-group sales, expenses and income or profits and losses as well as receivables and liabilities and/or provisions are eliminated. Interim results in fixed assets or inventories resulting from intra-group transactions are eliminated unless they are of minor significance. In accordance with IAS 12 (Income Taxes), deferred taxes are recognised for consolidation procedures.

Unrealised gains from transactions with companies accounted for using the equity method are recognised as a reduction of the carrying amount of the investment in the amount of the group's share of the profit.

In joint arrangements, all venturers recognise the respective portion of sales attributable to them as well as their own income and expenses resulting from the joint arrangement in their income statement.

If a reduction in the shareholding quota in a subsidiary or the complete disposal of the shares entails a loss of control, full consolidation of the subsidiary is terminated when the control opportunity no longer exists. All assets and liabilities that were previously fully consolidated will then be derecognised at amortised group carrying amounts (deconsolidation). Any investments held after the loss of control opportunity are recognised at fair value as a financial instrument according to IFRS 9 or as an investment pursuant to IAS 28 using the equity method.

## Currency translation

### Foreign currency transactions

In the separate financial statements of the subsidiaries and the parent company, transactions in foreign currency are recognised at the rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are valued at the closing date exchange rate. Non-monetary assets and liabilities that are measured at fair value in foreign currency are translated at the rate prevailing at the time the fair value was determined. Non-monetary items measured at historical acquisition or production costs in foreign currency are translated at the rate of the transaction date.

In principle, gains and losses from exchange rate fluctuations incurred 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 at fair value through other comprehensive income
- Hedging instruments qualifying for cash flow hedges

### Foreign operations

The annual financial statements of foreign subsidiaries are prepared according to the functional currency concept of IAS 21 (The Effects of Changes in Foreign Exchange Rates) and translated into euro for consolidation purposes in case their functional currency is a currency other than the euro. The functional currency is defined as the currency of the primary economic environment of the subsidiary. Since all companies included in the consolidated financial statements operate as financially, economically and organisationally autonomous entities, their respective local currency is the functional currency. Necessary translations of assets and liabilities are made at the exchange rate on the closing date. As a rule, income statement items are translated at the average exchange rate during the financial year. Exchange rate differences arising from the translation of the financial statements of foreign subsidiaries are recognised directly in equity and are reported separately under reserves retained from earnings in other comprehensive income. To the extent that foreign subsidiaries are not under the full control of the parent company, the relevant share of currency differences is allocated to the non-controlling interests.

Currency differences are recognised through profit or loss in the net financial result in the year in which the operations of a foreign subsidiary whose functional currency is not the euro are deconsolidated or terminated. In a partial disposal in which a controlling interest in such a foreign subsidiary is retained, the relevant share of cumulated currency differences is allocated to the non-controlling interests. Should associates or jointly controlled entities, whose functional currency is not the euro, be partially sold without the loss of significant influence or joint control, the relevant share of the cumulated currency differences is recognised in profit or loss.

In financial year 2018/19, no functional currency of a consolidated company was classified as hyperinflationary as defined by IAS 29 (Financial Reporting in Hyperinflationary Economies).

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

| | | Average exchange rate per € | | Exchange rate at closing date per € | |
|---|---|---|---|---|---|
| | | 2017/18 | **2018/19** | 30/9/2018 | **30/9/2019** |
| Bulgarian lev | BGN | 1.95583 | **1.95583** | 1.95583 | **1.95583** |
| Chinese renminbi | CNY | 7.78072 | **7.75616** | 7.96620 | **7.77840** |
| Croatian kuna | HRK | 7.44639 | **7.41336** | 7.43460 | **7.41100** |
| Czech koruna | CZK | 25.59342 | **25.74114** | 25.73100 | **25.81600** |
| Danish krone | DKK | 7.44841 | **7.46385** | 7.45640 | **7.46620** |
| Egyptian pound | EGP | 21.14591 | **19.48706** | 20.96995 | **17.75290** |
| Hong Kong dollar | HKD | 9.32227 | **8.83913** | 9.05790 | **8.53680** |
| Hungarian forint | HUF | 315.96660 | **323.02241** | 324.37000 | **334.83000** |
| Indian rupee | INR | 79.17455 | **79.65100** | 83.91600 | **77.16150** |
| Indonesian rupiah | IDR | 16,563.99000 | **16,160.21000** | 17,249.98000 | **15,456.94000** |
| Japanese yen | JPY | 131.44140 | **124.14090** | 131.23000 | **117.59000** |
| Kazakhstani tenge | KZT | 399.50173 | **427.11378** | 420.91000 | **423.49000** |
| Malaysian ringgit | MYR | 4.79783 | **4.67447** | 4.78900 | **4.55920** |
| Moldovan leu | MDL | 20.07596 | **19.72835** | 19.76180 | **19.39590** |
| Myanmar kyat | MMK | 1,643.89863 | **1,728.93370** | 1,816.30000 | **1,675.90000** |
| Norwegian krone | NOK | 9.59644 | **9.73765** | 9.46650 | **9.89530** |
| Pakistani rupee | PKR | 136.55544 | **163.05191** | 144.19130 | **170.90740** |
| Philippine peso | PHP | 62.00207 | **59.03683** | 62.64800 | **56.55300** |
| Polish złoty | PLN | 4.24399 | **4.30027** | 4.27740 | **4.37820** |
| Pound sterling | GBP | 0.88479 | **0.88412** | 0.88730 | **0.88573** |
| Romanian leu | RON | 4.64422 | **4.71851** | 4.66380 | **4.74960** |
| Russian rouble | RUB | 72.23349 | **73.82877** | 76.14220 | **70.75570** |
| Serbian dinar | RSD | 118.46441 | **118.06690** | 118.41790 | **117.52830** |
| Singapore dollar | SGD | 1.59897 | **1.54212** | 1.58390 | **1.50600** |
| Swiss franc | CHF | 1.16162 | **1.12274** | 1.13160 | **1.08470** |
| Turkish lira | TRY | 5.24182 | **6.32660** | 6.96500 | **6.14910** |
| UAE dirham | AED | 4.37170 | **4.14292** | 4.26510 | **4.00630** |
| Ukrainian hryvnia | UAH | 32.08969 | **30.17616** | 32.72527 | **26.34863** |
| US dollar | USD | 1.19026 | **1.12799** | 1.15760 | **1.08890** |
| Vietnamese dong | VND | 26,816.38000 | **25,903.60000** | 26,722.01000 | **25,457.19000** |

## Income statement

### Recognition of income and expenses

Net sales are recognised in accordance with IFRS 15 (Revenue from Contracts with Customers) when the respective service obligations have been met 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 stationary trade as well as to the delivery sales business (food service distribution – FSD).

In these cases, cash payment or payment within a short time after delivery of the product (credit purchase) is usually agreed with the customer. Significant financing components are usually not included in the contracts with customers. For services, control over the services is transferred over time, thus fulfilling 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 values regarding return quotas and periods are recorded for expected returns in this context. Assets for the right to revocer products from a customer on settling these refund liabilities are measured at the former carrying amount of the respective inventories (less settlement costs and any indicated impairment).

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 recognised 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 routinely 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 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.

Performance-based government grants attributable to future periods have been recognised on an accrual basis according to the corresponding expenses. Performance-based grants for subsequent periods which have already been received are shown as deferred income and the corresponding income is time-proportionally recognised in subsequent periods.

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

METRO's financial result consists primarily of interest income and expenses. Interest is recognised as income or expenses and, where applicable, on an accrual basis using the effective interest method. Debt capital interests that are directly attributable to the acquisition or production of a so-called qualified asset represent an exception as they must be included in the acquisition or production costs of the asset capitalised pursuant to IAS 23 (Borrowing Costs). Dividends paid by companies in which METRO holds an interest and which are not accounted for using the equity method are generally recognised as income when the legal claim to payment arises.

### Income taxes

Income taxes concern direct taxes on income and deferred taxes. As a rule, they are recognised through profit or loss unless they are related to business combinations or an item that is directly recognised in equity or other comprehensive income.

## Balance sheet

### Goodwill

Goodwill is regularly tested for impairment once a year – or more frequently if changes in circumstances indicate a possible impairment. If an impairment exists, an impairment loss is recognised through profit or loss. To determine a possible impairment, the recoverable amount of a cash-generating unit is compared to the corresponding carrying amount of the cash-generating unit. The recoverable amount is the higher of the value in use and the fair value less costs to sell. An impairment of the goodwill allocated to a cash-generating unit applies only if the recoverable amount is lower than the total amount of the unit relevant carrying amount. No reversal of an impairment loss is performed 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 capitalised at their production cost. Research costs, in contrast, are not capitalised, but recognised as expenses when they are incurred. The production costs include all expenditures directly attributable to the development process, unless they are explicitly prohibited from being a component of the cost of an inernlly generated intangible asset.

| | |
|---|---|
| **Direct costs** | Direct material costs |
| | Direct production costs |
| | Special direct production costs |
| **Overhead** (directly attributable) | Material overhead |
| | Production overhead |
| | Depreciation/amortisation/impairment losses |
| | Development-related administrative costs |

Borrowing costs are factored into the determination of production costs only in case the intangible asset is a so-called qualified asset pursuant to IAS 23 (Borrowing Costs). Qualified assets are defined as non-financial assets that take a substantial period of time to be prepared for their intended use or sale.

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

Intangible assets with an infinite expected useful life are not subject to scheduled amortisation, but are subjected to an impairment test 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 pursuant to IAS 16 (Property, Plant and Equipment). The production cost of internally generated assets includes both direct costs and directly attributable overhead. 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 rental contract duration |
| Business and office equipment | 3 to 13 years |
| Machinery | 3 to 8 years |

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

Pursuant 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 below the 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 hadno impairment loss been recognised in previous periods.

In accordance with IAS 17 (Leases), economic ownership of leased assets is attributable to the lessee if all the material risks and rewards incidental to ownership of the asset are transferred to the lessee (finance lease). If economic ownership is attributable to a group company acting as lessee, the leased asset is capitalised at fair value or at the lower present value of the minimum lease payments when the lease is signed. Analogous to the comparable purchased property, plant and equipment, leased assets are subject to scheduled depreciation over their expected useful lives or the lease term if the latter is shorter. However, if it is sufficiently certain that ownership of the leased asset will be transferred to the lessee (METRO) at the end of the lease term, the asset is depreciated over its expected useful life. Payment obligations resulting from future lease payments are carried as liabilities.

When economic ownership of the leased asset is not transferred to the lessee (METRO) it si accounted for as an operationg lease. METRO does not recognise assets or leasing liabilities for operating leases, but merely recognises rental expenses in its income statement over the term of the lease using the straight-line method.

### Investment properties

In accordance with IAS 40 (Investment Property), investment properties comprise real estate assets that are held to earn rentals or for capital appreciation, or both. Analogous to property, plant and equipment, such assets are recognised at acquisition or production costs less depreciation and –if required – impairment losses (cost model). Investment properties are depreciated using the straight-line method, considering an expected useful life of 15 to 33 years. In addition, the fair value of these real estates is determined accepted valuation methods, taking into account project development opportunitie. The fair values are disclosed in the notes.

### Financial assets

Unless associated companies or joint ventures as defined by IAS 28 (Investments in Associates and Joint Ventures) are involved, to which the equity method is applied financial assets are accounted for in accordance with the provisions of IFRS 9 (Financial Instruments) since 1 October 2018.

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. The transaction costs directly attributable to the acquisition must be taken into account, unless the financial instruments are subsequently measured at fair value through profit or loss.

The subsequent measurement of financial assets is based on the allocation of the respective financial asset to one of the categories described below. The classification is determined by whether the so-called cash flow condition is met as well as by the business model used to manage the respective financial asset (or a portfolio of financial assets). The cash flow condition is metif the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. With regard to potential business models, a distinction must be made between the objectives of meeting the cash flow condition of the financial assets

- to either hold the receipt of these contractual cash flows (hold)
- or to partially hold them and partially sell them (hold and sell).

Using these classification criteria, the individual financial asset is assigned to one of the following classes at initial recognition:

- Measured at amortised cost (AC), provided the hold criterion is met
- Measured at fair value through other comprehensive income (FVOCI), if the 'hold and sell' criterion is met
- Measured at fair value through profit or loss (FVPL) in all other cases

Derivative financial instruments that are not designated as part of a hedge accounting relationship for accounting purposes are measured at fair value.

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

With regard to the financial assets recognised at amortised cost (AC), impairments are recognised as expected losses, regardless of the existence of actual default events. 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 the previous year, financial assets were accounted for in accordance with IAS 39 (Financial Instruments: Recognition and Measurement) and allocated to one of the following categories:

- 'Loans and receivables'
- 'Financial instruments held to maturity'
- 'Financial assets at fair value through profit or loss'
- 'Financial assets available for sale'

Depending on the classification to the categories listed above, the subsequent measurement of financial assets was carried out at amortised cost or at fair value:

- 'Loans and receivables' comprised non-derivative financial assets with fixed or determinable payments that were not quoted in an active market. They were recognised at amortised cost using the effective interest method.
- The measurement category 'financial instruments held to maturity' included non-derivative financial assets with fixed or determinable payments and fixed maturity, with METRO having both the positive intention and the ability to hold them to maturity. They were also recognised at amortised cost using the effective interest method.
- 'Financial assets at fair value through profit or loss' included those that were either acquired or incurred with the intention of selling or repurchasing them in the near term or that were part of a portfolio of jointly managed financial instruments with a history of short-term profit-taking. Furthermore, this category included derivative financial instruments that were not designated to be part of hedge accounting.
- The category 'financial assets available for sale' represented a collective category for original financial assets that could not be assigned to any of the other 3 categories. METRO did not actively designate any financial assets to this category. Financial assets assigned to this category were measured at fair value through other comprehensive income. The cumulative changes in fair value were not reclassified to profit or loss until the financial asset was derecognised or an impairment of the assets had occurred.

At each closing date, financial assets that were not measured at fair value through profit or loss were examined for objective, substantial indications of impairment. If there were any such indications, the respective financial asset was tested for impairment by comparing the carrying amount to the present value. The present value of financial assets measured at amortised cost corresponded to the present value of expected future cash flows, discounted at the original effective interest rate. However, the present value of equity instruments measured at cost in the category 'financial assets available for sale' corresponded to expected future cash flows discounted at the current market interest rate. If the present value was lower than the carrying amount, an impairment loss was recognised for the difference. If decreases in fair value of financial assets in the category 'financial assets available for sale' were recognised in other comprehensive income, such decreases in fair value were reclassified and recognised in profit or loss to the extent of the impairment loss determined. If, at a later date, the present value increased again, the impairment loss was reversed accordingly. In the case of financial assets recognised at amortised cost, the impairment loss reversal was limited to the amount of the amortised cost, which would have been recognised had the impairment not occured. In the category 'financial assets available for sale', the reversal of previously recognised impairment losses for equity instruments was shown outside of profit or loss in other comprehensive income, while for debt instruments it was shown in profit or loss up to the amount of the impairment previously recognised through profit or loss. Increases in value for debt instruments beyond this level were recognised outside of profit or loss in other comprehensive income.

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

Cash flow hedges: as part of cash flow hedging, which continues to be accounted for in accordance with IAS 39, METRO hedges to exposure to variability in future cash flows. For this purpose, future underlying 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, which are recognised in other comprehensive income, are removed and and included in the initial cost of the other carrying amount of the asset of liability. If 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 periods in which the hedged item is recognised in the income statement. The term of the hedging instrument is aligned to coincide with the occurrence of the future transaction.

### Other financial and other non-financial assets

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

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

As prepaid expenses transitorily deferred charges are presented.

### Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are determined using the asset-liability method in accordance with IAS 12 (Income Taxes). Deferred tax assets and liabilities are recognised for temporary differences between the carrying amounts of these assets or liabilities in the consolidated financial statements and their tax base. Deferred tax assets are also considered for unused tax loss and interest carry-forwards.

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

Deferred tax assets and deferred tax liabilities are netted if these income tax assets and liabilities concern the same tax authority and refer to the same tax subject or a group of different tax subjects that are jointly assessed for income tax purposes. Deferred tax assets are remeasured at each closing date 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 the valid 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 carried as inventories is reported 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. Supplier compensations to be classified as a reduction in the cost of purchase is 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 estimated direct 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. In the previous year, trade receivables were recognised taking into account appropriate impairments for uncollectible receivables.

### Income tax assets and liabilities

The income tax assets and liabilities presented concern 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.

In addition, the effects of tax risks are considered in the determining income tax liabilities. The premises and assessments underlying these risks are regularly reviewed and considered in the determination of income tax.

### 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 and are valued at their respective nominal values.

### Non-current assets held for sale, liabilities related to assets held for sale and activities not continued

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 disposal transaction rather than through continuing use. Analogously, liabilities related to assets held for sale are recognised separately in the balance sheet. A sale must be feasible in practice and be planned for execution within the subsequent 12 months. The valuation of the affected assets and liabilities' carrying amounts pursuant to the relevant IFRS directly precedes the first-time classification as held for sale. In case of reclassification, the assets and liabilities of the disposal group are measured at the lower of their carrying amount and the fair value less costs to sell and reported separately in the balance sheet.Discontinued operations are components of a company that have been disposed of or are classified as held for disposal and represent a separate major operation or a separate geographical operation..

### Employee benefits

Employee benefits include:

- Short-term employee benefits
- Post-employment benefits
- Obligations similar to pensions
- Termination benefits
- Share-based payment

Short-term employee benefits include wages and salaries, social security contributions, vacation pay and sickness benefits and are recognised as liabilities at the disbursement amount 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, periodic contribution obligations to the external pension provider are recognised as expenses for post-employment benefits at the same time as the beneficiary's job performance. Missed payments or prepayments to the pension provider are accrued 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 opinions. 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 contained in the pension expense is presented as interest expenses under 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 opinions 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. These 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 is given when a formal plan for the early termination of the employment relationship exists to which the company is bound. Benefits with terms of more than 12 months after the closing date are recognised at their present value.

The share bonuses granted under the share-based remuneration system are classified as cash-settled share-based payments pursuant to 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 approachover 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 in profit or loss.

**(Other) provisions**

In accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), (other) provisions are recognisedif legal or constructive obligations to third parties exist that are based on past business transactions or events and will probably result in an outflow of financial resources that can be reliably measured. The provisions are stated at the anticipated settlement amount with regard to all identifiable risks attached.

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

Provisions for onerous contracts are recognised if the unavoidable costs of meeting the obligations under a contract exceed the expected economic benefits resulting from the contract. Provisions for deficient rental agreements relating to leased objects are based on an item by item basis. Provisions in the amount of the present value of the funding gap recognised for all closed properties or properties with deficient rental coverage. In addition, a provision is recognisedfor store-related risks related to leased, operational or not yet closed stores insofar as a deficient coverage of operational costs or a deficient rental coverage despite considering a possible sublease of the respective location arises from current corporate planning covering the basic rental term.

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

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

### (Other) financial liabilities

Financial liabilities in the current financial year (in accordance with IFRS 9) or in the previous financial year (in accordance with IAS 39) that do not represent finance leases in accordance with IAS 17, 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 is applied in analogy to the corresponding guidance as it is applied to financial assets.

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

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

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

Financial liabilities from finance leases are generally measured at the present value of future minimum lease payments.

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

### Other non-financial liabilities

Other non-financial liabilities are carried at their repayment amount.As deferred income transitorily deferred charges are presented.

### Trade liabilities

Trade liabilities are recognised at amortised cost.

## Other

### Contingent liabilities

Contingent liabilities are, on the one hand, possible obligations arising from past events whose existence must still be confirmed by the occurrence or non-occurrence of uncertain future events that are not entirely under METRO's control. On the other hand, contingent liabilities represent current obligations arising from past events for which, however, an outflow of economic resources is not considered probable or whose amount cannot be determined with sufficient reliability. Such liabilities are not recognised in the balance sheet but disclosed in the notes. Contingent liabilities are determined on the basis of the principles applying to the measurement of provisions.

### Accounting for derivative financial instruments and hedge accounting

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

All derivative financial instruments that are not designated as part of a hedging relationship are measured at fair value in accordance with IFRS 9 – or in the previous financial year in accordance with IAS 39 – and reported under other financial assets or other financial liabilities.

Derivative financial instruments are measured on the basis of interbank terms and conditions, possibly including the credit margin or stock exchange prices applicable to METRO – in this respect the average rate on 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 (hedge accounting) 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 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.

### Supplier compensation

Depending on the underlying circumstances, supplier compensation is recognised as a reduction in the cost of purchase, reimbursement or payment for services rendered. Supplier compensation is deferredat the closing date insofar as it has been contractually agreed and is likely to be realised. For supplier remunerations linked to calendar year targets, the supplier`s compensation included in the financial statement is based on appropriate extrapolations.

## Judgements, estimates and assumptions

The preparation of the consolidated financial statements was based on a number of judgements, estimates and assumptions that had an effect on the measurement and presentation of the reported assets, liabilities, income and expenses as well as contingent liabilities.

### Judgements

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

- Classification of leases as finance leases or operating leases – including sale-and-leaseback transactions (no. 2 – other operating income ▸ page 200 and no. 21 – property, plant and equipment ▸ page 218)
- Determination whether METRO is the principal or agent in sales transactions (no. 1 – revenues ▸ page 200)
- Determination of the group of investments accounted for at-equity by assessing the material influence

### Estimates and assumptions

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

- Uniform group-wide determination of expected useful lives for assets with a definite useful life (no. 15 – depreciation/amortisation/impairment losses ▸ page 209, no. 20 – other intangible assets ▸ page 216 and no. 21 – property, plant and equipment ▸ page 218)
- Impairment testing of assets with a definite useful life triggered by indications of impairment (no. 15 – depreciation/amortisation/impairment losses ▸ page 209, no. 20 – other intangible assets ▸ page 216 and no. 21 – property, plant and equipment ▸ page 218)
- Annual goodwill impairment tests including sensitivity analysis (no. 19 – goodwill ▸ page 212)
- Recoverability of receivables – particularly receivables due from suppliers with respect tocompensations (no. 24 – other financial and other non-financial assets ▸ page 226)
- Recognition of supplier compensation on an accrual basis (no. 24 – other financial and other non-financial assets ▸ page 226)
- Ability to realise future deferred tax assets– particularly from tax loss carry-forwards (no. 25 – deferred tax assets/deferred tax liabilities ▸ page 227)
- Measurement of inventories (no. 26 – inventories ▸ page 229)
- Determination of provisions for post-employment benefits plans (no. 32 – provisions for post-employment benefits plans and similar obligations ▸ page 239)
- Determination of other provisions – for example, for deficient rental coverage and onerous contracts, restructuring, warranties, taxes and risks emerging from legal proceedings and litigation (no. 33 – other provisions [non-current]/provisions [current] ▸page 247)

- Estimation of the expected timing of transactions in connection with activities not continued; with regard to the planned disposal of the hypermarket business, also taking into account events and circumstances that lead to an extension of the period required to complete the sale and are beyond the control of METRO (no. 30 – assets held for sale/liabilities related to assets held for sale ▸ page 235)
- Determination of the fair value of the hypermarket business disposal group (no. 30 – assets held for sale/liabilities related to assets held for sale ▸ page 235)
- Estimation of the probability of utilisation from supplier liabilities (no. 35 – trade liabilities ▸ page 248)

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

# CAPITAL MANAGEMENT

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

Equity amounts to €2,735million (30/9/2018: €3,074 million), while liabilities amounts to €11,762 million (30/9/2018: €12,132 million). Net debt related to continuing operations decreased by €0.2 billion in the adjusted year-on-year comparison and amounted to €2.9 billion as of 30 September 2019 (30/09/2018: €3.1 billion).

| € million | 30/9/2018[1] | 30/9/2018 adjusted[3] | **30/9/2019** |
|---|---|---|---|
| **Equity** | **3,074** | **3,074** | **2,735** |
| **Liabilities** | **12,132** | **12,132** | **11,762** |
| **Net debt** | **2,710** | **3,102** | **2,858** |
| Financial liabilities (incl. finance leases) | 4,010 | 4,010 | **3,369** |
| Cash and cash equivalents | 1,298 | 906 | **500** |
| Short-term financial investments[2] | 2 | 2 | **11** |

[1] Adjustment of previous year according to explanation in notes

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

[3] Adjusted for the effects of discontinued operations.

## 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 2018/19, all external capital requirements were fulfilled. This includes, for example, adherence to a defined level of indebtedness and a fixed equity ratio.

# NOTES TO THE INCOME STATEMENT

## 1. Sales revenues

Commencing with financial year 2018/19, METRO has been applying IFRS 15 (Revenue from Contracts with Customers). The sales revenues reported for the current financial year relate exclusively to revenues from contracts with customers.

Sales revenues are allocated to the following categories:

| € million | 2017/18 | **2018/19** |
|---|---|---|
| **Store-based and other business** | **22,585** | **22,487** |
| METRO Germany | 4,128 | **4,075** |
| METRO Western Europe (excl. Germany) | 8,904 | **8,885** |
| METRO Russia | 2,550 | **2,406** |
| METRO Eastern Europe (excl. Russia) | 5,893 | **5,986** |
| METRO Asia | 1,074 | **1,097** |
| Others | 35 | **38** |
| **Delivery sales** | **4,207** | **4,595** |
| METRO Germany | 633 | **660** |
| METRO Western Europe (excl. Germany) | 1,704 | **1,867** |
| METRO Russia | 265 | **257** |
| METRO Eastern Europe (excl. Russia) | 1,059 | **1,205** |
| METRO Asia | 538 | **599** |
| Others | 7 | **7** |
| **Total sales** | **26,792** | **27,082** |
| METRO Germany | 4,761 | **4,735** |
| METRO Western Europe (excl. Germany) | 10,609 | **10,752** |
| METRO Russia | 2,815 | **2,662** |
| METRO Eastern Europe (excl. Russia) | 6,952 | **7,191** |
| METRO Asia | 1,612 | **1,696** |
| Others | 43 | **46** |

## 2. Other operating income

| € million | 2017/18 | **2018/19** |
|---|---|---|
| Gains from the disposal of fixed assets and gains from the reversal of impairment losses | 145 | **360** |
| Income from logistics services | 285 | **257** |
| Services | 251 | **250** |
| Rents incl. reimbursements of subsidiary rental costs | 268 | **236** |
| Services rendered to suppliers | 111 | **103** |
| Miscellaneous | 211 | **198** |
| | **1,271** | **1,405** |

Gains from the disposal of fixed assets and gains from the reversal of impairment losses includes €354 million of income from the disposal of real estates (2017/18: €137 million) and €5 million of income from reversal of impairment losses (2017/18: €4 million). Project developments and sale-and-leaseback transactions contributed to the real estate transactions.

The income from logistics services provided by METRO LOGISTICS to companies intended for disposal and non-group companies is offset by expenses from logistics services, which are reported under other operating expenses.

The other operating income includes cost allocations and cost shares as well as a great number of insignificant individual items.

— **Disclosures on companies intended for sale can be found under** **no. 43 – discontinued business sectors page 266****.**

## 3. Selling expenses

| € million | 2017/18 | **2018/19** |
|---|---|---|
| Personnel expenses | 1,957 | **2,001** |
| Cost of material | 2,064 | **2,091** |
| | **4,021** | **4,092** |

In terms of selling expenses, personnel expenses increased compared to the previous year, mainly due to higher wages and salaries and variable payments.

The year-on-year increase in cost of material is due in particular to higher consulting expenses. The revised disclosure of impairment losses on financial instruments had the opposite effect. In accordance with IFRS 9, from financial year 2018/19 onwards, impairment losses on financial assets are reported under earnings from impairment of financial assets.

## 4. General administrative expenses

| € million | 2017/18 | **2018/19** |
|---|---|---|
| Personnel expenses | 386 | **424** |
| Cost of material | 387 | **398** |
| | **773** | **822** |

The increase in personnel expenses within general administrative expenses is mainly due to higher variable payments in the operating segments and at METRO AG.

The increase in cost of material is primarily due to increased amortisation of intangible assets.

## 5. Other operating expenses

| € million | 2017/18 | **2018/19** |
|---|---|---|
| Expenses from logistics services | 272 | **254** |
| Losses from the disposal of fixed assets | 4 | **6** |
| Impairment losses on goodwill | 0 | **3** |
| Miscellaneous | 17 | **17** |
| | **293** | **279** |

The expenses from logistics services provided by METRO LOGISTICS to companies intended for sale and non-group companies are offset by income from logistics services, which are reported under other operating income.

- **Disclosures on companies intended for sale can be found under** **no. 43 – discontinued business sectors page 266****.**

## 6. Earnings from impairment of financial assets

Earnings from impairment of financial assets amounts to €14 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. Impairment losses on receivables from contracts with customers in the amount of €9 million are included.

In the previous year, the impairments were reported under sales, selling and administrative expenses. They amounted to €18 million.

## 7. Earnings share of operating/non-operating companies recognised at equity

The earnings of operating companies recognised at equity that have an operational relation to the ordinary business activities, are shown in the income statement in the EBIT item. It amounts to €24 million (2017/18: €14 million). Of these, €15 million (2017/18: €5 million) are attributable to the METRO Western Europe (excl. Germany) segment and €9 million (2017/18: €8 million) to the Others segment as well as €1 million (2017/18: €1 million) to the METRO Asia segment. The earnings share of non-operating companies recognised at equity is shown in the net financial result and amounts to €0 million (2017/18: €0 million). The earnings shares of operating and non-operating companies consolidated at equity amounted to a total of €24 million (2017/18: €14 million).

## 8. Other investment result

Other investment results include the impact of the fair value measurement of investments in the amount of €−1 million (2017/18: €0 million). Dividends from investments amounted to €0 million (2017/18: €0 million).

## 9. Net interest income/interest expenses

The interest result can be broken down as follows:

| € million | 2017/18 | **2018/19** |
|---|---|---|
| **Interest income** | **27** | **29** |
| thereof finance leases | (0) | **(0)** |
| thereof from post-employment benefits plans | (5) | **(7)** |
| thereof from financial instruments of the measurement categories according to IFRS 9 (previous year: IAS 39): | (16) | **(12)** |
| **Interest expenses** | **−163** | **−148** |
| thereof finance leases | (−51) | **(−49)** |
| thereof from post-employment benefits plans | (−16) | **(−15)** |
| thereof from financial instruments of the measurement categories according to IFRS 9 (previous year: IAS 39) | (−79) | **(−69)** |
| **Interest result** | **−136** | **−119** |

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

The interest expenses included here (of the measurement categories in accordance with IFRS 9) primarily include interest expenses for issued bonds (including the Commercial Paper Programme) of €41 million (2017/18: €55 million) and for liabilities to banks of €19 million (2017/18: €12 million).

The decline in interest expenses was primarily the result of more favourable refinancing terms.

— **For more information about possible effects from currency risks, see no. 44 – management of financial risks page 274.**

## 10. Other financial result

The other financial income and expenses from financial instruments are assigned to measurement categories according to IFRS 9 on the basis of the underlying transactions. Besides income and expenses from the measurement of financial instruments (except derivatives in hedging relationships in accordance with IAS 39), this also includes the measurement of foreign currency positions according to IAS 21.

| € million | 2017/18 | **2018/19** |
|---|---|---|
| Other financial income | 182 | **159** |
| thereof currency effects | (126) | **(112)** |
| thereof hedging transactions | (16) | **(39)** |
| Other financial expenses | −184 | **−158** |
| thereof currency effects | (−152) | **(−116)** |
| thereof hedging transactions | (−3) | **(−18)** |
| **Other financial result** | **−2** | **1** |
| thereof from financial instruments of the measurement categories according to IFRS 9 (previous year: IAS 39): | (−16) | **(17)** |
| thereof cash flow hedges: | | |
| ineffectiveness | (7) | **(−1)** |

The total comprehensive income from currency effects and measurement results from hedging transactions and hedging relationships totalled €17 million (2017/18: €−14 million). In addition, the other financial result reflects €−5 million (2017/18: €4 million) in currency effects resulting from the translation of the financial statements of foreign subsidiaries that are recognised through profit or loss in the year the subsidiary is deconsolidated or in the year business activities are discontinued. In addition, impairment losses on financial assets amounting to €2 million (2017/18: €0 million) were recognised in the reporting period.

— **For more information about possible effects from currency risks, see no. 44 – management of financial risks ▸page 274.**

## 11. Net results according to measurement categories

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

**2017/18**

| € million | Investments | Interest | Fair value measurements | Currency translation | Disposals | Impairments | Other | Net result |
|---|---|---|---|---|---|---|---|---|
| Loans and receivables incl. cash and cash equivalents | 0 | 16 | 0 | −27 | 0 | −17 | 0 | −29 |
| Held to maturity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Held for trading incl. derivatives in a hedging relationship according to IAS 39 | 0 | 0 | 13 | 0 | 0 | 0 | 0 | 13 |
| Available for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous financial liabilities | 0 | −79 | 10 | 1 | 4 | 0 | −5 | −69 |
| | **0** | **−63** | **23** | **−27** | **4** | **−17** | **−5** | **−85** |

**2018/19**

| **€ million** | **Investments** | **Interest** | **Fair value measurements** | **Currency translation** | **Disposals** | **Impairments** | **Other** | **Net result** |
|---|---|---|---|---|---|---|---|---|
| Financial assets measured at amortised cost, incl. cash and cash equivalents | **0** | **11** | **0** | **19** | **0** | **−16** | **0** | **13** |
| Financial assets at fair value through profit or loss incl. derivatives in a hedging relationship according to IAS 39 | **−1** | **0** | **22** | **0** | **0** | **0** | **0** | **22** |
| Equity instruments measured outside of profit or loss | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Financial liabilities measured at amortised cost | **0** | **−69** | **4** | **−23** | **3** | **0** | **−4** | **−89** |
| | **−1** | **−57** | **26** | **−5** | **4** | **−16** | **−4** | **−54** |

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

Investment income and income effects from the disposal of investments are included in other investment result. Interest income and expenses are part of the interest result. Fair value measurements and effects from other financial expenses and currency translation are included in the other financial result. Income effects from the disposal of other financial liabilities are included in earnings before interest and taxes (EBIT). The expenses from impairments are included in the result from impairments on financial assets.

— **For more information about impairments, see no. 44 – management of financial risks ▶ page 274.**

Remaining financial income and expenses included in the other financial result primarily concern bank commissions and similar expenses that are incurred within the context of financial assets and liabilities.

## 12. Income taxes

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

| € million | 2017/18[1] | **2018/19** |
|---|---|---|
| Deferred taxes in the income statement | 43 | **83** |
| thereof from temporary differences | (24) | **(15)** |
| thereof from loss and interest carry-forwards | (19) | **(68)** |

[1] Adjustment of previous year according to explanation in notes.

| € million | 2017/18[1] | **2018/19** |
|---|---|---|
| Actual taxes | 173 | **215** |
| thereof Germany | (14) | **(9)** |
| thereof international | (159) | **(206)** |
| thereof tax expenses/income of current period | (194) | **(221)** |
| thereof tax expenses/income of previous periods | (−21) | **(−6)** |
| Deferred taxes | 43 | **83** |
| thereof Germany | (39) | **(104)** |
| thereof international | (4) | **(−21)** |
| | **216** | **298** |

[1] Adjustment of previous year according to explanation in notes.

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 0.00% (2017/18: 0.00%) and 34.94% (2017/18: 44.41%).

At €298 million (2017/18: €216 million), recognised income tax expenses are €81 million higher than in the previous year. In addition to an increase in pre-tax earnings, the change is due to higher expenses for impairments on deferred taxes, among other things.

Applying the German group tax rate to the reported pre-tax result would result in an income tax expense of €216 million (2017/18: €176 million). The deviation of €81 million (2017/18: €40 million) from the reported tax expense of €298 million (2017/18: €216 million) can be reconciled as follows:

| € million | 2017/18[1] | **2018/19** |
|---|---|---|
| **EBT (earnings before taxes)** | **576** | **709** |
| Expected income tax expenses (30.53%) | 176 | **216** |
| Effects of differing national tax rates | −58 | **−62** |
| Tax expenses and income relating to other periods | −21 | **−6** |
| Non-deductible business expenses for tax purposes | 41 | **51** |
| Effects of not recognised or impaired deferred taxes | 79 | **114** |
| Additions and reductions for local taxes | 11 | **13** |
| Tax holidays | −14 | **−39** |
| Other deviations | 3 | **5** |
| **Income tax expenses according to the income statement** | **216** | **298** |
| **Group tax rate** | **37.6%** | **42.0%** |

[1] Adjustment of previous year according to explanation in notes.

The item 'effects of differing national tax rates' includes a deferred tax revenue of €6 million (2017/18: €23 million) from tax rate changes.

Tax expenses and income relating to other periods of the previous year include a repayment of approximately €20 million because of a retrospective change in foreign law in 2018.

Tax holidays for the current year include effects from real estate transactions in the amount of €30 million (2017/18: €2 million).

## 13. Profit or loss for the period attributable to non-controlling interests

Of profit or loss for the period attributable to non-controlling interests, profit shares accounted for €13 million (2017/18: €6 million) and loss shares for €−2 million (2017/18: €−2 million).

## 14. Earnings per share

| | 2017/18[1] | **2018/19** |
|---|---|---|
| Weighted number of no-par-value shares | 363,097,253 | **363,097,253** |
| Profit or loss for the period attributable to the shareholders of METRO AG (€ million) | 333 | **−126** |
| **Earnings per share in € (basic = diluted)** | **0.92** | **−0.35** |
| from continuing operations | (0.98) | **(1.12)** |
| from discontinued operations | (−0.06) | **(−1.46)** |

[1] Adjustment of previous year according to explanation in notes.

Earnings per share are determined by dividing profit or loss for the period attributable to the shareholders of METRO AG by the weighted number of no-par-value shares. In the calculation of earnings per ordinary share, an additional dividend for preference shares is generally deducted from profit or loss for the period attributable to the shareholders of METRO AG. There was no dilution in the reporting period or the year before from so-called potential shares.

Earnings per preference share correspond to earnings per share.

## 15. Depreciation/ amortisation/ impairment losses

Depreciation/amortisation/impairment losses of €538 million (2017/18: €507 million) include impairment losses totalling €20 million (2017/18: €11 million).

The impairment losses mainly relate to the Others segment in the amount of €13 million and to a single property in the METRO Russia segment in the amount of €3 million.

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

### 2017/18

| € million | Goodwill | Other intangible assets | Property, plant and equipment | Investment properties | Financial assets[1] | Total |
|---|---|---|---|---|---|---|
| Cost of sales | 0 | 2 | 20 | 0 | 0 | 23 |
| thereof depreciation/ amortisation | (0) | (2) | (20) | (0) | (0) | (23) |
| thereof impairment | (0) | (0) | (0) | (0) | (0) | (0) |
| Selling expenses | 0 | 29 | 370 | 5 | 0 | 404 |
| thereof depreciation/ amortisation | (0) | (29) | (360) | (5) | (0) | (394) |
| thereof impairment | (0) | (0) | (10) | (0) | (0) | (10) |
| General administrative expenses | 0 | 60 | 20 | 1 | 0 | 80 |
| thereof depreciation/ amortisation | (0) | (60) | (19) | (0) | (0) | (80) |
| thereof impairment | (0) | (0) | (0) | (0) | (0) | (1) |
| Other operating expenses | 0 | 0 | 0 | 0 | 0 | 0 |
| thereof impairment | (0) | (0) | (0) | (0) | (0) | (0) |
| **Scheduled impairment losses and impairment before impairment of financial investments** | **0** | **92** | **410** | **6** | **0** | **507** |
| Net financial result | 0 | 0 | 0 | 0 | 0 | 0 |
| thereof impairment | (0) | (0) | (0) | (0) | (0) | (0) |
| **Scheduled depreciation/ amortisation/impairment losses** | **0** | **92** | **410** | **6** | **0** | **507** |
| thereof depreciation/ amortisation | (0) | (92) | (400) | (5) | (0) | (497) |
| thereof impairment | (0) | (0) | (10) | (1) | (0) | (11) |

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

**2018/19**

| € million | Goodwill | Other intangible assets | Property, plant and equipment | Investment properties | Financial assets[1] | Total |
|---|---|---|---|---|---|---|
| Cost of sales | 0 | 3 | 23 | 0 | 0 | 26 |
| thereof depreciation/ amortisation | (0) | (3) | (23) | (0) | (0) | (26) |
| thereof impairment | (0) | (0) | (0) | (0) | (0) | (0) |
| Selling expenses | 0 | 30 | 373 | 4 | 0 | 406 |
| thereof depreciation/ amortisation | (0) | (30) | (366) | (3) | (0) | (399) |
| thereof impairment | (0) | (0) | (7) | (0) | (0) | (7) |
| General administrative expenses | 0 | 81 | 20 | 1 | 0 | 101 |
| thereof depreciation/ amortisation | (0) | (73) | (20) | (1) | (0) | (93) |
| thereof impairment | (0) | (8) | (0) | (0) | (0) | (8) |
| Other operating expenses | 3 | 0 | 0 | 0 | 0 | 3 |
| thereof impairment | (3) | (0) | (0) | (0) | (0) | (3) |
| **Scheduled impairment losses and impairment before impairment of financial investments** | 3 | 113 | 416 | 4 | 0 | 536 |
| Net financial result | 0 | 0 | 0 | 0 | 2 | 2 |
| thereof impairment | (0) | (0) | (0) | (0) | (2) | (2) |
| **Scheduled depreciation / amortisation/impairment losses** | 3 | 113 | 416 | 4 | 2 | 538 |
| thereof depreciation/ amortisation | (0) | (105) | (409) | (4) | (0) | (518) |
| thereof impairment | (3) | (8) | (7) | (0) | (2) | (20) |

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

In accordance with IFRS 5, impairment losses of METRO China are not included in the profit or loss for the period from continuing operations and thus not included in the tables above. In contrast, these impairment losses are included in the movement schedules on the development of financial assets up to the point of reclassification on 30 September 2019; for that reason, the amounts stated there may differ from those stated above.

## 16. Cost of materials

The cost of sales includes the following cost of materials:

| € million | 2017/18 | **2018/19** |
|---|---|---|
| Cost of raw materials, supplies and goods purchased | 21,571 | **21,768** |
| Cost of services purchased | 13 | **16** |
| | **21,584** | **21,784** |

## 17. Personnel expenses

Personnel expenses can be broken down as follows:

| € million | 2017/18 | 2018/19 |
|---|---|---|
| Wages and salaries | 2,173 | **2,264** |
| Social security expenses, expenses for post-employment benefits and related employee benefits | 552 | **552** |
| thereof for post-employment benefits | (43) | **(41)** |
| | **2,725** | **2,816** |

Wages and salaries include expenses relating to restructuring measures and severance payments of €23 million (2017/18: €19 million). The variable remuneration rose from €52 million in financial year 2017/18 to €81 million in financial year 2018/19. Wages and salaries also include expenses for long-term remunerationcomponents totalling €7 million (2017/18: €16 million).

Annual average number of group employees in the continuing segment:

| Number of employees by headcount | 2017/18 | 2018/19 |
|---|---|---|
| Blue collar/white collar | 103,072 | **99,843** |
| Apprentices/trainees | 1,840 | **1,811** |
| | **104,912** | **101,654** |

This includes an absolute number of 16,902 (2017/18: 17,245) part-time employees. The number of employees working outside of Germany stood at 81,607 (2017/18: 84,425). This includes 80,660 blue and white collar employees (2017/18: 83,498). In addition, 947 trainees were employed abroad (2017/18: 927).

## 18. Other taxes

The other taxes (for example property tax, motor vehicle tax, excise tax and transaction tax) have the following effects on the income statement:

| € million | 2017/18 | 2018/19 |
|---|---|---|
| **Other taxes** | **79** | **79** |
| thereof from cost of sales | (1) | **(1)** |
| thereof from selling expenses | (65) | **(62)** |
| thereof from general administrative expenses | (13) | **(16)** |

# NOTES TO THE BALANCE SHEET

## 19. Goodwill

Goodwill amounts to €785 million (30/9/2018: €797 million).

The acquisition of Restu s.r.o resulted in goodwill of €1 million. The purchase price amounted to €1 million.

The goodwill allocated to METRO Cash & Carry China in the amount of €19 million was reclassified to assets held for sale.

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

| | 30/9/2018 | | **30/9/2019** | |
|---|---|---|---|---|
| | | WACC | | **WACC** |
| | € million | % | **€ million** | **%** |
| METRO Cash & Carry France | 293 | 5.7 | **293** | **5.0** |
| METRO Cash & Carry Germany | 94 | 5.7 | **94** | **4.7** |
| METRO Cash & Carry Poland | 58 | 6.3 | **57** | **5.6** |
| METRO Cash & Carry Spain/Portugal | 54 | 6.9 | **54** | **5.7** |
| METRO Cash & Carry Russia | 39 | 7.4 | **42** | **6.6** |
| METRO Cash & Carry Romania | 40 | 7.3 | **39** | **6.2** |
| METRO Cash & Carry Italy | 38 | 7.3 | **38** | **6.7** |
| Pro à Pro | 34 | 5.7 | **34** | **5.0** |
| Classic Fine Foods | 23 | 6.0 | **25** | **5.0** |
| METRO Cash & Carry Czech Republic | 24 | 6.4 | **24** | **5.3** |
| Others | 100 | | **85** | |
| | **797** | | **785** | |

In accordance with IFRS 3 in conjunction with IAS 36, goodwill is tested for impairment once a year. This is carried out at the level of a group of cash-generating units. Specifically, this refers to the sales line per country.

In the impairment test, the cumulative carrying amount of the group of cash-generating units is compared with the recoverable amount. The recoverable amount is defined as the fair value less costs to sell, which is calculated from discounted future cash flows and the level 3 input parameters of the fair value hierarchy.

— **The description of the fair value hierarchies is included in** **no. 40 – carrying amounts and fair values according to measurement categories ▶ page 258****.**

Expected future cash flows are based on a qualified planning process under consideration of intra-group experience as well as macroeconomic data collected by third-party sources. As a rule, the detailed planning period comprises 3 years. In individual cases, it may be extended by up to 2 years for units currently undergoing a transformation process. Following the detailed planning period, a growth rate of 1% is assumed, as in the previous year. The capitalisation rate as the weighted average cost of capital (WACC) is determined using the capital asset pricing model. In the process, an individual peer group is assumed for all groups of cash-generating units operating in the same business segment. In addition, the capitalisation rates are determined on the basis of an assumed basic interest rate of 0.60% (30/9/2018: 1.25%) and a market risk premium of 7.00% (30/9/2018: 7.00%) in Germany as well as a beta factor of 0.97 (30/9/2018: 1.03). Country-specific risk premiums based on the respective country rating are applied to the equity cost of capital and to the borrowing costs. The capitalisation rates after taxes determined individually for each group of cash-generating units range from 4.7% to 10.1% (30/9/2018: 5.7% to 11.4%).

The mandatory annual impairment test carried out by METRO as of 30 September 2019 resulted in the following assumptions regarding the development of sales, EBIT and the EBIT margin targeted for valuation purposes during the detailed planning period. The EBIT margin hereby reflects the ratio of EBIT to net sales.

| | Sales | EBIT | EBIT margin | Detailed planning period (years) |
|---|---|---|---|---|
| METRO Cash & Carry France | Slight growth | Slight growth | Stable development | 3 |
| METRO Cash & Carry Germany | Slight growth | Slight growth | Slight growth | 4 |
| METRO Cash & Carry Poland | Slight growth | Slight growth | Stable development | 3 |
| METRO Cash & Carry Spain/Portugal | Slight growth | Slight growth | Slight growth | 3 |
| METRO Cash & Carry Russia | Slight decline | Noticable decline | Slight decline | 3 |
| METRO Cash & Carry Romania | Substantial growth | Slight growth | Slight decline | 3 |
| Pro à Pro | Substantial growth | Substantial growth | Substantial growth | 4 |
| Classic Fine Foods | Substantial growth | Slight growth | Stable development | 4 |

As of 30 June 2019, the mandatory annual impairment test confirmed the recoverability of all capitalised goodwill. An impairment loss of €3 million was recognised in the course of the year.

In addition to the impairment test, 3 sensitivity analyses were conducted for each group of cash-generating units. In the first sensitivity analysis, the interest rate for each group was raised by 10.0%. The second sensitivity analysis was based on the assumption of a 1 percentage point lower growth rate. In the 3rd sensitivity analysis, a lump sum discount of 10.0% was applied to the assumed perpetual EBIT. These changes did not result in significant impairment for any of the groups of cash-generating units with the exception of METRO Cash & Carry Germany and Classic Fine Foods.

In the goodwill impairment test at METRO Cash & Carry Germany, the fair value less costs to sell exceeded the carrying amount by €122 million. At a growth rate of 0.2% instead of 1%, the fair value less costs to sell would correspond to the carrying amount.

In the goodwill impairment test at Classic Fine Foods, the fair value less costs to sell exceeded the carrying amount by €17 million. Assuming a 0.34 percentage point higher growth rate or a capitalisation rate of 5.31% (rather than 4.97%) or an assumed perpetual EBIT of €12.5 million (rather than €13.6 million), the fair value less costs to sell would correspond to the carrying amount.

| € million | Goodwill |
|---|---|
| **Acquisition or production costs** | |
| As of 1/10/2017 | 922 |
| Currency translation | −21 |
| Additions to consolidation group | 0 |
| Additions | 4 |
| Disposals | 0 |
| Reclassifications in accordance with IFRS 5 | −64 |
| Transfers | 0 |
| As of 30/9/2018 \| 1/10/2018 | 841 |
| Currency translation | 7 |
| Additions to consolidation group | 0 |
| Additions | 1 |
| Disposals | 0 |
| Reclassifications in accordance with IFRS 5 | −19 |
| Transfers | 0 |
| As of 30/9/2019 | 829 |
| **Depreciation** | |
| As of 1/10/2017 | 47 |
| Currency translation | −3 |
| Additions, scheduled | 0 |
| Additions, impairment | 64 |
| Disposals | 0 |
| Reclassifications in accordance with IFRS 5 | −64 |
| Reversals of impairment losses | 0 |
| Transfers | 0 |
| As of 30/9/2018 \| 1/10/2018 | 44 |
| Currency translation | −2 |
| Additions, scheduled | 0 |
| Additions, impairment | 3 |
| Disposals | 0 |
| Reclassifications in accordance with IFRS 5 | 0 |
| Reversals of impairment losses | 0 |
| Transfers | 0 |
| As of 30/9/2019 | 44 |
| Carrying amount as of 1/10/2017 | 875 |
| Carrying amount as of 30/9/2018 | 797 |
| **Carrying amount as of 30/9/2019** | **785** |

## 20. Other intangible assets

| € million | Intangible assets without goodwill | (thereof internally generated intangible assets) |
|---|---|---|
| **Acquisition or production costs** | | |
| As of 1/10/2017 | 1,782 | (952) |
| Currency translation | −2 | (−1) |
| Additions to consolidation group | 0 | (0) |
| Additions | 142 | (67) |
| Disposals | −38 | (−3) |
| Reclassifications in accordance with IFRS 5 | −83 | (−37) |
| Transfers | 0 | (−2) |
| As of 30/9/2018 \| 1/10/2018 | 1,801 | (977) |
| Currency translation | 10 | (1) |
| Additions to consolidation group | 0 | (0) |
| Additions | 170 | (137) |
| Disposals | −11 | (−5) |
| Reclassifications in accordance with IFRS 5 | −10 | (0) |
| Transfers | 7 | (−3) |
| As of 30/9/2019 | 1,967 | (1,106) |
| **Depreciation** | | |
| As of 1/10/2017 | 1,309 | (792) |
| Currency translation | −3 | (−1) |
| Additions, scheduled | 98 | (49) |
| Additions, impairment | 0 | (0) |
| Disposals | −38 | (−3) |
| Reclassifications in accordance with IFRS 5 | −64 | (−21) |
| Reversals of impairment losses | 0 | (0) |
| Transfers | 0 | (−0) |
| As of 30/9/2018 \| 1/10/2018 | 1,302 | (817) |
| Currency translation | 3 | (1) |
| Additions, scheduled | 106 | (46) |
| Additions, impairment | 8 | (6) |
| Disposals | −11 | (−5) |
| Reclassifications in accordance with IFRS 5 | −6 | (0) |
| Reversals of impairment losses | 0 | (0) |
| Transfers | 2 | (−0) |
| As of 30/9/2019 | 1,405 | (864) |
| Carrying amount on 1/10/2017 | 473 | (160) |
| Carrying amount 30/9/2018 | 499 | (160) |
| **Carrying amount 30/9/2019** | **562** | **(242)** |

The other intangible assets have both finite and indefinite expected useful lives. Intangible assets with a finite expected useful life are subject to scheduled depreciation/amortisation. Intangible assets with an indefinite expected useful life are subjected to annual impairment tests. Assets with an indefinite useful life regard acquired brand rights. Their carrying amount is €99 million (30/9/2018: €96 million). The expected useful life of the trademark rights is indeterminable, because METRO can use them without restrictions and an abandonment of trademark rights is not envisaged in the future. The assumptions underlying the annual impairment test are presented in no. 19 – goodwill ▸ page 212. The trademarks are tested at the level of the cash-generating units addressed in this disclosure.

Additions in the amount of €170 million (2017/18: €142 million) concern internally generated software at €137 million (2017/18: €67 million), software purchased from third parties and still in development at €19 million (2017/18: €48 million), and concessions, rights and licences at €13 million (2017/18: €27 million).

The additions to depreciation/amortisation on other intangible assets in the amount of €106 million (2017/18: €98 million) are recognised in general administrative expenses at €73 million (2017/18: €60 million), in selling expenses at €30 million (2017/18: €29 million), in the cost of sales at €3 million (2017/18: €2 million).

Impairment losses of €8 million (2017/18: €0 million) were recognised in financial year 2018/19 and reported in full under general administrative expenses.

Research and development expenses recognised in expenses essentially concern internally generated software and amounted to €28 million (2017/18: €28 million).

In accordance with IFRS 5, the scheduled depreciation of METRO China in the amount of €1 million (2017/18: €1 million) is not included in the current profit or loss for the period from continuing operations. These impairment losses are included in the movement schedules on the development of financial assets up to the point of reclassification on 30 September 2019; consequently, the amounts stated there may differ from the notes on depreciation.

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 (30/9/2018: €0 million, thereof €0 million for METRO China) were recorded.

## 21. Property, plant and equipment

As of 30 September 2019, property, plant and equipment totalling €4,760 million (30/9/2018: €5,314 million) was recorded. The development of property, plant and equipment 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 1/10/2017 | 9,223 | 4,927 | 195 | 14,344 |
| Currency translation | −138 | −88 | −5 | −231 |
| Additions to consolidation group | 0 | 0 | 0 | 0 |
| Additions | 178 | 169 | 315 | 662 |
| Disposals | −248 | −238 | −10 | −496 |
| Reclassifications in accordance with IFRS 5 | −2,134 | −1,157 | −56 | −3,346 |
| Transfers | −53 | 315 | −282 | −19 |
| As of 30/9/2018 \| 1/10/2018 | 6,828 | 3,928 | 158 | 10,914 |
| Currency translation | 149 | 52 | 3 | 204 |
| Additions to consolidation group | 0 | 0 | 0 | 0 |
| Additions | 100 | 111 | 161 | 372 |
| Disposals | −126 | −86 | −5 | −218 |
| Reclassifications in accordance with IFRS 5 | −681 | −363 | −15 | −1,059 |
| Transfers | 32 | 129 | −186 | −25 |
| As of 30/9/2019 | 6,303 | 3,770 | 116 | 10,188 |
| **Depreciation** | | | | |
| As of 1/10/2017 | 4,290 | 3,221 | 11 | 7,522 |
| Currency translation | −39 | −47 | −1 | −86 |
| Additions, scheduled | 287 | 302 | 0 | 589 |
| Additions, impairment | 22 | 11 | 1 | 34 |
| Disposals | −153 | −228 | −1 | −382 |
| Reclassifications in accordance with IFRS 5 | −1,259 | −814 | 0 | −2,073 |
| Reversals of impairment losses | −3 | 0 | 0 | −3 |
| Transfers | −79 | 78 | 0 | −1 |
| As of 30/9/2018 \| 1/10/2018 | 3,066 | 2,524 | 10 | 5,600 |
| Currency translation | 39 | 27 | 0 | 67 |
| Additions, scheduled | 216 | 239 | 0 | 455 |
| Additions, impairment | 6 | 1 | 0 | 7 |
| Disposals | −74 | −79 | 0 | −154 |
| Reclassifications in accordance with IFRS 5 | −356 | −168 | 0 | −524 |
| Reversals of impairment losses | −4 | −1 | 0 | −5 |
| Transfers | −22 | 4 | 0 | −18 |
| As of 30/9/2019 | 2,871 | 2,547 | 10 | 5,429 |
| Carrying amount as of 1/10/2017 | 4,932 | 1,705 | 184 | 6,822 |
| Carrying amount as of 30/9/2018 | 3,763 | 1,404 | 148 | 5,314 |
| **Carrying amount as of 30/9/2019** | **3,432** | **1,223** | **106** | **4,760** |

The €554 million decrease in property, plant and equipment results in the amount of €409 million from the reclassification of property, plant and equipment to assets held for sale in connection with METRO China. In addition, reclassifications of property, plant and equipment to assets held for sale in connection with individual properties in the amount of €127 million and disposals of real estates in the amount of €52 million (2017/18: €95 million) led to a reduction in property, plant and equipment. In contrast, positive currency effects of €138 million (2017/18: €−144 million) increased property, plant and equipment.

In accordance with IFRS 5, the scheduled depreciation of METRO China in the amount of €44 million (2017/18: €43 million) is not included in the current profit or loss for the period from continuing operations. These impairment losses are included in the movement schedules on the development of financial assets up to the point of reclassification on 30 September 2019; consequently, the amounts stated there may differ from the notes on depreciation.

Restrictions on titles in the form of liens and encumbrances for items of property, plant and equipment amounted to €11 million (30/9/2018: €12 million, thereof €0 million for METRO China).

Contractual commitments were recorded for items of property, plant and equipment in the amount of €42 million (30/9/2018: €84 million, thereof €0 million for METRO China).

- **Disclosures on assets/liabilities held for sale in connection with the sale of the hypermarket business and METRO China can be found under** **no. 43 – discontinued operations ▶ page 266****.**

## Leases

Assets available to METRO under the terms of finance leases were recognised at €481 million (30/9/2018: €468 million, thereof €0 million for METRO China); they essentially relate to leased buildings.

Finance leases generally have terms of 15 to 25 years with options under expiration to extend them at least once for 5 years. The interest rates used for discounting vary between 1.42% and 10.05%, depending on the market and the date on which the contract was concluded.

In addition to finance leases, METRO also signed other types of leases classified as operating leases based on their economic value. Operating leases generally have an initial term of up to 15 years. The interest rates in the leases are based partly on variable and partly on fixed rents.

Payments due under finance and operating leases in subsequent periods are shown as follows:

| € million | Up to 1 year | 1 to 5 years | Over 5 years |
|---|---|---|---|
| **Finance leases 30/9/2018** | | | |
| Future lease payments due (nominal) | 126 | 373 | 517 |
| Discount | −10 | −88 | −268 |
| Present value | 116 | 286 | 250 |
| **Operating leases 30/9/2018** | | | |
| Future lease payments due (nominal) | 414 | 1,427 | 1,990 |

| € million | Up to 1 year | 1 to 5 years | Over 5 years |
|---|---|---|---|
| **Finance leases 30/9/2019** | | | |
| Future lease payments due (nominal) | **112** | **419** | **528** |
| Discount | **−8** | **−90** | **−229** |
| Present value | **104** | **329** | **299** |
| **Operating leases 30/9/2019** | | | |
| Future lease payments due (nominal) | **410** | **1,413** | **1,683** |

Future payments due on finance leases contain purchase payments amounting to €13 million (30/9/2018: €13 million, thereof €0 million for METRO China) required for the exercise of more favourable purchase options.

The nominal value of future lease payments due to METRO from the subleasing of assets held under finance leases amounts to €148 million (30/9/2018: €150 million, thereof €0 million for METRO China).

The nominal value of future lease payments due to METRO from the subleasing of assets held under operating leases amounts to €319 million (30/9/2018: €364 million, thereof €0 million for METRO China).

Profit or loss for the period from continuing operations includes expenses from leases totalling €484 million (2017/18: €484 million). Income from tenancy agreements totalling €236 million (2017/18: €268 million) is included.

Contingent lease payments from finance leases, included as income in the net profit or loss for the period from continuing operations, amount to €0 million (2017/18: €2 million). Contingent lease payments from operating leases recognised as expenses during the period amount to €9 million (2017/18: €9 million).

Conditional lease payments are sales-dependent, use-based or price-indexed payments.

Lease payments due in subsequent periods from entities outside METRO for the rental of properties that are legally owned by METRO (METRO as lessor) are shown below:

| € million | Up to 1 year | 1 to 5 years | Over 5 years |
|---|---|---|---|
| **Operating leases 30/9/2018** | | | |
| Future lease payments due (nominal) | 29 | 77 | 52 |

| € million | Up to 1 year | 1 to 5 years | Over 5 years |
|---|---|---|---|
| **Operating leases 30/9/2019** | | | |
| Future lease payments due (nominal) | **24** | **63** | **44** |

## 22. Investment properties

Investment properties are recognised at depreciated cost. As of 30 September 2019, investment properties totalling €82 million (30/9/2018: €97 million) were recognised. The development of these real estates is shown in the following table.

| € million | Investment properties |
|---|---|
| **Acquisition or production costs** | |
| As of 1/10/2017 | 426 |
| Currency translation | −2 |
| Additions to consolidation group | 0 |
| Additions | 2 |
| Disposals | −20 |
| Reclassifications in accordance with IFRS 5 | −128 |
| Transfers associated with the tangible assets | 19 |
| As of 30/9/2018 \| 1/10/2018 | 297 |
| Currency translation | 15 |
| Additions to consolidation group | 0 |
| Additions | 4[1] |
| Disposals | −32 |
| Reclassifications in accordance with IFRS 5 | 0 |
| Transfers associated with the tangible assets | 22 |
| As of 30/9/2019 | 306 |
| **Depreciation** | |
| As of 1/10/2017 | 300 |
| Currency translation | 0 |
| Additions, scheduled | 5 |
| Additions, impairment | 1 |
| Disposals | −6 |
| Reclassifications in accordance with IFRS 5 | −98 |
| Reversals of impairment losses | −2 |
| Transfers associated with the tangible assets | 1 |
| As of 30/9/2018 \| 1/10/2018 | 200 |
| Currency translation | 9 |
| Additions, scheduled | 6[1] |
| Additions, impairment | 0 |
| Disposals | −11 |
| Reclassifications in accordance with IFRS 5 | 0 |
| Reversals of impairment losses | 0 |
| Transfers associated with the tangible assets | 18 |
| As of 30/9/2019 | 223 |
| Carrying amount as of 1/10/2017 | 126 |
| Carrying amount as of 30/9/2018 | 97 |
| **Carrying amount as of 30/9/2019** | **82** |

[1] Including reclassifications from assets held for sale to investment properties.

The decline of €15 million resulted primarily from the disposal of a single Russian property in the Others segment.

The fair values of these investment properties total €148 million (30/9/2018: €205 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. External expert reports are used where available.

Rental income from continuing operations amounts to €22 million, with finance leases accounting for €8 million of this total (2017/18: €20 million, thereof €7 million from finance leases). The related expenses amount to €13 million, with finance leases accounting for €4 million (2017/18: €12 million, thereof €4 million from finance leases). Expenses of €0 million were incurred for properties without rental income, €0 million of which are attributable to finance leases (2017/18: €0 million, thereof €0 million from finance leases).

Restrictions on titles in the form of liens and encumbrances amounted to €0 million (30/9/2018: €0 million). As in the previous year, no contractual commitments for the acquisition of investment properties were made.

## 23. Financial investments and investments accounted for using the equity method

| € million | Loans | Investments | Securities | Total financial assets |
|---|---|---|---|---|
| **Acquisition or production costs** | | | | |
| As of 1/10/2017 | 47 | 51 | 9 | 107 |
| Currency translation | −1 | 0 | 0 | −1 |
| Additions to consolidation group | 0 | 0 | 0 | 0 |
| Additions | 6 | 19 | 0 | 26 |
| Disposals | −3 | −2 | 0 | −4 |
| Reclassifications in accordance with IFRS 5 | −13 | −17 | 0 | −31 |
| Transfers | −1 | 0 | 0 | −1 |
| As of 30/9/2018 \| 1/10/2018 | 35[1] | 48[1] | 9 | 92[1] |
| Currency translation | 1 | 0 | 0 | 1 |
| Additions to consolidation group | 0 | 0 | 0 | 0 |
| Additions | 3 | 26 | 0 | 29 |
| Disposals | −5 | −7 | −7 | −19 |
| Reclassifications in accordance with IFRS 5 | 0 | 0 | 0 | 0 |
| Transfers | −1 | −2 | 0 | −2 |
| As of 30/9/2019 | 34 | 66 | 2 | 102 |
| **Depreciation** | | | | |
| As of 1/10/2017 | 4 | 12 | 0 | 15 |
| Currency translation | 0 | 0 | 0 | 0 |
| Additions, scheduled | 0 | 0 | 0 | 0 |
| Additions, impairment | 0 | 0 | 0 | 0 |
| Disposals | 0 | −1 | 0 | −1 |
| Reclassifications in accordance with IFRS 5 | 0 | −8 | 0 | −8 |
| Reversals of impairment losses | 0 | 0 | 0 | 0 |
| Transfers | 1 | 0 | 0 | 1 |
| As of 30/9/2018 \| 1/10/2018 | 4 | 0[1] | 0 | 4[1] |
| Currency translation | 0 | 0 | 0 | 0 |
| Additions, scheduled | 0 | 0 | 0 | 0 |
| Additions, impairment | 2 | 0 | 0 | 2 |
| Disposals | −2 | 0 | 0 | −2 |
| Reclassifications in accordance with IFRS 5 | 0 | 0 | 0 | 0 |
| Reversals of impairment losses | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 |
| As of 30/9/2019 | 5 | 0 | 0 | 5 |
| Carrying amount as of 1/10/2017 | 43 | 39 | 9 | 92 |
| Carrying amount as of 30/9/2018 | 31 | 48 | 9 | 88 |
| **Carrying amount as of 30/9/2019** | **29** | **66** | **2** | **97** |

[1] Changed opening balance due to first-time application of IFRS 9.

| € million | Investments accounted for using the equity method |
|---|---|
| **Acquisition or production costs** | |
| As of 1/10/2017 | 184 |
| Currency translation | −8 |
| Additions to consolidation group | 0 |
| Additions | 9 |
| Disposals | −6 |
| Reclassifications in accordance with IFRS 5 | 0 |
| Transfers | 0 |
| As of 30/9/2018 \| 1/10/2018 | 179 |
| Currency translation | −6 |
| Additions to consolidation group | 0 |
| Additions | 16 |
| Disposals | −9 |
| Reclassifications in accordance with IFRS 5 | 0 |
| Transfers | 0 |
| As of 30/9/2019 | 180 |
| **Depreciation** | |
| As of 1/10/2017 | 1 |
| Currency translation | 0 |
| Additions, scheduled | 0 |
| Additions, impairment | 0 |
| Disposals | 0 |
| Reclassifications in accordance with IFRS 5 | 0 |
| Reversals of impairment losses | 0 |
| Transfers | 0 |
| As of 30/9/2018 \| 1/10/2018 | 1 |
| Currency translation | 0 |
| Additions, scheduled | 0 |
| Additions, impairment | 0 |
| Disposals | 0 |
| Reclassifications in accordance with IFRS 5 | 0 |
| Reversals of impairment losses | 0 |
| Transfers | 0 |
| As of 30/9/2019 | 1 |
| Carrying amount as of 1/10/2017 | 183 |
| Carrying amount as of 30/9/2018 | 178 |
| **Carrying amount as of 30/9/2019** | **179** |

Disclosures on the major investments accounted for using the equity method can be found in the following table.

Apart from Habib METRO Pakistan (closing date 30 June), all companies mentioned above have 31 December as the closing date. The companies are included in the consolidated financial statements of METRO AG with their latest available financial statements.

| € million | Habib METRO Pakistan 2017/18 | Habib METRO Pakistan 2018/19 | OPCI FWP 2017/18 | OPCI FWP 2018/19 | OPCI FWS 2017/18 | OPCI FWS 2018/19 | Mayfair group[1] 2017/18 | Mayfair group[1] 2018/19 | Miscellaneous 2017/18 | Miscellaneous 2018/19 | Total 2017/18 | Total 2018/19 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Disclosures on the income statement** | | | | | | | | | | | | |
| Sales revenues | 12 | **11** | 23 | **18** | 23 | **18** | 14 | **17** | 127 | **141** | 199 | **204** |
| Tax profit for the period from continuing operations | 6 | **5** | 15 | **12** | 15 | **12** | 8 | **8** | 63 | **67** | 107 | **105** |
| Tax profit for the period from discontinued operations | 0 | **0** | 0 | **0** | 0 | **0** | 0 | **0** | 0 | **0** | 0 | **0** |
| Other comprehensive income | 0 | **0** | 0 | **0** | 0 | **0** | 0 | **0** | 0 | **0** | 0 | **0** |
| Total comprehensive income | 6 | **5** | 15 | **12** | 15 | **12** | 8 | **8** | 63 | **67** | 107 | **105** |
| Dividend payments to the group | 2 | **2** | 1 | **1** | 3 | **4** | 0 | **0** | 1 | **8** | 7 | **14** |
| **Disclosures on the balance sheet** | | | | | | | | | | | | |
| Non-current assets | 47 | **38** | 287 | **279** | 270 | **264** | 190 | **185** | – | **–** | – | **–** |
| Current assets | 22 | **22** | 4 | **4** | 5 | **4** | 8 | **2** | – | **–** | – | **–** |
| Non-current liabilities | 2 | **2** | 116 | **108** | 110 | **96** | 0 | **0** | – | **–** | – | **–** |
| Current liabilities | 2 | **2** | 0 | **0** | 0 | **0** | 8 | **2** | – | **–** | – | **–** |
| Net assets | 64 | **56** | 175 | **176** | 164 | **172** | 190 | **184** | – | **–** | – | **–** |
| **Amount of the share (in %)** | **40** | **40** | **5** | **5** | **25** | **25** | **40** | **40** | **–** | **–** | **–** | **–** |
| Share of the group in the net assets | 26 | **22** | 9 | **9** | 41 | **43** | 75 | **73** | – | **–** | – | **–** |
| Adjustment of asset values | 15 | **13** | – | **–** | – | **–** | – | **–** | – | **–** | – | **–** |
| **Carrying amount of the share in the group** | **41** | **35** | **9** | **9** | **41** | **43** | **75** | **73** | **12** | **17** | **178** | **179** |

[1] The Mayfair group comprises 10 real estate companies.

METRO's representation on the supervisory board of OPCI FRENCH WHOLESALE PROPERTIES – FWP ensures that significant influence is maintained and that the holding will be accounted for using the equity method although the investment only amounts to 5%.

The investments accounted for using the equity method within the group are mainly associate companies and rental companies. The main purpose of the leasing companies is to acquire, lease out and manage assets. The assets of these real estate companies are exclusively leased by METRO companies.

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

| | 30/9/2018 | | | **30/9/2019** | | |
|---|---|---|---|---|---|---|
| | | Remaining term | | | **Remaining term** | |
| € million | Total | up to 1 year | over 1 year | **Total** | **up to 1 year** | **over 1 year** |
| Receivables due from suppliers | 328 | 327 | 1 | **316** | **316** | **1** |
| Miscellaneous financial assets | 271 | 233 | 38 | **324** | **287** | **37** |
| **Other financial assets** | **600** | **561** | **39** | **640** | **603** | **37** |
| Other tax receivables | 237 | 237 | 0 | **178** | **178** | **0** |
| Prepaid expenses and deferred charges | 226 | 68 | 158 | **101** | **66** | **35** |
| Miscellaneous non-financial assets | 53 | 48 | 5 | **42** | **35** | **8** |
| **Other non-financial assets** | **515** | **353** | **163** | **322** | **279** | **43** |

Receivables due from suppliers comprise both invoiced and deferred income for subsequent supplier compensation (for example bonuses, advertising subsidies) and creditors with debit balances.

The miscellaneous financial assets primarily consist of receivables from the disposal of non-current assets, receivables from credit card transactions, receivables from finance lease agreements, receivables from other financial transactions and receivables and other assets from the real estate sector.

The previous year's figures for the other financial assets include €27 million and the previous year's figures for other non-financial assets include €205 million attributable to the assets held for sale in connection with the sale of METRO China.

The other tax receivables include value added tax refunds, later offsettable input tax and miscellaneous tax receivables.

Prepaid expenses and deferred charges include deferred rental, leasing and interest charges as well as miscellaneous prepaid expenses and deferred charges.

Miscellaneous non-financial assets mainly consist of prepayments on inventories and raw materials and supplies. In addition, they include contract assets in the amount of €1 million (1/10/2018: €0 million) as well as assets for the right to recover products from a customer on settling the refund liabilities in the amount of €1 million (no balances existed at the date of first application of IFRS 15).

The decrease of the other non-financial assets is predominantly attributable to the assets of METRO China, which were still included in previous year's figure.

## 25. Deferred tax assets/deferred tax liabilities

Deferred tax assets on tax loss carry-forwards and temporary differences amount to €607 million before offsetting (30/9/2018: €719 million), a decline of €112 million compared to 30 September 2018. The carrying amounts of deferred tax liabilities increased by €24 million to €534 million compared with the previous year (30/9/2018: €511 million). The previous year's figures include €72 million in deferred tax assets and €6 million in deferred tax liabilities (before offsetting) attributable to METRO China.

Deferred taxes relate to the following balance sheet items:

| | 30/9/2018[1] | | **30/9/2019** | | Change through profit or loss | |
|---|---|---|---|---|---|---|
| € million | Assets | Liabilities | **Assets** | **Liabilities** | Assets | Liabilities |
| Goodwill | 27 | 29 | **23** | **33** | −5 | 4 |
| Other intangible assets | 17 | 86 | **10** | **103** | −7 | 17 |
| Property, plant and equipment and investment properties | 60 | 292 | **74** | **307** | 21 | 15 |
| Financial investments and investments accounted for using the equity method | 10 | 8 | **5** | **4** | −5 | −3 |
| Inventories | 26 | 5 | **19** | **1** | −3 | −2 |
| Other financial and non-financial assets | 82 | 29 | **40** | **34** | −5 | 12 |
| Assets held for sale | 1 | 8 | **0** | **0** | −1 | −8 |
| Provisions for post-employment benefits plans and similar obligations | 95 | 36 | **117** | **30** | 5 | −5 |
| Other provisions | 38 | 0 | **42** | **4** | 4 | 5 |
| Financial liabilities | 192 | 5 | **177** | **3** | −13 | −3 |
| Other financial and non-financial liabilities | 57 | 13 | **60** | **15** | 34 | 0 |
| Write-downs of temporary differences | −22 | 0 | **−28** | **0** | −6 | 0 |
| Loss carry-forwards | 136 | 0 | **67** | **0** | −68 | 0 |
| **Carrying amount of deferred taxes before offsetting** | **719** | **511** | **607** | **534** | **−49** | **34** |
| Offsetting | −390 | −390 | **−416** | **−416** | −34 | −34 |
| **Carrying amount of deferred taxes** | **329** | **120** | **191** | **119** | **−83** | **0** |

[1] Adjustment of previous year according to explanation in notes.

Of the deferred tax assets shown, €52 million (30/9/2018: €130 million) are attributable to the group of incorporated companies of METRO AG. The additional deferred tax assets of €21 million (30/9/2018: €79 million) are attributable to various companies abroad. Based on business planning, realisation of these tax assets is to be considered sufficiently likely.

In accordance with IAS 12 (Income Taxes), deferred tax liabilities relating to differences between the carrying amount of a subsidiary's pro rata equity in the balance sheet and the carrying amount of the investment for this subsidiary in the parent company's tax statement must be recognised (so-called outside basis differences) if the tax benefit is likely to be realised in the future. The differences can primarily be attributed to retained earnings of subsidiaries in Germany and abroad. No deferred taxes were recognised for these retained earnings as they will be reinvested over an indefinite period of time or are not subject to relevant taxation. Any dividends paid by subsidiaries would be subject to dividend tax. In addition, foreign dividends may trigger a withholding tax. As of 30 September 2019, no deferred tax liabilities from outside basis differences were recognised for planned dividend payments (30/9/2018: €0 million). The sum of the amount of temporary differences in connection with investments in subsidiaries for which no deferred tax liabilities were recognised was not determined as this would have been disproportionately expensive due to the level of detail of the METRO group.

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 | 30/9/2018 | **30/9/2019** |
|---|---|---|
| Corporate tax losses | 4,320 | **4,883** |
| Trade tax losses | 3,296 | **3,679** |
| Interest carry-forwards | 57 | **83** |
| Temporary differences | 104 | **120** |

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

## TAX EFFECTS ON COMPONENTS OF OTHER COMPREHENSIVE INCOME

| | 2017/18 | | | **2018/19** | | |
|---|---|---|---|---|---|---|
| € million | Before taxes | Taxes | After taxes | **Before taxes** | **Taxes** | **After taxes** |
| Currency translation differences from translating the financial statements of foreign operations | −190 | 0 | −190 | **138** | **0** | **138** |
| thereof currency translation differences from net investments in foreign operations | (3) | (0) | (3) | **(40)** | **(0)** | **(40)** |
| Effective portion of gains/losses from cash flow hedges | 2 | 0 | 2 | **2** | **0** | **2** |
| Gains/losses on remeasuring financial instruments in the category ‘available for sale’ | 9 | 0 | 9 | **0** | **0** | **0** |
| Effects from the fair value measurement of equity instruments | 0 | 0 | 0 | **−3** | **0** | **−3** |
| Effects from the fair value measurement of debt instruments | 0 | 0 | 0 | **0** | **0** | **0** |
| Remeasurement of defined benefit pension plans | 17 | −6 | 11 | **−94** | **22** | **−73** |
| Remaining income tax on other comprehensive income | 0 | 4 | 4 | **0** | **−4** | **−4** |
| | **−162** | **−2** | **−164** | **43** | **17** | **59** |

Deferred taxes on components of other comprehensive income primarily apply to the remeasurement of defined benefit pension plans. The other components are not tax-effective.

## 26. Inventories

| € million | 30/9/2018 | **30/9/2019** |
|---|---|---|
| Food merchandise | 1,517 | **1,408** |
| Non-food merchandise | 591 | **539** |
| | **2,108** | **1,946** |

The inventories are reduced by €162 million from €2,108 million to €1,946 million.

The previous year's figures include €203 million attributable to METRO China.

Positive currency effects, resulting in particular from the development of the Russian rouble and the Turkish lira, increased inventories by a total of €41 million.

Inventories include impairments of €62 million (30/9/2018: €70 million). The inventories are subject to the customary or statutory retention of title.

## 27. Trade receivables

Trade receivables declined by €90 million, from €571 million to €482 million. These are receivables with a remaining term of up to 1 year.

The previous year's figures include €75 million attributable to METRO China. Currency effects increased the trade receivables by €9 million. Higher direct payments reduce trade receivables in the METRO Western Europe (excluding Germany) segment by €8 million.

## 28. Impairments of financial assets

Since 1 October 2018, METRO has applied the new accounting and measurement methods in accordance with the impairment requirements of IFRS 9.

The following disclosures on impairment losses under IFRS 9 are not comparable to the previous year's disclosures under IFRS 7 or IAS 39, which are explained at the end of this chapter. In the previous year, impairment losses of €100 million were recognised for financial assets. As of 30 September 2019, impairment losses recognised in the balance sheet amounted to €104 million. The impact of the first-time application of IFRS 9 is insignificant.

— **Disclosures regarding the conversion effects from the introduction of IFRS 9 can be found in the notes to the group accounting principles and methods** **▸ page 170****.**

The following explanations relate to the financial assets to which the impairment requirements of IFRS 9 are applied.

For **trade receivables**, METRO makes use of the simplified procedure to determine expected credit losses provided for in IFRS 9. METRO records the expected credit losses over the entire term of the financial instruments on the basis of a provision matrix. Trade receivables are combined in different portfolios with similar credit risk characteristics for this purpose. This is based on the regions used for METRO's segment reporting.

The loss default rates per past-due category 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 global corporate insolvency index.

The table below shows the expected credit losses on trade receivables for each maturity band as of 30 September 2019, calculated on the basis of the provision matrix:

| € million | Total | thereof not past-due | thereof up to 90 days past-due | thereof 91 to 180 days past-due | thereof 181 to 270 days past-due | thereof 271 to 360 days past-due | thereof more than 360 days past-due |
|---|---|---|---|---|---|---|---|
| Gross carrying amount | 454 | 353 | 86 | 7 | 3 | 3 | 3 |
| Bandwidth of calculated default rates | | +0.21% to +1.12% | 1.00% to 6.97% | 3.40% to 26.00% | 6.62% to 28.18% | 10.72% to 47.34% | 11.91% to 86.49% |
| **Risk provisions** | **7** | **2** | **2** | **1** | **0** | **1** | **1** |

Loss allowances on trade receivables are reconciled according to the simplified calculation as follows:

| € million | Trade receivables |
|---|---|
| **Loss allowances in accordance with IAS 39 as of 30 September 2018** | **43** |
| Retrospective adjustment (recognised in reserves retained from earnings) | 3 |
| **Loss allowances according to IFRS 9 as of 1 October 2018** | **47** |
| Addition to impairment through profit or loss | 23 |
| Reversal of impairment through profit or loss | −15 |
| Utilisation | −8 |
| Currency effects | 1 |
| Other changes | 0 |
| **Loss allowances as of 30 September 2019** | **47** |

The loss allowances as of 30 September 2019 amounted to €47 million (30/9/2018: €43 million, thereof €1 million for METRO China) and include impairments of €40 million on individual receivables for which there are objective indications of an impairment of creditworthiness.

The valuation adjustment of trade receivables resulting from the first-time application of IFRS 9 in financial year 2018/19 with regard to impairment amounted to €3 million. This effect was recognised directly in reserves retained from earnings.

The following table shows the gross carrying amounts of trade receivables that were or were not past-due as of the closing date on 30 September 2019, which were depreciated either on the basis of the respective applied provision matrix or on the basis of objective indications of default:

| € million | Trade receivables |
|---|---|
| Not past-due | 367 |
| Up to 90 days past-due | 93 |
| 91 to 180 days past-due | 15 |
| 181 to 270 days past-due | 6 |
| 271 to 360 days past-due | 6 |
| More than 360 days past-due | 31 |
| **Gross carrying amount** | **517** |
| Loss allowances | −47 |
| **Maximum credit risk** | **470** |

In addition, for trade receivables of €12 million (30/9/2018: €7 million, thereof €0 million for METRO China) collaterals are available. These receivables were not impaired.

METRO applies the general impairment requirements of IFRS 9 to **receivables from suppliers, credit card transactions** and **loans**. A possible credit risk in these cases is determined on the basis of the counterparty’s creditworthiness. For this purpose, METRO uses external ratings of well-known rating agencies as well as internal credit risk rating grades based on the risk of default of the respective financial instrument. The creditworthiness of the counterparties is continuously monitored so that METRO recognises a significant increase in the credit risk and can react promptly to any changes.

The following table shows the development of risk provisions in relation to financial assets to which the general impairment requirements of IFRS 9 are applied:

| € million | No significantly increased credit risk since recognition (stage 1) | Increased credit risk (stage 2) | Impaired credit-worthiness (stage 3) | Total |
|---|---|---|---|---|
| **Risk provision as of 30 September 2018** | **–** | **–** | **–** | **29** |
| Retrospective IFRS 9 adjustment (recognised in reserves retained from earnings) | – | – | – | 0 |
| **Risk provision as of 1 October 2018** | **1** | **0** | **28** | **29** |
| Newly originated/acquired financial assets | 0 | 0 | 0 | 0 |
| Other changes within one stage | 0 | 0 | 9 | 9 |
| Transfer to stage 1 | 0 | 0 | 0 | 0 |
| Transfer to stage 2 | 0 | 0 | 0 | 0 |
| Transfer to stage 3 | 0 | 0 | 0 | 0 |
| Derecognised financial assets | 0 | 0 | −5 | −5 |
| Utilisation | 0 | 0 | −4 | −4 |
| Other changes[1] | 0 | 0 | −2 | −2 |
| **Risk provision as of 30 September 2019** | **1** | **0** | **27** | **28** |

[1] Other changes include currency translation differences, changes in the consolidation group and reclassifications to assets held for sale.

Risk provisions as of 30 September 2019 amounted to € 28 million (30/9/ 2018: € 29 million, thereof € 2 million for METRO China).

Stage 1 of the model contains financial assets that have a low credit risk or whose credit risk has not increased significantly since the initial recognition of the asset. At this stage, the risk provision is calculated as the 12-month expected credit loss. If the credit risk on the closing date is significantly higher than at the time of initial recognition, the financial asset is reclassified to stage 2. The amount of the risk provision is determined at this level as the expected losses that can arise from all possible default events over the expected entire term of the financial instrument. If there is objective evidence that a financial asset will not be collected in whole or in part, it is reclassified to stage 3. Default is defined as the failure to maintain contractually agreed cash flows.

The table below shows the gross carrying amounts as of 30 September 2019 for those financial instruments for which the impairment losses are determined according to the general approach; they are differentiated according to the external rating of the counterparties:

| € million | No significantly increased credit risk since recognition (stage 1) | Increased credit risk (stage 2) | Impaired credit-worthiness (stage 3) | Total |
|---|---|---|---|---|
| AAA, AA+, AA, AA– | 7 | 1 | 1 | 9 |
| A+, A, A– | 16 | 0 | 0 | 17 |
| BBB+, BBB, BBB– | 10 | 0 | 0 | 10 |
| BB+, BB, BB– | 2 | 0 | 0 | 2 |
| B+ or lower | 44 | 0 | 0 | 44 |
| **Gross carrying amount** | **80** | **1** | **2** | **82** |
| Risk provision | 0 | 0 | –1 | –1 |
| **Maximum credit risk** | **80** | **1** | **1** | **82** |

METRO minimises credit risk by exclusively investing in first-class debt capital instruments from counterparties with a good to very good external rating (investment grade). Therefore, a significant portion of the financial assets is allocated to stage 1 of the impairment model.

For counterparties that do not have an external rating and are therefore assigned to the internal risk classes, the credit risk determined according to the general approach is as follows:

| € million | No significantly increased credit risk since recognition (stage 1) | Increased credit risk (stage 2) | Impaired credit-worthiness (stage 3) | Total |
|---|---|---|---|---|
| Internal risk class 1 (not past-due or up to 30 days past-due) | 294 | 0 | 2 | 297 |
| Internal risk class 2 (31 to 90 days past-due) | 15 | 1 | 1 | 16 |
| Internal risk class 3 (more than 90 days past-due) | 12 | 0 | 33 | 46 |
| **Gross carrying amount** | **321** | **1** | **37** | **358** |
| Risk provision | –1 | 0 | –27 | –27 |
| **Maximum credit risk** | **320** | **1** | **10** | **331** |

The figures for the previous year were based on the requirements of IAS 39 and IFRS 7 (Financial Instruments: Disclosures). Impairment losses on financial assets developed as follows:

| € million | Category 'loans and receivables' | thereof loans | thereof other current receivables |
|---|---|---|---|
| As of 30/9/2017 and 1/10/2017 | 117 | (4) | (113) |
| Currency translation | −5 | (0) | (−5) |
| Additions | 40 | (0) | (40) |
| Reversal | −19 | (0) | (−18) |
| Reclassifications in accordance with IFRS 5 | −5 | (0) | (−5) |
| Utilisation | −29 | (0) | (−29) |
| Transfers | 1 | (1) | (0) |
| **As of 30/9/2018** | **100** | **(5)** | **(95)** |

In financial year 2017/18, impairment losses in the amount of €2 million were included, which were attributable to METRO China.

The maturity structure of the financial assets recognised as of 30 September 2018 is as follows:

| | | | thereof past-due, no specific allowances | | | | |
|---|---|---|---|---|---|---|---|
| € million | Total carrying amount 30/9/2018 | thereof not past-due, not impaired | Up to 90 days past-due | 91 to 180 days past-due | 181 to 270 days past-due | 271 to 360 days past-due | More than 360 days past-due |
| **Assets** | | | | | | | |
| in the category 'loans and receivables' | 1,170 | 928 | 78 | 8 | 1 | 1 | 4 |
| thereof loans | (33) | (33) | (0) | (0) | (0) | (0) | (0) |
| thereof other current receivables | (1,138) | (895) | (78) | (8) | (1) | (1) | (4) |
| in the category 'held to maturity' | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| in the category 'held for trading' | 7 | 0 | 0 | 0 | 0 | 0 | 0 |
| in the category 'available for sale' | 49 | 1 | 0 | 0 | 0 | 0 | 0 |
| | **1,227** | **929** | **78** | **8** | **1** | **1** | **4** |

In financial year 2017/18, financial assets that were not past-due but also not individually impaired included €110 million, financial assets that were past-due up to 90 days but not specifically impaired included €5 million attributable to METRO China.

## 29. Cash and cash equivalents

| € million | 30/9/2018 | 30/9/2019 |
|---|---|---|
| Cheques and cash on hand | 31 | 20 |
| Bank deposits and other financial assets with short-term liquidity | 1,267 | 479 |
| | 1,298 | 500 |

The previous year's figures include €392 million attributable to METRO China. Of the cash and cash equivalents, €0 million (30/9/2018: €0 million) are subject to restrictions on title.

– **For more information, see the cash flow statement and no. 41 – notes to the cash flow statement ▶ page 263.**

## 30. Assets held for disposal/liabilities related to assets held for sale

### Real estate

The value of individual real estate properties held for sale changed from €26 million to €0 million during financial year 2018/19. On the one hand, reclassifications from non-current assets increased the item by €127 million. On the other hand, the sale of real estate assets in the amount of €137 million caused assets held for sale to decline. In addition, this item was reduced to €0 million by the reintegration of real estate assets into non-current assets.

– **Disclosures on assets/liabilities held for sale in connection with the sale of the hypermarket business and METRO China can be found under no. 43 – discontinued business sectors ▶ page 266.**

## 31. Equity

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

| No-par-value bearer shares, accounting par value of €1.00 | | 30/9/2018 | 30/9/2019 |
|---|---|---|---|
| Ordinary shares | Number of shares | 360,121,736 | 360,121,736 |
| | € | 360,121,736 | 360,121,736 |
| Preference shares | Number of shares | 2,975,517 | 2,975,517 |
| | € | 2,975,517 | 2,975,517 |
| **Total shares** | **Number of shares** | **363,097,253** | **363,097,253** |
| **Total share capital** | **€** | **363,097,253** | **363,097,253** |

As of 30 September 2019 and as of 30 September 2018, the subscribed capital of METRO AG amounted to €363,097,253. It is divided into a total of 360,121,736 ordinary no-par-value bearer shares (pro rata value of the share capital: €360,121,736, approximately 99.18%), as well as 2,975,517 preference no-par-value bearer shares (pro rata value of the share capital: €2,975,517, approximately 0.82%). Each no-par-value share in the company has a notional interest of €1.00 in the share capital.

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

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

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

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

(4) The holders of non-voting preference shares and those holding ordinary shares will equally share in any additional profit distribution in the proportion corresponding to the number of shares held by them in the share capital.'

### Authorised capital

The Annual General Meeting on 16 February 2018 authorised the Management Board to increase the share capital, subject to the consent of the Supervisory Board, by issuing new ordinary bearer shares against cash or non-cash contributions in one or several tranches for a total maximum of €181,000,000 by 28 February 2022 (authorised capital). The Management Board is, subject to the consent of the Supervisory Board, authorised to exclude shareholder subscription rights in certain cases. To date, the authorised capital has not been fully utilised.

### Contingent capital

The Annual General Meeting held on 16 February 2018 resolved a contingent increase in the share capital by up to €50,000,000, divided into a maximum of 50,000,000 ordinary shares (contingent capital). This contingent capital increase is related to the establishment of an authority of the Management Board to issue, subject to the consent of the Supervisory Board, one or several tranches of warrant or convertible bearer bonds (collectively 'bonds') with an aggregate par nominal value of €1,500,000,000 prior to 15 February 2023, and to grant the holders of warrant or convertible bearer bonds warrant or conversion rights or to impose warrant or conversion obligations upon them for ordinary bearer shares in METRO AG representing up to €50,000,000 of the share capital in accordance with the terms of the warrant or convertible bearer bonds, or to provide for the company's right to deliver ordinary shares in the company as full or partial payment in lieu of a cash redemption of the bonds. The Management Board is, subject to the consent of the Supervisory Board, authorised to exclude shareholder subscription rights in certain cases. To date, no warrants and/or convertible bearer bonds have been issued under the aforementioned authority.

### Repurchase of own shares

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

– **For more information on the company's authorised capital, contingent capital, the authority to issue warrants and/or convertible bearer bonds as well as share repurchasing, see chapter – 7 takeover-related disclosures page 141 in the combined management report.**

### Capital reserve and reserves retained from earnings

Prior to the effective date of the reclassification and demerger of CECONOMY AG on 12 July 2017, METRO AG was not yet a group within the meaning of IFRS 10. Accordingly, combined financial statements of METRO Wholesale & Food Specialist GROUP (hereinafter: MWFS GROUP) were prepared for the IPO prospectus of METRO AG. 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 METRO AG Annual Financial Statements as of 30 September 2017. For this purpose, a transfer was made from the equity item net assets, recognised as of 1 October 2016, attributable to the former METRO GROUP of the combined financial statements of MWFS GROUP. The remaining negative amount of this equity item was reclassified to reserves retained from earnings. It cannot be traced back to a history of loss.

Reserves retained from earnings can be broken down as follows:

| € million | 30/9/2018 | **30/9/2019** |
|---|---|---|
| Effective portion of gains/losses from cash flow hedges | 0 | **2** |
| Equity and debt instruments[1] | 9 | **−3** |
| Currency translation differences from translating the financial statements of foreign operations | −738 | **−602** |
| Remeasurement of defined benefit pension plans | −410 | **−500** |
| Income tax on components of other comprehensive income | 91 | **106** |
| Other reserves retained from earnings | −2,401[2] | **−2,782** |
| | **−3,449** | **−3,778** |

[1] Previous year: gains/losses on remeasuring financial instruments in the category 'available for sale'.

[2] Adjustment of previous year according to explanation in notes.

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

| € million | 2017/18 | 2018/19 |
|---|---|---|
| Initial or subsequent measurement of derivative financial instruments | 9 | **0** |
| Derecognition of cash flow hedges | −7 | **2** |
| thereof in inventories | (0) | **(0)** |
| thereof in net financial result | (−7) | **(2)** |
| **Effective portion of gains/losses from cash flow hedges** | **2** | **2** |
| Equity and debt instruments[1] | 9 | **−3** |
| | **11** | **−1** |

[1] Previous year: Gains/losses on remeasuring financial instruments in the category 'available for sale'.

The valuation effects of equity and debt instruments relate to the subsequent measurement of investments.

In addition, currency translation differences increased by €136 million (2017/18: €−189 million). They can be broken down as follows:

The translation of the local balance sheets to the group currency resulted in an increase of €131 million in other comprehensive income. In addition, the effective derecognition of cumulative currency differences of companies that were deconsolidated or discontinued operation within financial year 2018/19 had an effect of €5 million.

The remeasurement of defined benefit pension plans resulted in effects outside of profit or loss before deferred taxes in the amount of €−90 million.

- **An overview of the tax effects on components of other comprehensive income can be found under** **no. 25 – deferred tax assets/deferred tax liabilities ▸ page 227****.**

Other reserves retained from earnings decreased by €381 million from €−2,401 million to €−2,782 million. The profit or loss for the period from continuing operations results in an increase in other reserves retained from earnings. The profit or loss for the period from discontinued operations as well as dividend payments for financial year 2017/18 have an opposite effect.

## Non-controlling interests

Non-controlling interests comprise the shares held by third parties in the equity of the consolidated subsidiaries. As of 30 September 2019, they amount to €32 million (30/9/2018: €41 million).

- **An overview of subsidiaries with major non-controlling interests is published in the** **notes to the group accounting principles and methods ▸ page 170****.**

## Appropriation of the balance sheet profit, dividend

Dividend distribution of METRO AG is based on the METRO AG Annual Financial Statements prepared under German commercial law.

Concerning the appropriation of the balance sheet profit for 2018/19, the Management Board of METRO AG will propose to the Annual General Meeting to distribute a dividend in the amount of €0.70 per ordinary share and €0.70per preference share – that is, a total of

€254million – from the reported balance sheet profit of €266 million and to carry forward the remaining amount to the new account.

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

| € million | 30/9/2018 | **30/9/2019** |
|---|---|---|
| Provisions for post-employment benefits plans (employer's commitments) | 344 | **414** |
| Provisions for indirect commitments | 12 | **17** |
| Provisions for voluntary pension benefits | 0 | **0** |
| Provisions for post-employment benefit plans | 71 | **78** |
| | **427** | **509** |
| Provisions for obligations similar to pensions | 41 | **34** |
| | **468** | **543** |

Provisions for post-employment benefits plans are recognised in accordance with IAS 19 (Employee Benefits).

Provisions for post-employment benefits plans consist of commitments primarily related to benefits defined by the provisions of company pension plans. These take the form of defined benefit plans directly from the employer (employer's commitments) and defined benefit plans from external pension providers (benevolent funds in Germany and international pension funds). The external providers' assets serve exclusively to finance the pension entitlements and qualify as plan assets. The benefits under the different plans are based on performance and length of service.

The most important performance-based pension plans are described in the following.

### Germany

METRO grants many employees in Germany retirement, disability and surviving dependant's benefits. New commitments are granted in the form of 'defined benefit' commitments in the meaning of IAS 19 (contribution-oriented commitments pursuant to German company pension law), which comprise a payment contribution component and an employer-matching component. Contributions are paid to a pension reinsurance from which benefits are paid out when the insured event occurs. A provision is recognised for entitlements not covered by pension reinsurance.

In addition, various pension funds exist that are closed for new contributions. In general, these provide for lifelong pensions starting with the start of retirement or recognised invalidity. 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 a widow's or widower's pension of varying size, depending on the benefits the former employee received or would have received in case of invalidity. Legacy commitments are partially covered by assets held in benevolent funds. Provisions are recognised for those commitments not covered. The benevolent funds' decision-making bodies (management board and general assembly of members) comprise both employer and employee representatives. The respective members of the Management Board decide on the deployment of funds and financial investments. It may commission third parties to manage fund assets. No statutory minimum endowment obligations exist. Insofar as pledged benefits cannot be paid out of the benevolent fund assets, the employer is obliged to directly assume these payments.

There are also deferred compensation contracts with the 'Hamburger Pensionskasse' (Hamburg pension fund).

### Netherlands

A defined benefit pension plan exists in the Netherlands which provides for pension payments in addition to invalidity and death benefits. The amount of the benefits depends on the pensionable salary per year of service. Benefits are funded through a pension fund whose decision-making bodies (management board, as well as administration, finance and investment committee) include employer and employee representatives. The fund's management board has responsibility for asset management. The pension fund's investment committee exists for this purpose. In line with statutory minimum funding requirements, the pension fund's management board must ensure that commitments are covered by assets at all times. In case of underfunding, the pension fund's management board may take different measures to compensate for deficient cover. These measures include the requirement for additional contributions by the employer and curtailments in employee benefits.

### United Kingdom

In July 2012, the former METRO GROUP sold its cash-and-carry business in the United Kingdom to Booker Group PLC. Pension commitments were not part of the sale. Since the date of the disposal, only vested benefits and current pensions from service years at the former METRO GROUP have existed. In accordance with legal stipulations, the vested interests must be adjusted for inflation effects. The commitments are covered by assets which are managed and invested by a corporate trustee. A major share of these commitments was fully funded through a buy-in. The management board of this corporate trustee consists of employer and employee representatives. In any case, the trustee must ensure that benefits can be paid at all times in the future. This is regulated on the basis of statutory minimum financing requirements. In case of underfunding, the trustee may require additional employer contributions to close the funding gap.

### Belgium

There are both retirement pensions and capital commitments; the amount depends on the pensionable length of service and pensionable income. In addition, groups of employees are granted interim allowances. In principle, benefits are funded through group insurance contracts that are subject to Belgian regulatory law.

Additional retirement plans are reported cumulatively under other countries.

The following table provides an overview of the present value of defined benefit obligations by METRO countries as well as material obligations:

| € million | 30/9/2018 | **30/9/2019** |
|---|---|---|
| Germany | 374 | **448** |
| Netherlands | 469 | **611** |
| United Kingdom | 211 | **241** |
| Belgium | 88 | **85** |
| Other countries | 109 | **131** |
| | **1,251** | **1,516** |

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

| € million | 30/9/2018 | **30/9/2019** |
|---|---|---|
| Germany | 71 | **81** |
| Netherlands | 584 | **671** |
| United Kingdom | 209 | **237** |
| Belgium | 50 | **52** |
| Other countries | 26 | **25** |
| | **940** | **1,066** |

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:

| | 30/9/2018 | | | | **30/9/2019** | | | |
|---|---|---|---|---|---|---|---|---|
| % | Germany | Nether-lands | United Kingdom | Belgium | **Germany** | **Nether-lands** | **United Kingdom** | **Belgium** |
| Actuarial interest rate | 2.20 | 2.40 | 2.70 | 2.20 | **1.00** | **1.20** | **2.00** | **1.20** |
| Pension trend | 1.50 | 0.90 | 2.40 | 2.00 | **1.50** | **0.70** | **2.50** | **2.00** |

As in previous years, METRO used generally recognised methods to determine the actuarial interest rate. With these, the respective actuarial interest rate based on the yield of investment grade corporate bonds is determined as of the closing date taking account of the currency and maturity of the underlying obligations. The actuarial interest rate for the Eurozone and the UK is based on the results of a method applied in a uniform manner across the group. The interest rate for this is set on the basis of the returns of high-quality corporate bonds and the duration of commitments. In countries without a liquid market of suitable corporate bonds, the actuarial interest rate was determined on the basis of government bond yields.

Aside from the actuarial interest rate, the pension trend represents another key actuarial parameter. In Germany, the rate of pension increases is derived directly from the inflation rate insofar as pension adjustments can be determined on the basis of the increase in the cost of living. In international companies, pension adjustments are also generally determined on the basis of the inflation rate.

The other parameters are not relevant for the measurement of pension obligations. The impact of changes in fluctuation and mortality assumptions was analysed for major plans. As of 30 September 2019, the mortality rate for the German group companies are based on the 2018 G tables from Prof. Dr Klaus Heubeck.

The actuarial measurements outside of Germany are based on country-specific mortality tables. The resulting effects of fluctuation and mortality assumptions have been deemed immaterial and are not listed as a separate component.

The results of a sensitivity analysis for the key measurement parameters with respect to the present value of pension entitlements are presented below. The actuarial interest rate and the pension trend were identified as key parameters with an impact on the present value of pension entitlements. The sensitivity analysis used the same methods as were applied in the previous year. The analysis considered changes in parameters that are considered possible within reason. The selection of the respective spectrum of possible changes in parameters is based on historical multi-year observations.

The following illustrates the impact of an increase/decrease in the actuarial interest rate by 100 basis points or an increase/decrease in the pension trend by 25 basis points. For interpretation of the values, it should be noted that the obligations in the Netherlands and the United Kingdom are backed to a large extent and that the plan assets also regularly show a compensating sensitivity with regard to the development of the general interest rate level.

| | | 30/9/2018 | | | | **30/9/2019** | | | |
|---|---|---|---|---|---|---|---|---|---|
| € million | | Germany | Nether-lands | United Kingdom | Belgium | **Germany** | **Nether-lands** | **United Kingdom** | **Belgium** |
| Actuarial interest rate | Increase by 100 basis points | −46 | −89 | −33 | −3 | **−59** | **−126** | **−38** | **−4** |
| | Decrease by 100 basis points | 58 | 123 | 43 | 5 | **77** | **175** | **50** | **6** |
| Pension trend | Increase by 25 basis points | 9 | 13 | 5 | 0 | **12** | **19** | **7** | **0** |
| | Decrease by 25 basis points | −9 | −13 | −6 | 0 | **−11** | **−18** | **−6** | **0** |

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

| € million | 2017/18 | **2018/19** |
|---|---|---|
| **Present value of defined benefit obligations** | | |
| As of the beginning of the period | 1,342 | **1,251** |
| **Recognised under** | **55** | **50** |
| Interest expenses | 30 | **29** |
| Current service cost | 25 | **21** |
| Past service cost (incl. curtailments and changes) | 0 | **0** |
| Settlement expenses | 0 | **0** |
| **Recognised outside of profit or loss under 'remeasurement of defined benefit pension plans' in other comprehensive income** | **−39** | **251** |
| Actuarial gains/losses from changes in | | |
| demographic assumptions (−/+) | −4 | **10** |
| financial assumptions (−/+) | −20 | **237** |
| experience-based correction (−/+) | −15 | **4** |
| **Other effects** | **−107** | **−36** |
| Benefit payments (incl. tax payments) | −59 | **−48** |
| Contributions from plan participants | 11 | **9** |
| Change in consolidation group / transfers | 0 | **1** |
| Reclassifications in accordance with IFRS 5 | −55 | **0** |
| Currency effects | −4 | **2** |
| **As of end of period** | **1,251** | **1,516** |

Changes in parameters on the basis of actuarial calculations led to a total increase in the present value of defined benefit obligations by €247 million (2017/18: €−24 million). Most of the effects result from the reduction of the applied invoice rates.

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

| Years | 30/9/2018 | **30/9/2019** |
|---|---|---|
| Germany | 16 | **16** |
| Netherlands | 22 | **24** |
| United Kingdom | 18 | **18** |
| Belgium | 4 | **6** |
| Other countries | 11 | **11** |

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

| % | 30/9/2018 | **30/9/2019** |
|---|---|---|
| Active members | 32 | **34** |
| Former claimants | 38 | **38** |
| Pensioners | 30 | **28** |

The granting of defined benefit pension entitlements exposes METRO to various risks. These include general actuarial risks resulting from the measurement of pension commitments (for example, interest rate risks) as well as capital and investment risks related to plan assets.

With a view to the funding of future pension payments from indirect commitments and a stable actuarial reserve, METRO primarily invests plan assets in low-risk investment forms. The funding of direct pension commitments is secured through operating cash flow at METRO.

The fair value of plan assets by asset category can be broken down as follows:

| | 30/9/2018 | | **30/9/2019** | |
|---|---|---|---|---|
| | % | € million | **%** | **€ million** |
| Fixed-interest securities | 36 | 337 | **38** | **407** |
| Shares, funds | 26 | 247 | **25** | **264** |
| Real estate | 4 | 36 | **5** | **50** |
| Other assets | 34 | 320 | **32** | **345** |
| | **100** | **940** | **100** | **1,066** |

Fixed-interest securities, shares and funds are regularly traded in active markets. As a result, the relevant market prices are available. The asset category ‘fixed-interest securities’ only includes investments in investment grade corporate bonds, government bonds and mortgage-backed bonds (Investment Grade). Risk within the category shares, funds is minimised through geographic diversification.

The majority of real estate assets are invested in real estate funds.

Other assets essentially comprise receivables from first-class insurance companies in Germany, Belgium and the United Kingdom.

The actual return on plan assets amounted to €125 million in the reporting period (2017/18: €45 million).

For financial year 2019/20, the company expects employer payments to external pension providers totalling approximately €18 million and employee contributions of €9 million in plan assets, with contributions in the Netherlands, Belgium and Germany accounting for the major share of this total. Expected contributions from payment contribution commitments in Germany are not included in expected payments.

The fair value of plan assets developed as follows:

| € million | 2017/18 | **2018/19** |
|---|---|---|
| **Change in plan assets** | | |
| Fair value of plan assets as of beginning of period | 905 | **940** |
| **Recognised under** | **21** | **23** |
| Interest income | 21 | **23** |
| **Recognised outside of profit or loss under 'remeasurement of defined benefit pension plans' in other comprehensive income** | **24** | **102** |
| Gains/losses from plan assets excl. interest income (+/−) | 24 | **102** |
| **Other effects** | **−10** | **0** |
| Benefit payments (incl. tax payments) | −34 | **−27** |
| Settlement payments | −6 | **0** |
| Employer contributions | 35 | **18** |
| Contributions from plan participants | 11 | **9** |
| Change in consolidation group / transfers | 0 | **0** |
| Reclassification in accordance with IFRS 5 | −16 | **0** |
| Currency effects | 0 | **1** |
| **Fair value of plan assets as of end of period** | **940** | **1,066** |

| € million | 30/9/2018 | **30/9/2019** |
|---|---|---|
| **Financing status** | | |
| Present value of defined benefit obligations | 1,251 | **1,516** |
| less the fair value of plan assets | 940 | **1,066** |
| Asset adjustment (asset ceiling) | 115 | **59** |
| **Net liability / assets** | **427** | **509** |
| thereof recognised under provisions | (427) | **(509)** |
| thereof recognised under net assets | (0) | **(0)** |

At one Dutch company, plan assets exceeded the value of commitments as of the closing date. Since the company cannot draw any economic benefits from this overfunding, the balance sheet amount was reduced to €0 in line with IAS 19.64 (b).

The change in the effect of the asset ceiling in the amount of €58 million (2017/18: €−46 million) was largely recognised in other comprehensive income as a loss from remeasuring.

The pension expenses of the direct and indirect company pension plan commitments can be broken down as follows:

| € million | 2017/18 | **2018/19** |
|---|---|---|
| Current service cost[1] | 24 | **21** |
| Net interest expenses[2] | 11 | **9** |
| Past service cost (incl. curtailments and changes) | 0 | **0** |
| Settlements | 0 | **0** |
| Other pension expenses | 1 | **1** |
| **Pension expenses** | **36** | **31** |

[1] Netted against employees' contributions.

[2] Included therein: Interest effect from the adjustment of the asset ceiling.

The entire loss to be recognised outside of profit or loss in the other comprehensive income amounts to €90 million in financial year 2018/19. This figure is comprised of the effect from the change in actuarial parameters in the amount of €+247 million and the experience-based adjustments of €+4 million. It was offset by income from plan assets of €103 million and a gain of €58 million resulting from the change in the effect of the asset ceiling in the Netherlands.

In addition to expenses from defined benefit commitments, expenses for payments to external pension providers relating to defined contribution pension commitments of €82 million in financial year 2018/19 (2017/18: €82 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 €34 million (30/9/2018: €41 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 company pension plan.

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

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

| € million | Real estate-related obligations | Obligations from trade transactions | Restructuring | Taxes | Miscellaneous | Total |
|---|---|---|---|---|---|---|
| As of 1/10/2018 | 135 | 21 | 42 | 14 | 187 | 399 |
| Transfer due to IFRS 15 | 0 | −3 | 0 | 0 | 0 | −3 |
| Currency translation | 2 | 0 | 0 | 0 | 1 | 4 |
| Addition | 22 | 27 | 15 | 9 | 110 | 183 |
| Reversal | −10 | 0 | −8 | −4 | −31 | −54 |
| Utilisation | −19 | −23 | −22 | −4 | −83 | −151 |
| Change in consolidation group | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest portion of the addition/change in interest rate | 1 | 0 | 0 | 0 | 1 | 2 |
| Reclassification in accordance with IFRS 5 | −42 | 0 | −1 | 0 | −37 | −80 |
| Transfer | −8 | 7 | 0 | 2 | −1 | −1 |
| **As of 30/9/2019** | **79** | **30** | **26** | **18** | **148** | **300** |
| thereof non-current | (46) | (0) | (3) | (11) | (72) | (132) |
| thereof short-term | (33) | (30) | (23) | (7) | (76) | (168) |

Provisions for real estate-related obligations primarily concern deficient rental covers in the amount of €24 million (30/9/2018: €34 million), dismantling and removing obligations amounting to €22 million (30/9/2018: €20 million), reinstatement obligations amounting to €15 million (30/9/2018: €24 million), store-related risks in the amount of €9 million (30/9/2018: €15 million) as well as rental commitments amounting to €7 million (30/9/2018: €40 million).

The most significant component of provisions for obligations from trade transactions are risks from subsequent charges to suppliers.

Supplementary components are provisions for warranties amounting to €1 million (30/9/2018: €1 million).

Other provisions primarily relate to provisions for litigation costs/risks in the amount of €48 million (30/9/2018: €49 million), the provisions for long-term remuneration in the amount of €18 million (30/9/2018: €36 million) and provisions for guarantee and warranty risks amounting to €18 million (30/9/2018: €23 million). The previous year's figures for other provisions include €71 million attributable to METRO China.

– **For more information about the long-term remuneration components, see no. 50 – long-term incentive for executives ▸ page 284.**

Depending on the respective term and country, interest rates for non-interest-bearing, non-current provisions range from 0.00% to 5.32%.

## 34. Liabilities

| € million | 30/9/ 2018 Total | Remaining term up to 1 year | 1 to 5 years | over 5 years | **30/9/ 2019 Total** | **Remaining term up to 1 year** | **1 to 5 years** | **over 5 years** |
|---|---|---|---|---|---|---|---|---|
| **Trade liabilities** | **3,993** | **3,993** | **0** | **0** | **3,572** | **3,572** | **0** | **0** |
| Bonds incl. commercial papers | 2,920 | 1,026 | 1,195 | 699 | **2,301** | **531** | **1,122** | **648** |
| Liabilities to banks | 383 | 318 | 65 | 0 | **359** | **279** | **80** | **0** |
| Promissory note loans | 55 | 1 | 54 | 0 | **55** | **1** | **54** | **0** |
| Liabilities from finance leases | 652 | 74 | 213 | 365 | **653** | **60** | **259** | **335** |
| **Financial liabilities** | **4,010** | **1,420** | **1,526** | **1,063** | **3,369** | **871** | **1,515** | **983** |
| Payroll liabilities | 450 | 449 | 0 | 0 | **472** | **472** | **0** | **0** |
| Liabilities from other financial transactions | 6 | 6 | 0 | 0 | **14** | **14** | **0** | **0** |
| Miscellaneous other financial liabilities | 345 | 289 | 4 | 52 | **299** | **243** | **8** | **48** |
| **Other financial liabilities** | **801** | **744** | **4** | **52** | **784** | **728** | **8** | **48** |
| Prepayments received on orders | 32 | 32 | 0 | 0 | **0** | **0** | **0** | **0** |
| Contract liabilities | 0 | 0 | 0 | 0 | **35** | **35** | **0** | **0** |
| Deferred income | 170 | 124 | 12 | 34 | **57** | **11** | **12** | **34** |
| Other tax liabilities | 195 | 195 | 0 | 0 | **158** | **158** | **0** | **0** |
| Miscellaneous other liabilities | 61 | 41 | 4 | 16 | **54** | **28** | **5** | **21** |
| **Other liabilities** | **459** | **392** | **16** | **50** | **305** | **233** | **17** | **55** |
| **Income tax liabilities** | **191** | **191** | **0** | **0** | **169** | **169** | **0** | **0** |
| | **9,454** | **6,741** | **1,547** | **1,166** | **8,199** | **5,574** | **1,540** | **1,085** |

## 35. Trade liabilities

Trade liabilities declined by €421 million, from €3,993 million to €3,572 million.

The previous year's figures include €490 million attributable to METRO China.

Currency effects increased trade payables by €52 million, which mainly resulted from the Russian rouble (€23 million), the Turkish lira (€18 million) and the Ukrainian hryvnia (€14 million). The increase after currency effects amounts to €17 million and is predominantly attributable to modified payment terms and increased purchasing volumes in a number of different countries.

## 36. Financial liabilities

The company's medium-term and long-term financing needs are covered by an ongoing capital market bond programme with a maximum volume of €5 billion. On 1 March 2019, a due bond of €500 million was repaid with a coupon of 3.375% and was not refinanced through the bond issuance programme. As of 30 September 2019, the utilised bond issuance programme amounted to a total of €1,901 million.

Short-term financing requirements are covered through the Euro Commercial Paper Programme with a maximum volume of €2 billion. On average, the programme was used at €785 million during the reporting period. As of 30 September 2019, the utilisation amounted to €387 million (30/9/2018: €497 million).

In addition, METRO has access to syndicated credit facilities totalling €1,750 million (30/9/2018: €1,750 million) with terms ending between 2021 and 2024. If the credit facilities are used, the interest rates range between EURIBOR +50.0 basis points (BP) and EURIBOR +55.0 BP. As was the case in the previous year, the credit facilities were not utilised in financial year 2018/19. The contract terms for the syndicated credit facilities provide for a decrease of 10 BP in the spread if METRO's credit rating is raised by one grade. In the event of a downgrade in METRO's rating, the margins increase by 25 BP.

As of 30 September 2019, METRO had access to additional bilateral bank credit facilities totalling €609 million (30/9/2018: €633 million), of which €279 million (30/9/2018: €318 million) had a remaining term of up to one year. As of the closing date, €359 million (30/9/2018: €383 million) of the bilateral credit facilities had been utilised. Of this amount, €279 million (30/9/2018: €318 million) had a remaining term of up to one year. As of the closing date, there were €250 million of free multi-year bilateral credit facilities available.

### UNDRAWN CREDIT FACILITIES BY METRO

| | 30/9/2018 | | | **30/9/2019** | | |
|---|---|---|---|---|---|---|
| | | Remaining term | | | **Remaining term** | |
| € million | Total | up to 1 year | over 1 year | **Total** | **up to 1 year** | **over 1 year** |
| Bilateral credit facilities | 633 | 318 | 315 | **609** | **279** | **330** |
| Utilisation | −383 | −318 | −65 | **−359** | **−279** | **−80** |
| **Undrawn bilateral credit facilities** | **250** | **0** | **250** | **250** | **0** | **250** |
| Syndicated credit facilities | 1,750 | 0 | 1,750 | **1,750** | **0** | **1,750** |
| Utilisation | 0 | 0 | 0 | **0** | **0** | **0** |
| **Undrawn syndicated credit facilities** | **1,750** | **0** | **1,750** | **1,750** | **0** | **1,750** |
| **Total credit facilities** | **2,383** | **318** | **2,065** | **2,359** | **279** | **2,080** |
| Total utilisation | −383 | −318 | −65 | **−359** | **−279** | **−80** |
| **Total undrawn credit facilities** | **2,000** | **0** | **2,000** | **2,000** | **0** | **2,000** |

Default by a lender can be covered at any time by the existing undrawn credit facilities or the available money and capital market programmes. METRO therefore does not bear any creditor default risk.

METRO principally does not provide collateral for financial liabilities. One exception concerns the first-time consolidation of METRO PROPERTIES GmbH & Co. KG as well as its subsidiaries in 2003. As of 30 September 2019, collateral securities in the amount of €11 million (30/9/2018: €13 million) was provided for financial liabilities.

The following tables show the **maturity structure** of the financial liabilities. The carrying amounts and fair values indicated include the interest accrued when the maturity is less than one year.

### BONDS INCL. COMMERCIAL PAPERS

| | | 30.9.2018 | | | | **30/9/2019** | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Nominal values | Nominal values | Carrying amounts | Fair values | **Nominal values** | **Nominal values** | **Carrying amounts** | **Fair values** |
| Currency | Remaining term | in million currency | € million | € million | € million | **in million currency** | **€ million** | **€ million** | **€ million** |
| EUR | up to 1 year | 997 | 997 | 1,026 | – | **512** | **512** | **531** | **–** |
| | 1 to 5 years | 1,200 | 1,200 | 1,195 | – | **1,126** | **1,126** | **1,122** | **–** |
| | over 5 years | 701 | 701 | 699 | – | **650** | **650** | **648** | **–** |
| | | **2,898** | **2,898** | **2,920** | **2,925** | **2,288** | **2,288** | **2,301** | **2,375** |

## LIABILITIES TO BANKS

(excl. current account)

| | | 30/9/2018 | | | | **30/9/2019** | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Nominal values | Nominal values | Carrying amounts | Fair values | **Nominal values** | **Nominal values** | **Carrying amounts** | **Fair values** |
| Currency | Remaining term | in million currency | € million | € million | € million | **in million currency** | **€ million** | **€ million** | **€ million** |
| EUR | up to 1 year | 201 | 201 | 202 | – | **183** | **183** | **184** | **–** |
| | 1 to 5 years | 16 | 16 | 16 | – | **12** | **12** | **12** | **–** |
| | over 5 years | 0 | 0 | 0 | – | **0** | **0** | **0** | **–** |
| | | **217** | **217** | **218** | **218** | **195** | **195** | **196** | **197** |
| INR | up to 1 year | 1,150 | 14 | 14 | – | **0** | **0** | **0** | **–** |
| | 1 to 5 years | 2,700 | 32 | 32 | – | **2,700** | **35** | **35** | **–** |
| | over 5 years | 0 | 0 | 0 | – | **0** | **0** | **0** | **–** |
| | | **3,850** | **46** | **46** | **47** | **2,700** | **35** | **35** | **35** |
| JPY | up to 1 year | 970 | 7 | 7 | – | **625** | **5** | **5** | **–** |
| | 1 to 5 years | 2,225 | 17 | 17 | – | **1,600** | **14** | **14** | **–** |
| | over 5 years | 0 | 0 | 0 | – | **0** | **0** | **0** | **–** |
| | | **3,195** | **24** | **24** | **25** | **2,225** | **19** | **19** | **19** |
| MMK | up to 1 year | 14,530 | 8 | 8 | – | **8,300** | **5** | **5** | **–** |
| | 1 to 5 years | 0 | 0 | 0 | – | **30,580** | **18** | **18** | **–** |
| | over 5 years | 0 | 0 | 0 | – | **0** | **0** | **0** | **–** |
| | | **14,530** | **8** | **8** | **8** | **38,880** | **23** | **23** | **30** |
| UAH | up to 1 year | 950 | 29 | 29 | – | **260** | **10** | **10** | **–** |
| | 1 to 5 years | 0 | 0 | 0 | – | **0** | **0** | **0** | **–** |
| | over 5 years | 0 | 0 | 0 | – | **0** | **0** | **0** | **–** |
| | | **950** | **29** | **29** | **29** | **260** | **10** | **10** | **10** |

### PROMISSORY NOTE LOANS

| | | 30/9/2018 | | | | **30/9/2019** | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Nominal values | Nominal values | Carrying amounts | Fair values | **Nominal values** | **Nominal values** | **Carrying amounts** | **Fair values** |
| Currency | Remaining term | in million currency | € million | € million | € million | **in million currency** | **€ million** | **€ million** | **€ million** |
| EUR | up to 1 year | 0 | 0 | 1 | – | **0** | **0** | **1** | **–** |
| | 1 to 5 years | 54 | 54 | 54 | – | **54** | **54** | **54** | **–** |
| | over 5 years | 0 | 0 | 0 | – | **0** | **0** | **0** | **–** |
| | | **54** | **54** | **55** | **61** | **54** | **54** | **55** | **61** |

Redeemable loans that are reported under **liabilities to banks** are listed with the remaining terms corresponding to their redemption date.

The following tables show the **interest rate** structure of the financial liabilities:

### BONDS INCL. COMMERCIAL PAPERS

| | | | 30/9/2018 | **30/9/2019** |
|---|---|---|---|---|
| Interest terms | Currency | Remaining term | Nominal values € million | **Nominal values € million** |
| Fixed interest | EUR | up to 1 year | 500 | **125** |
| | | 1 to 5 years | 1,200 | **1,126** |
| | | over 5 years | 701 | **650** |
| Variable interest | EUR | up to 1 year | 497 | **387** |
| | | 1 to 5 years | 0 | **0** |
| | | over 5 years | 0 | **0** |

### LIABILITIES TO BANKS

(excl. current account)

| Interest terms | Currency | Remaining term | 30/9/2018 Nominal values € million | **30/9/2019 Nominal values € million** |
|---|---|---|---|---|
| Fixed interest | EUR | up to 1 year | 201 | **183** |
| | | 1 to 5 years | 16 | **12** |
| | | over 5 years | 0 | **0** |
| | INR | up to 1 year | 14 | **0** |
| | | 1 to 5 years | 32 | **35** |
| | | over 5 years | 0 | **0** |
| | MMK | up to 1 year | 8 | **5** |
| | | 1 to 5 years | 0 | **18** |
| | | over 5 years | 0 | **0** |
| | UAH | up to 1 year | 29 | **10** |
| | | 1 to 5 years | 0 | **0** |
| | | over 5 years | 0 | **0** |
| Variable interest | JPY | up to 1 year | 7 | **5** |
| | | 1 to 5 years | 17 | **14** |
| | | over 5 years | 0 | **0** |

### PROMISSORY NOTE LOANS

| Interest terms | Currency | Remaining term | 30/9/2018 Nominal values € million | **30/9/2019 Nominal values € million** |
|---|---|---|---|---|
| Fixed interest | EUR | up to 1 year | 0 | **0** |
| | | 1 to 5 years | 54 | **54** |
| | | over 5 years | 0 | **0** |
| Variable interest | EUR | up to 1 year | 0 | **0** |
| | | 1 to 5 years | 0 | **0** |
| | | over 5 years | 0 | **0** |

The fixed interest rate on short- and medium-term financial liabilities and the interest rate adjustment dates of all fixed-interest financial liabilities are essentially the same as those shown. The repricing dates for variable interest rates are less than one year.

– **The effects of interest rate changes in the variable share of financial liabilities on profit or loss for the period and the equity of METRO are described in detail in** **no. 44 – management of financial risks ▶ page 274****.**

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

Key items in the remaining miscellaneous other financial liabilities concern liabilities from the acquisition of non-current assets of €100 million (30/9/2018: €137 million), liabilities from put options of non-controlling shareholders in the amount of €50 million (30/9/2018: €64 million), liabilities to customers of €49 million (30/9/2018: €44 million) as well as liabilities from real estate totalling €4 million (30/9/2018: €5 million).

In addition, the remaining miscellaneous other financial liabilities also include numerous other individual items.

The previous year's figures for other financial liabilities include €46 million attributable to METRO China.

Other tax liabilities include sales tax, land tax, wage and church tax as well as other taxes.

Deferred income includes accrued rental, leasing and interest income. The previous year included deferred sales from customer loyalty programmes and the sale of vouchers as well as other deferred items.

Contract liabilities are periodic accruals for sales to customers and mainly comprise accruals for advance payments on orders and own customer loyalty programmes. Net sales realised in the reporting period from contract liabilities existing at the beginning of the period amounted to €27 million.

Significant items in miscellaneous other non-financial liabilities are leases (no finance leases) totalling €27 million (30/9/2018: €21 million).

The previous year's figures for other non-financial liabilities include €137 million attributable to METRO China.

| | 30/9/2018 | | | **30/9/2019** | | |
|---|---|---|---|---|---|---|
| | | Remaining term | | | **Remaining term** | |
| € million | Total | up to 1 year | over 1 year | **Total** | **up to 1 year** | **over 1 year** |
| Payroll liabilities | 450 | 449 | 0 | **472** | **472** | **0** |
| Miscellaneous other financial liabilities | 351 | 295 | 56 | **313** | **257** | **56** |
| **Other financial liabilities** | **801** | **744** | **56** | **784** | **728** | **56** |
| Other tax liabilities | 195 | 195 | 0 | **158** | **158** | **0** |
| Deferred income | 170 | 124 | 47 | **57** | **11** | **45** |
| Contract liabilities | 0 | 0 | 0 | **35** | **35** | **0** |
| Miscellaneous other non-financial liabilities | 93 | 73 | 20 | **54** | **28** | **26** |
| **Other non-financial liabilities** | **459** | **392** | **67** | **305** | **233** | **71** |

## 38. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities that are subject to offsetting agreements, enforceable master netting arrangements and similar agreements, were as follows:

| | 30/9/2018 | | | | | |
|---|---|---|---|---|---|---|
| | (a) | (b) | (c) = (a) − (b) | (d) | | (e) = (c) − (d) |
| | Gross amounts of recognised financial assets/ liabilities | Gross amounts of recognised financial liabilities/ assets that are netted in the balance sheet | Net amounts of financial assets/ liabilities that are shown in the balance sheet | Corresponding amounts that are not netted in the balance sheet | | |
| € million | | | | Financial instruments | Received/ provided collateral | Net amount |
| **Financial assets** | | | | | | |
| Receivables due from suppliers | 521 | 193 | 328 | 46 | 0 | 282 |
| Derivative financial instruments | 11 | 0 | 11 | 1 | 0 | 10 |
| | **532** | **193** | **339** | **46** | **0** | **293** |
| **Financial liabilities** | | | | | | |
| Trade liabilities | 4,186 | 193 | 3,993 | 46 | 0 | 3,948 |
| Derivative financial instruments | 5 | 0 | 5 | 1 | 0 | 4 |
| | **4,191** | **193** | **3,998** | **46** | **0** | **3,952** |

| € million | (a) Gross amounts of recognised financial assets/ liabilities | (b) Gross amounts of recognised financial liabilities/ assets that are netted in the balance sheet | (c) = (a) − (b) Net amounts of financial assets/ liabilities that are shown in the balance sheet | (d) Corresponding amounts that are not netted in the balance sheet: Financial instruments | (d) Corresponding amounts that are not netted in the balance sheet: Received/ provided collateral | (e) = (c) − (d) Net amount |
|---|---|---|---|---|---|---|
| | 30/9/2019 | | | | | |
| **Financial assets** | | | | | | |
| Receivables due from suppliers | 462 | 146 | 316 | 36 | 0 | 280 |
| Derivative financial instruments | 14 | 0 | 14 | 1 | 0 | 13 |
| | **477** | **146** | **330** | **37** | **0** | **294** |
| **Financial liabilities** | | | | | | |
| Trade liabilities | 3,719 | 146 | 3,572 | 36 | 0 | 3,536 |
| Derivative financial instruments | 12 | 0 | 12 | 1 | 0 | 11 |
| | **3,730** | **146** | **3,584** | **37** | **0** | **3,547** |

The amounts that are not netted in the balance sheet include both financial instruments and collateral. The financial instruments that have not been netted could be netted based on the underlying framework agreements, but do not fulfil the netting criteria of IAS 32 (Financial Instruments: Presentation).

– **For more information about collateral, see no. 44 – management of financial risks ▶ page 274.**

## 39. Undiscounted cash flows of financial liabilities

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

| € million | Carrying amount 30/9/2018 | Cash flows up to 1 year | | Cash flows of 1 to 5 years | | Cash flows over 5 years | |
|---|---|---|---|---|---|---|---|
| | | Interest | Redemption | Interest | Redemption | Interest | Redemption |
| **Financial liabilities** | | | | | | | |
| Bonds incl. commercial papers | 2,920 | 50 | 997 | 109 | 1,200 | 28 | 701 |
| Liabilities to banks | 383 | 1 | 317 | 2 | 65 | 0 | 0 |
| Promissory note loans | 55 | 2 | 0 | 7 | 54 | 0 | 0 |
| Finance leases | 652 | 52 | 74 | 161 | 213 | 153 | 365 |
| Trade liabilities | 3,993 | 0 | 3,993 | 0 | 0 | 0 | 0 |
| Other financial liabilities | 801 | 0 | 744 | 0 | 4 | 0 | 52 |
| Interest-based derivatives carried as liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Currency derivatives carried as liabilities | 5 | 0 | 5 | 0 | 0 | 0 | 0 |
| Commodity derivatives carried as liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| € million | **Carrying amount 30/9/2019** | **Cash flows up to 1 year** | | **Cash flows of 1 to 5 years** | | **Cash flows over 5 years** | |
|---|---|---|---|---|---|---|---|
| | | **Interest** | **Redemption** | **Interest** | **Redemption** | **Interest** | **Redemption** |
| **Financial liabilities** | | | | | | | |
| Bonds incl. commercial papers | **2,301** | **34** | **512** | **89** | **1,126** | **15** | **650** |
| Liabilities to banks | **359** | **1** | **278** | **1** | **79** | **0** | **0** |
| Promissory note loans | **55** | **2** | **0** | **5** | **54** | **0** | **0** |
| Finance leases | **653** | **52** | **60** | **160** | **259** | **193** | **335** |
| Trade liabilities | **3,572** | **0** | **3,572** | **0** | **0** | **0** | **0** |
| Other financial liabilities | **784** | **0** | **728** | **0** | **8** | **0** | **48** |
| Interest-based derivatives carried as liabilities | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Currency derivatives carried as liabilities | **12** | **0** | **12** | **0** | **0** | **0** | **0** |
| Commodity derivatives carried as liabilities | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

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

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

| | 30/9/2018 | | | | |
|---|---|---|---|---|---|
| | | Balance sheet value | | | |
| € million | Carrying amount | (Amortised) cost | Fair value through profit or loss | Fair value outside of profit or loss | Fair value |
| **Assets** | **15,206** | **n/a** | **n/a** | **n/a** | **n/a** |
| **Loans and receivables** | **1,170** | **1,170** | **0** | **0** | **1,177** |
| Loans | 33 | 33 | 0 | 0 | 32 |
| Receivables due from suppliers | 328 | 328 | 0 | 0 | 328 |
| Trade receivables | 571 | 571 | 0 | 0 | 571 |
| Miscellaneous financial instruments | 238 | 238 | 0 | 0 | 246 |
| **Held to maturity** | **0** | **0** | **0** | **0** | **0** |
| Miscellaneous financial assets | 0 | 0 | 0 | 0 | 0 |
| **Held for trading** | **7** | **0** | **7** | **0** | **7** |
| Derivative financial instruments not in a hedging relationship according to IAS 39 | 7 | 0 | 7 | 0 | 7 |
| **Available for sale** | **49** | **2** | **0** | **47** | **n/a** |
| Investments | 48 | 2 | 0 | 46 | n/a |
| Securities | 1 | 0 | 0 | 1 | 1 |
| **Derivative financial instruments in a hedging relationship according to IAS 39** | **4** | **0** | **0** | **4** | **4** |
| **Cash and cash equivalents** | **1,298** | **1,298** | **0** | **0** | **1,298** |
| **Receivables from finance leases (amount according to IAS 17)** | **29** | **n/a** | **n/a** | **n/a** | **37** |
| **Assets not classified according to IFRS 7** | **12,648** | **n/a** | **n/a** | **n/a** | **n/a** |
| **Equity and liabilities** | **15,206** | **n/a** | **n/a** | **n/a** | **n/a** |
| **Held for trading** | **4** | **0** | **4** | **0** | **4** |
| Derivative financial instruments not in a hedging relationship according to IAS 39 | 4 | 0 | 4 | 0 | 4 |
| **Other financial liabilities** | **8,148** | **8,148** | **0** | **0** | **8,161** |
| Borrowings excl. finance leases (incl. hedged items in hedging relationships according to IAS 39) | 3,359 | 3,359 | 0 | 0 | 3,372 |
| Trade liabilities | 3,993 | 3,993 | 0 | 0 | 3,993 |
| Miscellaneous financial liabilities | 796 | 796 | 0 | 0 | 796 |
| **Derivative financial instruments in a hedging relationship according to IAS 39** | **1** | **0** | **0** | **1** | **1** |
| **Liabilities from finance leases (amount according to IAS 17)** | **652** | **n/a** | **n/a** | **n/a** | **854** |
| **Equity and liabilities not classified according to IFRS 7** | **6,402** | **n/a** | **n/a** | **n/a** | **n/a** |

| € million | 30/9/2019 | | | | | |
|---|---|---|---|---|---|---|
| | | Balance sheet value | | | | |
| | Carrying amount | (Amortised) cost | Fair value through profit or loss | Fair value re-cognised in equity without reclassifi-cation | Fair value recognised in equity with re-classifi-cation | Fair value |
| **Assets** | 14,497 | n/a | n/a | n/a | n/a | n/a |
| **Financial instruments measured at amortised cost** | 1,108 | 1,108 | 0 | 0 | 0 | 1,117 |
| Loans | 28 | 28 | 0 | 0 | 0 | 28 |
| Receivables due from suppliers | 316 | 316 | 0 | 0 | 0 | 316 |
| Trade receivables | 482 | 482 | 0 | 0 | 0 | 482 |
| Miscellaneous financial instruments | 282 | 282 | 0 | 0 | 0 | 290 |
| **Financial instruments measured at fair value through profit or loss** | 78 | 0 | 78 | 0 | 0 | 78 |
| Investments | 62 | 0 | 62 | 0 | 0 | 62 |
| Derivative financial instruments not in a hedging relationship according to IAS 39 | 9 | 0 | 9 | 0 | 0 | 9 |
| Securities | 4 | 0 | 4 | 0 | 0 | 4 |
| Loans | 4 | 0 | 4 | 0 | 0 | 4 |
| **Financial instruments measured at fair value through other comprehensive income** | 3 | 0 | 0 | 3 | 0 | 3 |
| Investments | 3 | 0 | 0 | 3 | 0 | 3 |
| Securities | 0 | 0 | 0 | 0 | 0 | 0 |
| **Derivative financial instruments in a hedging relationship according to IAS 39** | 5 | 0 | 0 | 0 | 5 | 5 |
| **Cash and cash equivalents** | 500 | 500 | 0 | 0 | 0 | 500 |
| **Receivables from finance leases (amount according to IAS 17)** | 28 | n/a | n/a | n/a | n/a | 35 |
| **Assets not classified according to IFRS 7** | 12,775 | n/a | n/a | n/a | n/a | n/a |
| **Equity and liabilities** | 14,497 | n/a | n/a | n/a | n/a | n/a |
| **Financial instruments measured at fair value through profit or loss** | 11 | 0 | 11 | 0 | 0 | 11 |
| Derivative financial instruments not in a hedging relationship according to IAS 39 | 11 | 0 | 11 | 0 | 0 | 11 |
| **Financial instruments measured at amortised cost** | 7,060 | 7,7060 | 0 | 0 | 0 | 7,153 |
| Borrowings excl. finance leases (incl. hedged items in hedging relationships according to IAS 39) | 2,715 | 2,715 | 0 | 0 | 0 | 2,804 |
| Trade liabilities | 3,572 | 3,572 | 0 | 0 | 0 | 3,572 |
| Miscellaneous financial liabilities | 772 | 772 | 0 | 0 | 0 | 777 |
| **Derivative financial instruments in a hedging relationship according to IAS 39** | 1 | 0 | 0 | 0 | 1 | 1 |
| **Liabilities from finance leases (amount according to IAS 17)** | 653 | n/a | n/a | n/a | n/a | 849 |
| **Equity and liabilities not classified according to IFRS 7** | 6,727 | n/a | n/a | n/a | n/a | n/a |

Classes were formed based on similar risks for the respective financial instruments and correspond to the categories of IFRS 9. Derivative financial instruments in a hedging relationship under IAS 39 and other financial liabilities are classified in each case 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.

Input parameters for level 1: quoted prices (that are adopted unchanged) in active markets for identical assets or liabilities which the company can access at the valuation date.

Input parameters for level 2: other input parameters than the quoted prices included in level 1 which are either directly or indirectly observable for the asset or liability.

Input parameters for level 3: input parameters that are not observable for the asset or liability.

Of the total carrying amount of investments of €66 million (30/9/2018: €48 million), €62 million (30/9/2018: €2 million) is recognised through profit or loss. This concerns off-exchange financial instruments for which there is also no active market. The remaining investments amounting to €3 million (30/9/2018: €46 million) are recognised at fair value in equity. The classification (FVOCInR) was chosen because investments were made in these equity instruments with a longer-term investment horizon.

In addition, securities totalling €4 million (30/9/2018: €1 million) are recognised through profit or loss. These primarily concern highly liquid exchange-listed money market funds.

The following table depicts the financial instruments that are recognised at fair value in the balance sheet. These are classified into a 3-level fair value hierarchy whose levels reflect the degree of closeness to the market of the data used in the determination of the fair values:

| € million | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| | 30/9/2018 | | | |
| **Assets** | **58** | **1** | **57** | **0** |
| **Held for trading** | | | | |
| Derivative financial instruments not in a hedging relationship according to IAS 39 | 7 | 0 | 7 | 0 |
| **Available for sale** | | | | |
| Investments | 46 | 0 | 46 | 0 |
| Securities | 1 | 1 | 0 | 0 |
| **Derivative financial instruments in a hedging relationship according to IAS 39** | 4 | 0 | 4 | 0 |
| **Equity and liabilities** | **5** | **0** | **5** | **0** |
| **Held for trading** | | | | |
| Derivative financial instruments not in a hedging relationship according to IAS 39 | 4 | 0 | 4 | 0 |
| Miscellaneous financial liabilities | 0 | 0 | 0 | 0 |
| **Other financial liabilities** | | | | |
| Miscellaneous financial liabilities | 0 | 0 | 0 | 0 |
| **Derivative financial instruments in a hedging relationship according to IAS 39** | 1 | 0 | 1 | 0 |
| | **53** | **1** | **52** | **0** |

| **€ million** | **Total** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|---|
| | **30/9/2019** | | | |
| **Assets** | **87** | **0** | **87** | **0** |
| **Financial assets measured at fair value through profit or loss** | | | | |
| Investments | **62** | **0** | **62** | **0** |
| Loans | **4** | **0** | **4** | **0** |
| Securities | **4** | **0** | **4** | **0** |
| Derivative financial instruments not in a hedging relationship according to IFRS 9 | **9** | **0** | **9** | **0** |
| **Derivative financial instruments in a hedging relationship according to IAS 39** | **5** | **0** | **5** | **0** |
| **Financial assets measured at fair value through other comprehensive income** | | | | |
| Investments | **3** | **0** | **3** | **0** |
| **Equity and liabilities** | **12** | **0** | **12** | **0** |
| **Financial liabilities measured at fair value through profit or loss** | | | | |
| Derivative financial instruments not in a hedging relationship according to IFRS 9 | **11** | **0** | **11** | **0** |
| Miscellaneous financial liabilities | **0** | **0** | **0** | **0** |
| **Derivative financial instruments in a hedging relationship according to IAS 39** | **1** | **0** | **1** | **0** |
| | **75** | **0** | **75** | **0** |

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 method based on quoted exchange rates and market yield curves.

The measurement of investments (all stage 2) is based on comparable transactions in the past.

No transfers between levels 1 and 2 were effected during the reporting period.

Financial instruments that are recognised at amortised cost in the balance sheet, but for which the fair value is stated in the notes, are also classified according to a 3-level fair value hierarchy.

Due to their mostly short terms, the fair values of receivables due from suppliers, trade receivables and liabilities as well as cash and cash equivalents essentially correspond to their carrying amounts.

The measurement of the fair value of bonds, liabilities to banks and promissory note loans is based on the market interest rate curve following the discounted cash flow method in consideration of credit spreads (level 2). The amounts comprise the interest prorated to the closing date.

The fair values of all other financial assets and liabilities 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

## 41. Notes to the cash flow statement

In accordance with IAS 7 (Statement of Cash Flows), the consolidated cash flow statement describes changes in the group's cash and cash equivalents through cash inflows and outflows during the reporting period.

The item cash and cash equivalents includes cheques and cash on hand as well as cash in transit and bank deposits with a remaining term of up to 3 months.

The cash flow statement distinguishes between changes in cash levels from operating, investing and financing activities. Cash flows from discontinued operations are reported separately where they concern discontinued business sectors.

Cash flows from discontinued operations concern the hypermarket business to be disposed of as well as METRO China.

The following explanations relate to continuing operations.

During the reporting period, cash flows from operating activities amounted to €796 million (2017/18: €766 million). Depreciation/amortisation/impairment losses are attributable to property, plant and equipment at €416 million (2017/18: €410 million), other intangible assets at €113 million (2017/18: €92 million), goodwill at €3 million (2017/18: €0 million) and investment properties at €4 million (2017/18: €6 million). This is contrasted by reversals of impairment losses in the amount of €5 million (2017/18: €4 million).

The change in net working capital amounts to €+27 million (2017/18: €+141 million) and includes changes in inventories, trade receivables and receivables due from suppliers, included in the item 'other financial assets'. Furthermore, it includes changes in trade liabilities. The decline in the cash flow from changes in the net working capital is predominantly attributable to the segments METRO Germany and METRO Western Europe (excluding Germany).

Other operating activities resulted in a total cash inflow of €28 million (2017/18: cash outflow of €59 million). This item includes other taxes, payroll liabilities, changes in other assets and liabilities as well as deferred income and prepaid expenses. In addition, it includes changes in the assets and liabilities held for sale, adjustments of unrealised currency effects and the reclassification of deconsolidation results recognised in EBIT.

In the reporting period, investing activities led to cash inflow in the amount of €46 million (2017/18: cash outflow of €292 million).

The amount of investments in property, plant and equipment shown as cash outflows differs from the additions shown in the asset reconciliation in the amount of non-cash transactions. These essentially concern additions from finance leases, currency effects and changes in liabilities from the acquisition of miscellaneous other assets.

The financial investments comprise bank deposits with a residual term of more than 3 months to 1 year, as well as near money market investments that are not classified as cash and cash equivalents, such as shares in money market funds. The balance of capital expenditure in financial investments and the disposal of financial investments amounts to €−2 million (2017/18: €−1 million).

In the reporting period, cash flow from financing activities totalled €1,122 million (2017/18: cash outflow of €587 million).

Cash and cash equivalents were subject to restrictions on title in the amount of €0 million (2017/18: €1 million).

**RECONCILIATION OF THE CASH FLOW FROM FINANCIAL LIABILITIES TO THE CHANGE IN FINANCIAL LIABILITIES REPORTED IN THE BALANCE SHEET**

| € million | 30/9/2017 | Cash item | Additions to finance leases | Reclassification in accordance with IFRS 5 | Exchange rate movements | 30/9/2018 |
|---|---|---|---|---|---|---|
| Bonds incl. commercial papers | 3,229 | −309 | 0 | 0 | 0 | 2,920 |
| Liabilities to banks | 281 | 188 | 0 | −65 | −20 | 383 |
| Promissory note loans | 64 | −9 | 0 | 0 | 0 | 55 |
| Liabilities from finance leases | 1,132 | −128 | 145 | −493 | −4 | 652 |
| | **4,706** | **−259** | **145** | **−558** | **−25** | **4,010** |

**RECONCILIATION OF THE CASH FLOW FROM FINANCIAL LIABILITIES TO THE CHANGE IN FINANCIAL LIABILITIES REPORTED IN THE BALANCE SHEET**

| € million | 30/9/2018 | Cash item | Additions to finance leases | Reclassification in accordance with IFRS 5 | Exchange rate movements | **30/9/2019** |
|---|---|---|---|---|---|---|
| Bonds incl. commercial papers | 2,920 | −619 | 0 | 0 | 0 | **2,301** |
| Liabilities to banks | 383 | −30 | 0 | 0 | 5 | **359** |
| Promissory note loans | 55 | 0 | 0 | 0 | 0 | **55** |
| Liabilities from finance leases | 652 | −68 | 70 | 0 | 0 | **653** |
| | **4,010** | **−717** | **70** | **0** | **6** | **3,369** |

## 42. Segment reporting

Segmentation follows the group’s internal reporting as it is used as a basis for resource allocation and performance measurement by the Chief Operating Decision Maker (member of the Management Board of METRO AG).

METRO is active in the self-service wholesale trade with the brands METRO and MAKRO as well as in the delivery sales (FSD) with the METRO delivery service and, among others, with the supply specialists Classic Fine Foods, Pro à Pro and Rungis Express. Operating segments are aggregated to form reporting segments based on the division of the business into individual regions. The individual regions are Germany, Western Europe (excluding Germany), Russia, Eastern Europe (excluding Russia) and Asia.

The Others segment includes in particular Hospitality Digital, the business unit that bundles the group’s digitalisation initiatives. It also includes service companies METRO PROPERTIES, METRO LOGISTICS, METRO-NOM, METRO ADVERTISING and METRO SOURCING and others, which provide group-wide services in the areas of real estate, logistics, information technology, advertising and procurement.

Based on the decision of the Management Board of METRO AG of the hypermarket business and METRO China, these operating reporting units form discontinued business sectors, which are also presented as discontinued operations in the segment reporting.

The key components of segment reporting are as follows:

- External sales represent sales of the operating segments to third parties outside the group.
- Internal sales represent sales between the group’s operating segments. These transactions are settled at normal market conditions.
- Segment EBITDA comprises EBIT before depreciation and reversals of goodwill, impairment losses of property, plant and equipment, other intangible assets and investment properties.
- The 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.
- All earnings contributions from real estate transactions are adjusted in the EBITDA excluding earnings contributions from 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. The properties are leased at market terms. In principle, store-related risks and impairment risks related to non-current assets are only shown in the segments where they represent group risks. In analogy, this also applies to deferred assets and liabilities, which are only shown at segment level if this was also required in the consolidated balance sheet.
- Segment investments include additions (including additions to the consolidation groups) to goodwill, other intangible assets and property, plant and equipment and investment properties. Exceptions to this are additions due to the reclassification of ‘assets held for sale’ as non-current assets.
- The non-current segment assets include the non-current assets reported in the balance sheet with the exception of financial investments and investments accounted for using the equity method, and tax items.
- In principle, transfers between segments are made based on the costs incurred from the group’s perspective.

The reconciliation from non-current segment assets to non-current group assets is shown in the following table: non-current assets according to segment reporting only include the values of continuing operations in the previous year. Therefore, the non-current assets of METRO China must be taken into account in the previous year and are therefore part of the reconciliation:

| € million | 30/9/2018[1] | 30/9/2019 |
|---|---|---|
| **Non-current segment assets** | **6,348** | **6,268** |
| plus non-current segment assets METRO China | 560 | **0** |
| Financial assets | 88 | **97** |
| Investments accounted for using the equity method | 178 | **179** |
| Deferred tax assets | 329 | **191** |
| Other | 1 | **1** |
| **Non-current group assets** | **7,503** | **6,736** |

[1] Adjustment of previous year according to explanation in notes.

## 43. Discontinued operations

### Disposal of the hypermarket business

The Management Board of METRO AG decided in its meeting on 13 September 2018 to sell the hypermarket business including 80 real estate properties that are being used for this and are owned by Real or group companies

The decision was made with the intention to focus exclusively on wholesale trade in the future. In addition to all Real locations, the hypermarket business also includes companies providing procurement and online services for Real as well as real estate and a supplier. Together, the assets and liabilities have been treated as discontinued operations within the meaning of IFRS 5 since September 2018. In view of the progress of the divestment process and the expected completion of the sale in the near future, the hypermarket business as of 30 September 2019 will continue to be classified as a discontinued operation until its deconsolidation.

### Profit or loss for the period after taxes

The current result of the hypermarket business, together with all related consolidation entries recognised in the income statement, was shown in a separate section in the consolidated income statement as ‘profit or loss for the period from discontinued operations after taxes’. To increase the economic meaningfulness of the earnings statement of the continued sector, its shares in the consolidation effects were also included in the discontinuing section of the earnings statement as far as they were related to business relations that are to be upheld in the long term even after the planned disposal.

The fair value measurement of the hypermarket business disposal group was based on an analysis of the available purchase offers, taking into account an estimate of the expected negotiation results and the development of the disposal group up to the date of disposal, in particular with regard to a purchase price mechanism that still needs to be negotiated. Since the influencing factors cannot be observed on an active market and are subject to uncertainties, the valuation in the fair value hierarchy is assigned to level 3.

– **A detailed description of the fair value is included in** **no. 40 – carrying amounts and fair values according to measurement categories ▶ page 258****.**

Profit or loss for the period from discontinued operations after taxes is attributable to the shareholders of METRO AG in the amount of €−649 million (2017/18: €−110 million). Non-controlling interests account for €1 million of earnings (2017/18: €0 million).

In connection with the divestment process, expenses in the low 2-digit million euros range have been incurred to date.

As a result, profit or loss for the period from discontinued operations after taxes for the hypermarket business is made up as follows:

| € million | 2017/18 | **2018/19** |
|---|---|---|
| Sales | 6,803 | **6,704** |
| Expenses | −6,918 | **−6,889** |
| **Current earnings from discontinued operations before taxes** | **−115** | **−185** |
| Income taxes on gains/losses on the current result | 5 | **−63** |
| **Current earnings from discontinued operations after taxes** | **−110** | **−248** |
| Gains/losses from the remeasurement or disposal of discontinued operations before taxes | 0 | **−401** |
| **Gains/losses from the remeasurement or disposal of discontinued operations after taxes** | **0** | **−401** |
| **Profit or loss for the period from discontinued operations after taxes** | **−110** | **−649** |

### Effects of other comprehensive income

Of the other comprehensive income for financial year 2018/19 attributable to the shareholders of METRO AG, €−8 million (2017/18: €−1 million) is attributable to the discontinued operations of the hypermarket business. This includes components that can be recognised as income in the future, €0 million (2017/18: €0 million), and components that can not be recognised as income in the future, €−8 million (2017/18: €−1 million)

### Assets/liabilites held for sale

As a result of the classification as discontinued operation and after consolidation measures were carried out, €2,206 million (30/9/2018: €2,580 million) was reclassified in the consolidated balance sheet as of 30 September 2019 into the item assets held for sale and €1,745 million (30/9/2018: €1,691 million) into the item liabilities related to assets held for sale. The respective asset and liability items to be consolidated were recognised in the corresponding balance sheet items of both the continued and the discontinuing segment. As of the end of the financial year, the assets held for disposal and the liabilities of the hypermarket business to be disposed of are comprised as follows:

## ASSETS

| € million | 30/9/2018 | **30/9/2019** |
|---|---|---|
| **Non-current assets** | 1,381 | **1,091** |
| Other intangible assets | 19 | **27** |
| Property, plant and equipment | 1,253 | **1,028** |
| Investment properties | 11 | **8** |
| Financial assets | 23 | **21** |
| Other financial assets | 2 | **0** |
| Other non-financial assets | 4 | **3** |
| Deferred tax assets | 70 | **4** |
| **Current assets** | **1,198** | **1,115** |
| Inventories | 747 | **749** |
| Trade receivables | 30 | **17** |
| Financial assets | 1 | **0** |
| Other financial assets | 280 | **242** |
| Other non-financial assets | 43 | **40** |
| Cash and cash equivalents | 97 | **68** |

## LIABILITIES

| € million | 30/9/2018 | **30/9/2019** |
|---|---|---|
| **Non-current liabilities** | 623 | **646** |
| Provisions for post-employment benefits plans and similar obligations | 42 | **47** |
| Other provisions | 34 | **60** |
| Financial liabilities | 498 | **499** |
| Other financial liabilities | 1 | **1** |
| Other non-financial liabilities | 47 | **40** |
| Deferred tax liabilities | 0 | **0** |
| **Current liabilities** | **1,068** | **1,100** |
| Trade liabilities | 741 | **688** |
| Provisions | 93 | **207** |
| Financial liabilities | 60 | **51** |
| Other financial liabilities | 146 | **123** |
| Other non-financial liabilities | 28 | **30** |
| Income tax liabilities | 0 | **0** |

### Effects of other comprehensive income

The components of the other comprehensive income of the hypermarket business attributable to the shareholders of METRO AG as of 30 September 2019 amounted to €−17 million (30/9/2018: €−9 million). This includes components that can be recognised as income in the future in the amount of €0 million (30/9/2018: €0 million) and components that cannot be recognised as income in the future amounting to €−17 million (30/9/2018: €−9 million).

## Cash flow

The cash flows of the hypermarket business are as follows:

| € million | 2017/18 | **2018/19** |
|---|---|---|
| Cash flow from operating activities of discontinued operations | 31 | **−22** |
| Cash flow from investing activities of discontinued operations | −86 | **−136** |
| Cash flow from financing activities of discontinued operations | −79 | **−103** |

## Leases

Payments due under finance and operating leases in subsequent periods for the discontinued business sector of the hypermarket business are shown as follows:

| € million | Up to 1 year | 1 to 5 years | Over 5 years |
|---|---|---|---|
| **Finance leases 30/9/2018** | | | |
| Future lease payments due (nominal) | 66 | 249 | 318 |
| Discount | 2 | 34 | 104 |
| Present value | 64 | 214 | 215 |
| **Operating leases 30/9/2018** | | | |
| Future lease payments due (nominal) | 209 | 670 | 621 |

| € million | **Up to 1 year** | **1 to 5 years** | **Over 5 years** |
|---|---|---|---|
| **Finance leases 30/9/2019** | | | |
| Future lease payments due (nominal) | **68** | **259** | **312** |
| Discount | **3** | **35** | **98** |
| Present value | **66** | **224** | **214** |
| **Operating leases 30/9/2019** | | | |
| Future lease payments due (nominal) | **210** | **689** | **471** |

The rental of real estate gives rise to claims for lease payments from third parties (with METRO as lessor) that will become due in subsequent periods for the discontinued business sector of the hypermarket business as follows:

| € million | Up to 1 year | 1 to 5 years | Over 5 years |
|---|---|---|---|
| **Operating leases 30/9/2018** | | | |
| Future lease payments due (nominal) | 17 | 30 | 9 |

| € million | Up to 1 year | 1 to 5 years | Over 5 years |
|---|---|---|---|
| **Operating leases 30/9/2019** | | | |
| Future lease payments due (nominal) | **6** | **45** | **17** |

### Other disclosures

The hypermarket business is subject to restrictions on titles in the form of liens and encumbrances for property, plant and equipment in the amount of €3 million (30/9/2018: €7 million). Contractual commitments for the acquisition of property, plant and equipment in the amount of €3 million (30/9/2018: €4 million) were recorded.

As in the previous year, there are no purchase obligations, no material restrictions on title or right to dispose of investment property and intangible assets.

Contingent liabilities from guarantee and warranty contracts in the amount of €45 million (30/9/2018: €45 million) relate in particular to contractual obligations from bank guarantees for claims from retailers from the Real online marketplace business.

As of 30 September 2019, the nominal value of other financial commitments amounted to €99 million (30/9/2018: €99 million) and primarily concerned purchasing commitments from service agreements.

On an annual average, the discontinued operation of the hypermarket business employed 35,073 people (2017/18: 35,348). The personnel expenses amount to €1,110 million (2017/18: €1,033 million)

## Disposal of METRO China

On 11 October 2019, METRO AG (‘METRO’) entered into an agreement with Wumei Technology Group, Inc. (‘Wumei’), a leading Chinese retailer, to form a strategic partnership for the Chinese operations of METRO (‘METRO China’). This partnership includes the sale of METRO’s entire indirect investment in METRO China (excluding a real estate company sold separately in September 2019) to a subsidiary of Wumei (the buyer) for a company value (enterprise value, 100%) of approximately €1.9 billion. The consideration includes an estimated net cash inflow of more than €1.0 billion as well as a 20% investment of METRO in METRO China.

The closing of this transaction is subject to the approval of the regulatory authorities.

Since the transaction was already expected with sufficient probability as of 30 September 2019, METRO China is presented as a discontinued business sector in the consolidated financial statements as of 30 September 2019.

### Profit or loss for the period after taxes

The current result of METRO China was reclassified in the consolidated income statement under the item ‘profit or loss for the period from discontinued operations after taxes’, taking into account necessary consolidation measures. To increase the economic meaningfulness of the earnings statement of the continuing sector, its shares in the consolidation effects were also included in the discontinued section of the earnings statement as far as they were related to business relations that are to be upheld in the long term even after the planned disposal. The previous year’s figures of the income statement were adjusted accordingly.

Profit or loss for the period from discontinued operations after taxes is attributable to the shareholders of METRO AG in the amount of €118 million (2017/18: €87 million). Non-controlling interests account for €5 million of earnings (2017/18: €1 million).

In connection with the divestment process, expenses in the low 2-digit million euros range have been incurred to date.

As a result, profit or loss for the period from discontinued operations after taxes is made up as follows for METRO China:

| € million | 2017/18 | **2018/19** |
|---|---|---|
| Sales | 2,680 | **2,901** |
| Expenses | −2,563 | **−2,736** |
| **Current earnings from discontinued operations before taxes** | **117** | **165** |
| Income taxes on gains/losses on the current result | −29 | **−43** |
| **Current earnings from discontinued operations after taxes** | **88** | **122** |
| Gains/losses from the remeasurement or disposal of discontinued operations before taxes | 0 | **0** |
| **Gains/losses from the remeasurement or disposal of discontinued operations after taxes** | **0** | **0** |
| **Profit or loss for the period from discontinued operations after taxes** | **88** | **122** |

### Effects of other comprehensive income

Of the other comprehensive income for financial year 2018/19 attributable to the shareholders of METRO AG, €14 million (2017/18: €−11 million) is attributable to the discontinued operations of METRO China. This includes components that can be recognised in income in the future, €14 million (2017/18: €−11 million) and components that can not be recognised in income in the future, €0 million (2017/18: €0 million).

### Assets/liabilities held for sale

As a result of the classification as discontinued business sector and after consolidation measures were carried out, €1,552 million were reclassified in the consolidated balance sheet as of 30 September 2019 into the item assets held for sale and €856 million into the item liabilities related to assets held for sale. The respective asset and liability items to be consolidated were recognised in the corresponding balance sheet items of both the continuing and the discontinued segment.

As of the end of the financial year, the assets held for sale and the liabilities of METRO China to be disposed of are comprised as follows:

## ASSETS

| € million | 30/9/2019 |
|---|---|
| **Non-current assets** | **619** |
| Goodwill | 19 |
| Other intangible assets | 5 |
| Property, plant and equipment | 409 |
| Other non-financial assets | 114 |
| Deferred tax assets | 73 |
| **Current assets** | **932** |
| Inventories | 220 |
| Trade receivables | 89 |
| Other financial assets | 64 |
| Other non-financial assets | 83 |
| Entitlements to income tax refunds | 0 |
| Cash and cash equivalents | 476 |

## LIABILITIES

| € million | 30/9/2019 |
|---|---|
| **Non-current liabilities** | **1** |
| Deferred tax liabilities | 1 |
| **Current liabilities** | **855** |
| Trade liabilities | 546 |
| Provisions | 80 |
| Financial liabilities | 0 |
| Other financial liabilities | 62 |
| Other non-financial liabilities | 137 |
| Income tax liabilities | 29 |

### Effects of other comprehensive income

The components of the other comprehensive income of METRO China attributable to the shareholders of METRO AG as of 30 September 2019 amounted to €13 million (30/9/2018: €−1 million). This includes components that can be recognised as income in the future in the amount of €13 million (30/9/2018: €−1 million) and components that can not be recognised as income in the future amounting to €0 million (30/9/2018: €0 million).

### Cash flow

The cash flows of METRO China from discontinued operations are as follows:

| € million | 2017/18 | 2018/19 |
|---|---|---|
| Cash flow from operating activities of discontinued operations | 108 | **179** |
| Cash flow from investing activities of discontinued operations | −3 | **0** |
| Cash flow from financing activities of discontinued operations | 6 | **−6** |

### Leases

There are no obligations from finance leases. Payments due under operating leases in subsequent periods for the discontinued business sector of METRO China are shown as follows:

| € million | Up to 1 year | 1 to 5 years | Over 5 years |
|---|---|---|---|
| **Operating leases 30/9/2019** | | | |
| Future lease payments due (nominal) | **31** | **128** | **289** |

For METRO China, lease payments due in subsequent periods from entities outside METRO for the rental of properties (with METRO as lessor) are shown below:

| € million | Up to 1 year | 1 to 5 years | Over 5 years |
|---|---|---|---|
| **Operating leases 30/9/2019** | | | |
| Future lease payments due (nominal) | 4 | 12 | 12 |

### Other disclosures

There are no purchase obligations, ownership restrictions or restrictions on disposal for property, plant and equipment, investment property or intangible assets.

As of 30 September 2019, the nominal value of other financial commitments amounted to €10 million and primarily concerned purchasing commitments from service agreements.

On an annual average, the discontinued operations of METRO China employed 11,836 people (2017/18: 12,166). The personnel expenses amount to €189 million (2017/18: €168 million).

## 44. Management of financial risks

METRO Treasury manages the financial risks of METRO. Specifically, these include:

- Price risks
- Liquidity risks,
- Credit risks
- Cash flow risks

**— For more information about the risk management system, see the combined management report – 3 economic report – 3.2. asset, financial and earnings position – financial and asset position – financial management ▸ page 87 .**

### Price risks

For METRO, price risks result from the impact of changes in market interest rates and foreign currency exchange rates on the value of financial instruments.

Interest rate risks are caused by changes in interest rate levels. If necessary, interest rate derivatives are used to cap these risks.

METRO's remaining interest rate risk is assessed in accordance with IFRS 7 using a sensitivity analysis. In the process, the following assumptions are applied in the consideration of changes in interest rates:

- The total impact determined by the sensitivity analysis relates to the actual balance as of the closing date and reflects the impact for 1 year.
- Primary floating-rate financial instruments whose interest payments are not designated as the underlying transaction in a cash flow hedge against changes in interest rates are recognised in the interest result in the sensitivity analysis. The sensitivity is determined for a change of 10 basis points.
- Primary fixed-interest financial instruments are generally not recognised in the interest result. They are only recognised in other financial result if they are designated as the underlying transaction within a fair value hedge and measured at fair value. In this case, however, the interest-related change in the value of the underlying transaction is offset by the change in the value of the hedging transaction upon full effectiveness of the hedging transaction. The variable interest flows within the group that result from a fair value hedge are recognised in the interest result.
- Financial instruments designated as the hedging transaction within a cash flow hedge to hedge against variable interest flows will only be recognised in the interest result when the payment flows have actually been initiated. However, the measurement of the hedging transaction at fair value is recognised in reserves retained from earnings outside of profit or loss.
- Interest rate derivatives that are not part of a qualified hedging relationship under IAS 39 are recognised at fair value in profit or loss in other financial result and, through resulting interest flows, in the interest result.

As of the closing date, METRO’s remaining interest rate risk is primarily the result of variable interest rate receivables and liabilities to banks as well as other short-term liquid financial assets (reported under cash and cash equivalents) with an aggregate debit balance after consideration of hedging transactions of €−1 million (30/9/2018: €688 million).

Given this total balance, an interest rate rise of 10 basis points would result in €0 million (2017/18: €1 million) higher revenues in the interest result per year. An interest rate decrease of 10 basis points would have the opposite effect of €0 million (2017/18: €−1 million).

METRO faces currency risks in its international procurement of merchandise and because of costs and financings 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 group guideline ‘Foreign Currency Transactions’, resulting foreign currency positions must be hedged. Exceptions from this hedging requirement exist where hedging is not economically reasonable and in the case of legal and regulatory restrictions in the respective countries. Forward currency contracts are used in the hedging.

In line with IFRS 7, the presentation of the currency risk resulting from the exceptions is also based on a sensitivity analysis. In the process, the following assumptions are made in the consideration of a devaluation or revaluation of the euro vis-à-vis foreign currencies:

In terms of its amount and result characteristic, the total effect presented by the sensitivity analysis relates to the amounts of foreign currency held within the consolidated subsidiaries of METRO and states the effect of a devaluation or revaluation of the euro.

A devaluation 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 devaluation 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 above.

In the sensitivity analysis, the effects of the measurement of non-equity foreign currency positions that are calculated based on the exchange rate at closing date in line with IAS 21 are recognised in the income statement. In the case of net investments in a foreign operation, the effects of the closing date measurement are recognised in equity (other comprehensive income) outside of profit or loss.

Forward currency contracts/options and interest rate and currency swaps that are not part of a qualified hedging relationship under IAS 39 are recognised through the fair value measurement in the income statement. In fully effective hedging transactions, this effect is offset by the effect from the measurement of the underlying foreign currency transaction.

In the consolidated financial statements, foreign currency future transactions are designated as hedging transactions within a cash flow hedges to hedge merchandise procurement and sales. Changes in the fair value of these hedging instruments are recognised in other comprehensive income until the underlying transaction is recognised through profit or loss.

Effects from the currency translation of financial statements whose functional currency is not the reporting currency of METRO do not affect cash flows in local currency and are therefore not part of the sensitivity analysis.

As of the closing date, the remaining currency risk of METRO, which is essentially due to an inability to hedge certain currencies for legal reasons or due to insufficient market depth, was as follows:

| | | Impact of devaluation/revaluation of euro by 10% | | | |
|---|---|---|---|---|---|
| € million | Currency pair | Volume | 30/9/2018 | **Volume** | **30/9/2019** |
| **Profit or loss for the period** | | | +/− | | **+/−** |
| | CHF/EUR | +11 | 1 | **+10** | **1** |
| | CNY/EUR | +33 | 3 | **+17** | **2** |
| | CZK/EUR | −17 | −2 | **−25** | **−3** |
| | EGP/EUR | +29 | 3 | **+31** | **3** |
| | GBP/EUR | −7 | −1 | **−8** | **−1** |
| | HKD/EUR | −18 | −2 | **−17** | **−2** |
| | KZT/EUR | +19 | 2 | **+12** | **1** |
| | MDL/EUR | +1 | 0 | **+1** | **0** |
| | PLN/EUR | +3 | 0 | **−6** | **−1** |
| | PKR/EUR | +4 | 0 | **+11** | **1** |
| | RON/EUR | −13 | −1 | **−12** | **−1** |
| | RSD/EUR | +11 | 1 | **+9** | **1** |
| | RUB/EUR | +12 | 1 | **+27** | **3** |
| | TRY/EUR | +11 | 1 | **0** | **0** |
| | UAH/EUR | +37 | 4 | **+43** | **4** |
| | USD/EUR | +16 | 2 | **+5** | **1** |
| **Equity** | | | +/− | | **+/−** |
| | CNY/EUR | +101 | 10 | **+103** | **10** |
| | CZK/EUR | −4 | 0 | **0** | **0** |
| | HUF/EUR | −4 | 0 | **0** | **0** |
| | KZT/EUR | +117 | 12 | **+126** | **13** |
| | PLN/EUR | +68 | 7 | **+70** | **7** |
| | RON/EUR | −7 | −1 | **0** | **0** |
| | RSD/EUR | +16 | 2 | **+16** | **2** |
| | RUB/EUR | −19 | −2 | **0** | **0** |
| | UAH/EUR | +200 | 20 | **+200** | **20** |
| | USD/EUR | +101 | 10 | **+90** | **9** |

Currency risks existing in addition to these are mainly the result of USD currency holdings in various subsidiaries in which the functional currency is not the US dollar or the euro. At a nominal US dollar volume of €14 million (30/9/2018: €4 million), a devaluation of the US dollar by 10% would result in positive effects of €1 million in profit or loss for the period (30/9/2018: €0 million), while an appreciation would lead to negative effects of €1 million (30/9/2018: €0 million).

At a nominal volume of €8 million (30/9/2018: €0 million), the currency pair USD/AED accounts for the main share of this effect, while in the previous year the currency pair MMK/USD accounted for the largest share of this effect.

Interest rate and currency risks are substantially reduced and limited by the principles laid down in the internal treasury guidelines of METRO. These include a regulation that is applicable throughout the group whereby all hedging operations must adhere to predefined limits and must not lead to increased risk exposure under any circumstances. METRO is aware that this severely limits the opportunities to exploit current or expected interest rate and exchange rate movements to optimise results.

In addition, hedging may be carried out only with standard derivative financial instruments whose correct actuarial and accounting mapping and measurement in the treasury system are guaranteed.

As of the closing date, the following derivative financial instruments were being used for risk reduction:

| | 30/9/2018 | | | **30/9/2019** | | |
|---|---|---|---|---|---|---|
| | | Fair Values | | | **Fair Values** | |
| € million | Nominal volume[1] | Financial assets | Financial liabilities | **Nominal volume[1]** | **Financial assets** | **Financial liabilities** |
| **Currency transactions** | | | | | | |
| Forward currency contracts/options | 390 | 11 | 5 | **605** | **14** | **12** |
| thereof within fair value hedges | (0) | (0) | (0) | **(0)** | **(0)** | **(0)** |
| thereof within cash flow hedges | (164) | (4) | (1) | **(193)** | **(5)** | **(1)** |
| thereof not part of hedges | (226) | (7) | (4) | **(412)** | **(9)** | **(11)** |
| Interest rate/currency swaps | 0 | 0 | 0 | **0** | **0** | **0** |
| | **390** | **11** | **5** | **605** | **14** | **12** |

[1] Nominal volumes with a positive prefix indicate a purchase of forward currency contracts.
Nominal volumes where they negative prefix indicate a disposal of forward currency contracts.

The nominal volume of forex futures/options and interest limitation agreements results from the net position of the buying and selling values in foreign currency underlying the individual transactions translated at the relevant exchange rate on the closing date. The nominal volume of interest rate swaps or interest rate/currency swaps and interest rate hedging agreements is shown on a gross basis.

All fair values represent the theoretical value of these instruments upon dissolution of the transaction as of the closing date. Under the premise that instruments are held until the end of their term, these are unrealised gains and losses that, by the end of the term, will be fully set off by gains and losses from the underlying transactions in the case of fully effective hedging transactions.

In order to appropriately show this reconciliation for the period, relationships are created between hedging transactions and underlying transactions and recognised as follows:

- Within a fair value hedge, both the hedging transaction and the hedged risk of the underlying transaction are recognised at their fair value. The fluctuations in the fair value of both transactions are shown in the income statement, where they will be fully set off against each other in the case of full effectiveness.
- Within a cash flow hedge, the hedging transactions are also principally recognised at their fair value. In the case of full effectiveness of the hedging transaction, the value changes will be recognised in equity until the hedged payment flows or expected transactions impact the earnings. Only then will they be recognised in the income statement.
- Hedging transactions that, according to IAS 39, are not part of a hedge are recognised at their fair value. Value changes are recognised directly in the income statement. Even if no formal hedging relationship was created, these are hedging transactions that are closely connected to the underlying transaction and whose impact on earnings will be netted by the underlying transaction (natural hedge).

Only derivatives in the form of forward exchange transactions are used as hedging instruments in hedge accounting (cash flow hedging) to hedge off-balance sheet currency risks. Generally, one underlying transaction is hedged in each case by means of a forward currency contract. The effectiveness of these hedges is assessed on the basis of the hypothetical derivative method. The ineffectiveness determined using this method results from the difference between the changes in value of the hedged item and the changes in value of the hedging transaction.

Currency derivatives are used primarily for Chinese renminbi, Hong Kong dollar, Japanese yen, Polish złoty, Romanian leu, Russian rouble, Swiss franc, Czech koruna, Hungarian forint and US dollar. The average hedging rates for METRO for the 2 particularly important currency pairs resulting from such hedges are as follows: 1.14 USD/EUR and 7.93 CNY/EUR. The maturity of derivatives used for hedging purposes in the amount of €5 million (30/9/2018: €3 million) is less than one year.

### Liquidity risks

Liquidity risk describes the risk of being unable to procure or provide funding or being able to only procure or provide funding at a higher cost. Liquidity risks may arise, for example, as a result of temporary capital market disruptions, creditor defaults, insufficient credit facilities or the absence of budgeted incoming payments. METRO AG acts as financial coordinator for METRO companies to ensure that they are provided with the necessary financing to fund their operating and investing activities at all times and in the most cost-efficient manner possible. The necessary information is provided by means of a group financial plan, which is updated monthly and checked monthly for deviations. This financial plan is complemented by a weekly rolling 14-day liquidity plan.

Instruments used for financing purposes include money and capital market products (time deposits, call money, promissory note loans, commercial papers and listed bonds sold as part of ongoing capital market programmes) as well as bilateral and syndicated loans. METRO has a sufficient liquidity reserve so that liquidity risks are not likely, even if an unexpected event has a negative financial impact on the company's liquidity situation. For more information about the instruments used for financing purposes and credit facilities, see the explanatory notes to the respective balance sheet items.

– **For more information, see no. 29 – cash and cash equivalents ▶ page 235 as well as no. 36 – financial liabilities ▶ page 249.**

Intra-group cash pooling allows the surplus liquidity of individual group companies to be used for providing internal finance to other group companies. This reduces the group's amount of debt and thus its interest expenses. In addition, METRO AG draws on the financial expertise pooled in the treasury of METRO AG to advise the group companies in all relevant financial matters and provide support. This ranges from the elaboration of investment financing concepts to supporting the responsible financial officers of the individual group companies in their discussions with local banks and financial service providers. This ensures, on the one hand, that the financial resources of METRO are optimally employed, and, on the other, that all group companies benefit from the strength and credit standing of METRO in negotiating their financing terms.

### Credit risks

Credit risks arise from the total or partial default by a counterparty, for example, through bankruptcy or in connection with financial investments and derivative financial instruments with positive market values. METRO's maximum credit risk as of the closing date is reflected by the carrying amount of financial assets totalling €1,722 million (30/9/2018: €2,558 million).

– **For more information about the amount of the respective carrying amounts, see no. 40 – carrying amounts and fair values according to measurement categories ▶ page 258.**

Cash on hand considered in cash and cash equivalents totalling €16 million (30/9/2018: €25 million) is not exposed to any credit risk.

In the course of the risk management of financial investments totalling €453 million (30/9/2018: €1,205 million) and derivative financial instruments totalling €14 million (30/9/2018: €11 million), minimum creditworthiness requirements and individual maximum exposure limits for the engagement have been defined for all business partners of METRO. Cheques and money in circulation are not considered in the determination of credit risks. This is based on a system of limits laid down in the treasury guidelines, which are based mainly on the ratings of international rating agencies, developments of credit default swaps or internal credit assessments. An individual limit is allocated to every counterparty of METRO; compliance is constantly monitored by the treasury systems.

The following table shows a breakdown of business partners of continuing and discontinued operations by rating class:

| Rating classes | | | Volume in % | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Financial investments | | | | | | |
| Grade | Standard & Poor's | Moody's | Germany | Western Europe (excl. Germany) | Russia | Eastern Europe (excl. Russia) | Asia and others | Derivatives with positive market values | **Total** |
| Investment grade | AAA | Aaa | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| | AA+ to AA− | Aa1 to Aa3 | 3.4 | 0.6 | 0.4 | 0.4 | 8.2 | 0.2 | |
| | A+ to A− | A1 to A3 | 2.7 | 0.9 | 0.0 | 5.4 | 54.1 | 0.7 | |
| | BBB+ to BBB− | Baa1 to Baa3 | 1.1 | 1.6 | 1.2 | 10.8 | 4.6 | 0.8 | **97.1** |
| Non-investment grade | BB+ to BB− | Ba1 to Ba3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.0 | |
| | B+ to B− | B1 to B3 | 0.1 | 0.2 | 0.0 | 1.3 | 0.1 | 0.0 | |
| | CCC+ to C | Caa1 to Ca | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **1.9** |
| No rating | | | 0.0 | 0.0 | 0.0 | 0.6 | 0.4 | 0.0 | **1.0** |
| | | | **7.3** | **3.3** | **1.6** | **18.5** | **67.6** | **1.7** | **100.0** |

The table shows that, as of the closing date, about 97.1% of the capital investment volume, including the positive market value of derivatives, had been placed with investment-grade counterparties, in other words, those with good or very good credit ratings. Most of the counterparties that do not yet have an internationally accepted rating are respected financial institutions whose creditworthiness can be considered flawless based on analyses. METRO also operates in countries where local financial institutions do not have investment-grade ratings due to the rating of their country. For country-specific reasons as well as cost and efficiency considerations, cooperation with these institutions is unavoidable. These institutions account for about 1.9% of the total volume.

METRO's level of exposure to credit risks is thus very low.

### Cash flow risks

A future change in interest rates may cause cash flow from variable interest rate asset and liability items to fluctuate. Stress tests are used to determine the potential impact interest rate changes may have on cash flow and how they can be capped through hedging transactions in accordance with the group's internal treasury guidelines.

## 45. Contingent liabilities

| € million | 30/9/2018 | 30/9/2019 |
|---|---|---|
| Contingent liabilities from guarantee and warranty contracts | 18 | 17 |
| Contingent liabilities from the provision of collateral for third-party liabilities | 9 | 12 |
| Other contingent liabilities | 0 | 1 |
| | 27 | 30 |

Contingent liabilities from guarantee and warranty contracts are primarily rent guarantees with terms of up to 10 years if utilisation is not considered entirely unlikely.

- **Disclosures on assets/liabilities held for sale in connection with the sale of the hypermarket business and METRO China can be found under** **no. 43 – discontinued business sectors ▶ page 266****.**

## 46. Other financial commitments

As of 30 September 2019, the nominal value of other financial commitments amounted to €232 million (30/9/2018: €247 million) and primarily concerned purchasing commitments from service agreements.

The previous year's figures for the other financial commitments include €4 million attributable to METRO China.

- **For more information about contractual commitments for the acquisition of other intangible assets and property, plant and equipment, obligations from finance and operating leases as well as investment properties, see** **no. 20 – other intangible assets ▶ page 216, no. 21 – property, plant and equipment ▶ page 218 and no. 22 – investment properties ▶ page 220****.**
- **Disclosures on assets/liabilities held for sale in connection with the sale of the hypermarket business and METRO China can be found under** **no. 43 – discontinued business sectors ▶ page 266****.**

## 47. Remaining legal issues

### Successful completion of the demerger

In connection with the demerger of the group, several shareholders took legal action against CECONOMY AG by seeking various legal remedies at the Düsseldorf District Court, such as action for annulment, rescission and/or declaratory action, including against the resolution passed by the Annual General Meeting of CECONOMY AG on 6 February 2017 concerning the meeting's approval of the demerger and spin-off agreement (demerger agreement) as well as partially against the agreement itself. Pursuant to the provisions of the demerger agreement, METRO AG has to bear the costs of the litigation and proceedings relating to the demerger. On 24 January 2018, the Düsseldorf District court rejected the complaint in its entirety. All plaintiffs have filed appeals against all these decisions with the Düsseldorf Higher Regional Court . On 4 April 2019, the Düsseldorf Higher Regional Court rejected all appeals. In the appeal judgement in the rescission proceedings concerning the resolutions of the Annual General Meeting, the appeal was admitted and lodged with the German Federal Court of Justice. The Higher Regional Court of Düsseldorf did not allow the appeal in the proceedings for a declaration of invalidity or pending ineffectiveness of the spin-off and demerger agreement. In one of these assessment proceedings, the plaintiffs filed an appeal against denial of leave to appeal with the Federal Court of Justice. The judgement in the other assessment proceedings is final. METRO AG maintains its position that all of these legal challenges are inadmissible and/or unfounded and has therefore not recognised corresponding risk provisions in its accounts.

### Legal action against credit card companies

Companies of the METRO group had submitted complaints against credit card companies. The complaints claimed damages based on the EU Commission's ban on credit card companies setting multilateral interchange fees on an EU level. The European Court of Justice confirmed the decision of the EU Commission against one credit card company in the final instance. Settlements reached during the first half of financial year 2018/19 with respect to the claimed damages contributed a sum in the low double-digit millions to earnings. As a result, METRO abandoned its complaints against the credit card companies.

### Arbitration proceedings against Hudson's Bay Company

METRO AG is a plaintiff in arbitration proceedings against the Canadian retail group Hudson's Bay Company (HBC). The background of the arbitration proceedings is an outstanding purchase price claim of METRO AG against HBC, resulting from the disposal of Galeria Kaufhof in 2015. METRO AG had initially retained minority interests in individual real estates and granted HBC call options. In January 2016, HBC exercised its call options and paid a preliminary purchase price. METRO AG believes that the paid preliminary purchase price was insufficient and disputes the applied valuation basis.

### Further remaining legal issues

Companies of the METRO group form a party to judicial or arbitration proceedings as well as antitrust law proceedings in various European countries. Insofar as the liability has been sufficiently specified, appropriate risk provisions have been formed for these proceedings. METRO AG and its group companies respectively have also filed claims for damages against companies that have been convicted of illegal competition agreements (including truck and sugar cartel).

## 48. Events after the closing date

### METRO AG sells majority share in METRO China to Wumei Technology Group

On 11 October 2019, METRO AG ('METRO') entered into an agreement with Wumei Technology Group, Inc. ('Wumei'), a leading Chinese retailer, to form a strategic partnership for the Chinese operations of METRO ('METRO China'). This partnership includes the sale of METRO's entire indirect investment in METRO China (excluding a real estate company sold separately in September 2019) to a subsidiary of Wumei (the buyer) for a company value (enterprise value, 100%) of approximately €1.9 billion. The consideration includes an estimated net cash inflow of more than €1.0 billion as well as a 20% investment of METRO in METRO China.

The closing of this transaction is subject to the approval of the regulatory authorities.

### EP Global Commerce GmbH increases its share of voting rights in METRO AG

EP Global Commerce GmbH increased its voting rights in METRO AG from 17.52% to 29.99% as of 6 November 2019 based on the notifications of voting rights submitted to the company. They and possibly other affiliated companies and related parties will thus become related companies and parties of METRO AG as of this date. Franz Haniel & Cie. GmbH and its subsidiaries are no longer related parties due to the reduction of their voting rights.

## 49. Notes on related parties

In financial year 2018/19, METRO maintained the following business relations to related companies:

| € million | 2017/18 | **2018/19** |
|---|---|---|
| Services provided | 8 | **8** |
| Associates | 5 | **5** |
| Joint ventures | 3 | **3** |
| Miscellaneous related parties | 0 | **0** |
| Services received | 96 | **93** |
| Associates | 78 | **76** |
| Joint ventures | 8 | **7** |
| Miscellaneous related parties | 10 | **10** |
| Receivables from services provided, as of 30/9 | 0 | **0** |
| Associates | 0 | **0** |
| Joint ventures | 0 | **0** |
| Miscellaneous related parties | 0 | **0** |
| Liabilities from goods/services received as of 30/9 | 1 | **1** |
| Associates | 0 | **0** |
| Joint ventures | 0 | **0** |
| Miscellaneous related parties | 1 | **1** |

### Transactions with associated companies and other related parties

The services received totalling €93 million (2017/18: €96 million) that METRO companies received from associates and other related parties in financial year 2018/19 consisted mainly of real estate leases in the amount of €79 million (2017/18: €80 million), thereof €76 million from associates; (2017/18: €78 million) and the rendering of services in the amount of €15 million (2017/18: €16 million), thereof €7 million from joint ventures; (2017/18: €8 million).

Other future financial commitments in the amount of €667 million (2017/18: €719 million) consist of tenancy agreements with the following associated companies: OPCI FWP France, OPCI FWS France, Habib METRO Pakistan and the Mayfair group.

In financial year 2018/19, METRO companies provided services to companies belonging to the group of associates and related parties in the amount of €8 million (2017/18: €8 million).

A dividend of €38 million has been paid out to a shareholder with significant influence.

Business relations with related parties are based on contractual agreements providing for arm's length prices. As in financial year 2017/18, there were no business relations with related natural persons and companies of management in key positions in financial year 2018/19.

### Related persons (compensation for management in key positions)

The management in key positions consists of members of the Management Board and the Supervisory Board of METRO AG.

Thus, the expenses for members of the Management Board of METRO AG amounted to €6.9 million (2017/18: €5.2 million) for short-term benefits and €3.7 million (2017/18: €7.0 million) for post-employment benefits. Thereof an amount of €3.0 million relates to termination benefits paid in financial year 2018/19. The expenses for existing compensation programmes with long-term incentive effect in financial year 2018/19, calculated in accordance with IFRS 2, amounted to €2.6 million (2017/18: €0.7 million).

The short-term compensation for the members of the Supervisory Board of METRO AG amounted to €2.2 million (2017/18: €2.2 million).

The total compensation for members of the Management Board in key positions in financial year 2018/19 amounted to €15.4 million (2017/18: €15.1 million).

- **For more information about the basic principles of the remuneration system and the amount of Management Board and Supervisory Board compensation, see** **no. 51 – Management Board and Supervisory Board ▸ page 289****.**

## 50. Long-term incentive for executives

### Authorisations for the continuing operations of METRO

The Long-Term Incentive developed in financial year 2015/16 for the METRO Wholesale sales line (MCC LTI) was adjusted for the continuing operations of METRO and granted to the senior executives of METRO and the management bodies of the METRO Wholesale subsidiaries as of 1 April 2019. The METRO LTI is a cyclical plan that is issued once every 3 years. The respective performance targets focus on value creation in the individual national subsidiaries, the relative total shareholder return of the METRO share compared to a comparable market as well as the sustainable development and future orientation of METRO. The performance period of the METRO LTI extends from 1 April 2019 to 31 March 2022. The individual target amounts are accumulated proportionally during this period. The final target amount that has been accumulated at the end of the performance period is based on the period of eligibility for the METRO LTI as well as the individual's position. According to the plan conditions, executives can be newly admitted to the circle of beneficiaries on a pro rata basis or be removed from the plan.

### Operating principles METRO LTI

After the end of each performance period, the payout amount is determined by multiplying the respectively accumulated individual target amount with a total goal achievement factor. This factor consists of the achievement of the country performance component (60%), the achievement of the METRO performance component (30%) and the achievement of the sustainability component (10%). The payout amount is capped and the total goal achievement factor cannot drop below 0.

For the country performance component, the success of the respective national subsidiary is decisive for the beneficiaries of the national METRO Wholesale subsidiaries, while the overall success of all national subsidiaries is taken as the basis for the other beneficiaries. The overall success of METRO is determined for the METRO performance and sustainability components.

The **country performance component** rewards the achievement of internal economic targets and is measured on the basis of a cash proxy achieved cumulatively for the METRO Wholesale subsidiaries in financial years 2018/19 to 2020/21. In each case, a value for the factor 0.0 and a target value for the target achievement factor 1.0 were defined. In the case of intermediate values and values above 1.0, the factor for goal achievement is calculated using linear interpolation to 2 decimal points. The goal achievement factor for the country performance component cannot drop below 0 and is capped.

The METRO performance component is based on the success of METRO, expressed as the relative total shareholder return (TSR) compared to a comparison group. This group consists of the MDAX (50%) and the selected competitors (50%).

The comparison group of competitors consists of the following companies:

- Bidcorp (ISIN ZAE000216537)
- Bizim Toptan (ISIN TREBZMT00017)
- Marr (ISIN IT0003428445)
- Eurocash Group (ISIN PLEURCH00011)
- Performance Food Group (ISIN US71377A1034)
- US Foods (ISIN US9120081099)
- Sysco (ISIN US8718291078)
- Sligro (ISIN NL0000817179)

If the total shareholder returns of METRO AG and the comparison group run in parallel, the performance target is 100% met; for an underperformance of −20%, the performance target is met by one third; for anything below that, the target achievement is 0. Between these 2 points and beyond, linear interpolation or extrapolation is used to determine target achievement. The achievement of targets is capped.

Performance achievement for the **sustainability component** is determined on the basis of the average rating which METRO AG is awarded in an external corporate sustainability assessment during each performance period. Each year during the performance period, METRO AG participates in the Corporate Sustainability Assessment conducted by the independent service provider RobecoSAM. RobecoSAM AG uses this assessment to determine METRO AG's ranking within the industry group Food & Staples Retailing that is defined in accordance with the Global Industry Classification Standard (GICS). RobecoSAM AG will inform METRO AG of any changes in its sector classification. In case of material changes in the composition of companies or the ranking method, RobecoSAM AG can determine adequate comparable values.

The company's average ranking, rounded to whole numbers, is determined on the basis of the rankings communicated during each performance period. The factor for the sustainability component is determined in the following manner on the basis of the average of the performance period:

| Average ranking (rounded) | Sustainability factor |
|---|---|
| 1 | 3.00 |
| 2 | 2.00 |
| 3 | 1.50 |
| 4 | 1.00 |
| 5 | 0.75 |
| 6 | 0.50 |
| 7 | 0.25 |
| Below rank 7 | 0.00 |

## METRO mid-term incentive

In financial year 2018/19, a mid-term incentive (MTI) was launched to support the transformation of METRO over a 2-year period. This plan allows top executives to participate in METRO's success and rewards the achievement of important internal transformation goals, such as customer satisfaction and master data quality.

The METRO mid-term incentive (METRO MTI) has a term (performance period) of 2 years and was granted to the senior executives of METRO and the management bodies of the METRO Wholesale subsidiaries as of 1 April 2019. This is a one-time issue.

The METRO MTI is a phantom share plan in which a phantom share represents the value of the METRO ordinary share. Participants were allocated an initial number of phantom shares based on a target amount at the beginning of the performance period. At the end of the performance period, the final number of phantom shares will be determined for each participant and paid out with the dividend-adjusted value. Half of the final number of phantom shares is measured by the achievement of an internal EBITDA target, based on METRO as a whole, and half by country-specific transformation targets (transformation KPIs). The individual performance targets cannot fall below 0 and are capped. The total payout from the plan is also capped.

The EBITDA target is based on the EBITDA of METRO excluding earnings contributions from real estate transactions in financial year 2018/19. Targets were set for 50%, 100% and 150% degrees of target achievement. The achievement of targets is determined by linear interpolation between these values. The achievement of targets is limited at the lower and upper levels.

Targets were set for all METRO Wholesale subsidiaries for the transformation KPIs performance target 'in the equally weighted components like-for-like sales growth in strategic customer groups, Net Promoter Score (NPS) and master data quality. A country-specific overall factor is determined from the achievement of the respective targets with regard to the transformation KPIs.

With regard to the target for like-for-like sales growth in strategic customer groups, growth targets were set for individual customer groups in line with the strategic orientation of the respective national subsidiary. For each national subsidiary and for each of the strategic customer groups relevant for that country, the Management Board of METRO AG set separate target values for the achievement of the factor 1.00. Furthermore, a threshold (a minimum performance target where the factor is 0.00) and the target values for reaching a factor of 2.00 and 3.00 were defined. Linear interpolation is performed between these values to determine the achievement of the respective targets. The goal achievement factor cannot drop below 0 and is capped.

The NPS factor (qualitative) rewards the careful implementation and maintenance of the NPS system by the national subsidiaries, which was entrenched in the NPS target image of METRO. The relevant measurement of the performance for the determination of the target achievement is carried out during the performance period on 2 dates. The measurement focuses in particular on the routines and processes associated with the introduction of the NPS as well as the success of the respective national subsidiary. The goal achievement cannot drop below 0 and is capped.

The master data quality component rewards a sustainable improvement of the core attributes of article master data and customer contact data, since complete and correct data are a basic requirement for all METRO processes. 4 relevant data clusters have been defined (purchasing units, sales units, customers and authorised buyers). Separate target values for achieving factor 1.00 were set for each national subsidiary. Furthermore, a threshold (a minimum performance target where the factor is 0.00) and the target values for reaching a factor of 2.00 and 3.00 were defined. Linear interpolation is performed between these values to determine the achievement of the respective targets. Each identified factor for the past performance component cannot drop below 0 and is capped.

The transformation KPIs target achievement for METRO as a whole is calculated separately for each subcomponent as a sales-weighted average of the respective factors determined for the national subsidiaries.

As of the closing date on 30 September 2019, the initially granted number of phantom shares was 1,217,690. Assuming that all performance targets can be achieved to the maximum extent possible, the maximum number of phantom shares is 2,739,803.

### Permissions for the retail business segment (Real LTI)

In financial year 2016/17, the Real long-term incentive (Real LTI) was developed for the retail business segment. The authorised executives and senior executives of the retail business segment were eligible. The performance period started on 1 April 2017 and ends on 31 March 2020. The operating principles are shown below.

#### Operating principles Real LTI

After the end of each performance period, the payout amount is determined by multiplying the respectively accumulated individual target amount with a total goal achievement factor. The goal achievement rate of this factor for the past performance and future value components accounts for 45% each; the remaining 10% are accounted for by the goal achievement rate of the sustainability component. The payout amount is capped and the total goal achievement factor cannot drop below 0. For the past performance and future value components, the overall success of Real is key for the achievement of objectives.

The past performance component rewards the achievement of internal economic target values and is determined on the basis of the EBITDA after special items generated cumulatively over financial years 2016/17 to 2018/19. Separate target values for goal achievement factors 1.0 and 0.0 have been defined. In the case of intermediate values and values above 1.0, the factor for goal achievement is calculated using linear interpolation to 2 decimal points. The goal achievement factor for the past performance component cannot drop below 0 and is capped.

The **future value component** mirrors Real's external measurement with respect to the expected future performance of each sales line as a whole from an analyst's perspective. For the purpose of target setting, the company value was determined on the basis of analyst measurements before the start of the performance period. It is determined again at the end of the performance period. Separate target values for a goal achievement factor of 1.0 and 0.0, respectively, have been defined. In the case of intermediate values and values above 1.0, the factor for goal achievement is calculated using linear interpolation to 2 decimal points. The goal achievement factor for the future value component cannot drop below 0 and is capped.

Performance achievement for the **sustainability component** is determined on the basis of the average rating which METRO AG is awarded in an external corporate sustainability assessment during the performance period. In each year of the performance period, METRO AG participates in the Corporate Sustainability Assessment conducted by the independent service provider RobecoSAM. RobecoSAM AG uses this assessment to determine METRO AG's ranking within the industry group Food & Staples Retailing that is defined in accordance with the Global Industry Classification Standard (GICS). RobecoSAM AG will inform METRO AG of any changes in its sector classification. In case of material changes in the composition of companies or the ranking method, RobecoSAM AG can determine adequate comparable values.

The company's average ranking, rounded to whole numbers, is determined on the basis of the rankings communicated during each performance period. The factor for the sustainability component is determined in the following manner on the basis of the average of the performance period:

| Average ranking (rounded) | Sustainability factor |
|---|---|
| 1 | 3.00 |
| 2 | 2.50 |
| 3 | 2.00 |
| 4 | 1.50 |
| 5 | 1.25 |
| 6 | 1.00 |
| 7 | 0.75 |
| 8 | 0.50 |
| 9 | 0.25 |
| Below rank 9 | 0.00 |

As of 30 September 2019, the target amount for the eligible group of persons was €13.1 million. The mentioned tranches of share-based payment programmes resulted in total expenses of €12.0 million (2017/18: €9 million).

The related provisions as of 30 September 2019 amount to €12.5 million (30/9/2018: €28 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 performance indicators as of the reporting date and the external market values as of the valuation date.

## 51. Management Board and Supervisory Board

### Remuneration of members of the Management Board in financial year 2018/19

The remuneration of the active members of the Management Board essentially consists of a fixed salary, a short-term performance-based remuneration component (short-term incentive and special bonuses), as well as the performance-based remuneration component with a long-term incentive effect (long-term incentive) granted in financial year 2018/19.

The short-term incentive for members of the Management Board is essentially determined by the development of financial performance targets related to that financial year and also considers the attainment of agreed-upon targets.

The remuneration of the active members of the Management Board in financial year 2018/19 amounted to €9.8 million (2017/18: €7.0 million). This includes €3.5 million (2017/18: €3.7 million) in fixed salaries, €2.0 million (2017/18: €0.4 million) in short-term performance-based remuneration, €3.9 million (2017/18: €2.7 million) in performance-based remuneration with a long-term incentive effect and €0.3 million (2017/18: €0.2 million) in non-monetary and supplemental benefits.

The share and performance-based remuneration component with long-term incentive effect granted in financial year 2018/19 (performance share plan) was recognised at fair value as of the date granted. The number of conditionally allocated performance shares for the members of the Management Board amounts to a total of 311,477.

In financial year 2018/19, value adjustments resulted from the current tranches of performance-based payment programmes with a long-term incentive effect. The company's expenses amounted to €0.78 million for Mr Koch, €0.50 million for Mr Baier, €1.23 million for Mr Hutmacher and €0.09 million for Mr Palazzi.

As of 30 September 2019, the provisions for the members of the Management Board totalled €3.46 million. Of this amount, €1.17 million was attributable to Mr Koch, €0.69 million to Mr Baier, €1.52 million to Mr Hutmacher and €0.09 million to Mr Palazzi.

Expenses and provisions were determined by external experts using a recognised financial mathematical procedure.

An agreement was reached with Mr Hutmacher in the reporting year for the premature termination of his service contract with effect from the end of 31 December 2019. A severance payment of €2,957,700 was agreed to settle the remaining term of his service contract (1 January 2020 to 30 September 2020) and the short-term incentive for the period from 1 October 2019 to 31 May 2019. This settlement covers Mr Hutmacher's claims, taking into account the contractually agreed severance payment cap in accordance with the German Corporate Governance Code. The severance payment, which is due in financial year 2019/20, was fully accrued in financial year 2018/19. The tranches of the long-term incentive already granted to Mr Hutmacher will be settled in accordance with the terms of the plan.

### Total compensation of former members of the Management Board

There are congruent, reinsured liabilities from pension provisions of €1.5 million towards former members of the Management Board.

- **Individual versions of the disclosures released pursuant to § 314 Section 1 No. 6a Sentences 5 to 8 of the German Commercial Code can be found in chapter 6 remuneration report page 124 in the combined management report.**

### Compensation of members of the Supervisory Board

The total remuneration of all members of the Supervisory Board in financial year 2018/19 amounted to €2.2 million (2017/18: €2.2 million).

- **For more disclosures about the compensation of the members of the Supervisory Board, see chapter '6 remuneration report page 124' in the combined management report.**

## 52. Auditor's fees for the financial year pursuant to § 314 Section 1 No. 9 of the German Commercial Code (HGB)

KPMG AG Wirtschaftsprüfungsgesellschaft invoiced total professional fees in the amount of €5.1 million for services rendered. €4.3 million of this amount was attributable to professional fees for the audit of the financial statements, €0.2 million to other assurance services and €0.6 million to other services. Only services that are consistent with the task of the auditor of the annual financial statements and consolidated financial statements of METRO AG were provided.

The fees for audit services provided by KPMG AG Wirtschaftsprüfungsgesellschaft relate to the audit of the consolidated financial statements and the annual financial statements of METRO AG, including statutory order extensions. In addition, the fees for the audits of IFRS reporting packages of subsidiaries of METRO AG for inclusion in the METRO consolidated financial statements as well as for the audits of annual financial statements of subsidiaries under commercial law are included here. In addition, the audit-integrated reviews of interim financial statements, project-related audits within the framework of the introduction of new accounting standards and ISAE 3402 audit-related services were performed.

The other assurance services include contracted audits (for example, sales lease agreements, compliance certificates, comfort letters, declaration of completeness of the packaging ordinance), the voluntary audit of the internal audit system according to IDW PS 983, the voluntary audit of the corporate responsibility report according to ISAE 3000 and ISAE 3410 and the business audit of the non-financial statement.

The other services relate to fees for financial due diligences, for auditing support services within the framework of a sales tax compliance management system and auditing support services based on IDW PS 980 in connection with the IT compliance system.

## 53. Declaration of conformity with the German Corporate Governance Code

In September 2019, the Management Board and the Supervisory Board issued the annual declaration of conformity pursuant to § 161 of the German Stock Corporation Act (AktG) concerning the recommendations of the Government Commission on the German Corporate Governance Code. The statement is published permanently on the website of METRO AG (www.metroag.de/en).

## 54. Election to be exempt from §§ 264 Section 3 and 264b of the German Commercial Code

The following domestic subsidiaries in the legal form of stock corporations or partnerships will use the exemption provisions according to § 264 Section 3 and § 264b of the German Commercial Code, and will thus refrain from preparing their annual financial statements for financial year 2018/19 as well as mostly from preparing their notes and management report (according to the German Commercial Code).

| **a) Operating companies and service entities** | |
|---|---|
| MIP METRO Group Intellectual Property Management GmbH | Düsseldorf |
| N & NF Trading GmbH | Düsseldorf |
| METRO Siebte Gesellschaft für Vermögensverwaltung mbH | Düsseldorf |
| real,- Handels GmbH | Düsseldorf |
| Hospitality Digital GmbH | Düsseldorf |
| METRO GROUP Accounting Center GmbH | Wörrstadt |
| METRO Innovations Holding GmbH | Düsseldorf |
| METRO Groß- und Lebensmitteleinzelhandel Holding GmbH | Düsseldorf |
| MGL METRO Group Logistics Warehousing Beteiligungs GmbH | Düsseldorf |
| METRO LOGISTICS Germany GmbH | Düsseldorf |
| MGC METRO Group Clearing GmbH | Düsseldorf |
| METRO Finanzdienstleistungs Pensionen GmbH | Düsseldorf |
| real,- Digital Services GmbH | Düsseldorf |
| DAYCONOMY GmbH | Düsseldorf |
| Fulltrade International GmbH | Düsseldorf |
| MIP METRO Group Intellectual Property GmbH & Co. KG | Düsseldorf |
| METRO Dienstleistungs-Holding GmbH | Düsseldorf |
| METRO Re AG | Düsseldorf |
| METRO Advertising GmbH | Düsseldorf |
| real,- Holding GmbH | Düsseldorf |
| real,- Digital Fulfillment GmbH | Düsseldorf |
| METRO Travel Services GmbH | Düsseldorf |
| METRO Insurance Broker GmbH | Düsseldorf |
| METRO-nom GmbH | Düsseldorf |
| METRO SB-Großmärkte GmbH & Co. Kommanditgesellschaft | Esslingen am Neckar |
| METRO SB-Großmärkte GmbH & Co. Kommanditgesellschaft | Linden |
| NordRhein Trading GmbH | Düsseldorf |

| | |
|---|---|
| METRO Großhandelsgesellschaft mbH | Düsseldorf |
| real GmbH | Düsseldorf |
| METRO Deutschland GmbH | Düsseldorf |
| MGE Warenhandelsgesellschaft mbH | Düsseldorf |
| MGL METRO Group Logistics GmbH | Düsseldorf |
| real,- SB-Warenhaus GmbH | Düsseldorf |
| MCC Trading International GmbH | Düsseldorf |
| METRO Cash & Carry International GmbH | Düsseldorf |
| Meister feines Fleisch - feine Wurst GmbH | Gäufelden |
| Multi-Center Warenvertriebs GmbH | Düsseldorf |
| METRO Erste Erwerbsgesellschaft mbH | Düsseldorf |
| MCC Trading Deutschland GmbH | Düsseldorf |
| Goldhand Lebensmittel- u. Verbrauchsgüter-Vertriebsgesellschaft mbH | Düsseldorf |
| Liqueur & Wine Trade GmbH | Düsseldorf |
| Johannes Berg GmbH, Weinkellerei | Düsseldorf |
| Weinkellerei Thomas Rath GmbH | Düsseldorf |
| METRO INTERNATIONAL SUPPLY GmbH | Düsseldorf |
| METRO FSD Holding GmbH | Düsseldorf |
| RUNGIS express GmbH | Meckenheim |
| Petit RUNGIS express GmbH | Meckenheim |
| CCG DE GmbH | Kelsterbach |
| cc delivery gmbh | Meckenheim |
| HoReCa Investment Management GmbH | Düsseldorf |
| DISH Plus GmbH | Düsseldorf |
| HoReCa Komplementär GmbH | Düsseldorf |
| HoReCa Innovation I GmbH & Co. KG | Düsseldorf |
| HoReCa Investment I GmbH & Co. KG | Düsseldorf |
| HoReCa Strategic I GmbH & Co. KG | Düsseldorf |
| METRO Wholesale & Food Services Vermögensverwaltung GmbH & Co. KG | Düsseldorf |
| METRO Wholesale & Food Services Vermögensverwaltung Management GmbH | Düsseldorf |
| MIP METRO Holding Management GmbH | Düsseldorf |
| Markthalle GmbH | Düsseldorf |
| METRO Hospitality Digital Holding GmbH | Düsseldorf |
| METRO Dritte Verwaltungs GmbH | Düsseldorf |
| METRO Vierte Verwaltungs GmbH | Düsseldorf |
| METRO Fünfte Verwaltungs GmbH | Düsseldorf |
| METRO Sechste Verwaltungs GmbH | Düsseldorf |
| METRO Siebte Verwaltungs GmbH | Düsseldorf |
| Hospitality Digital Services Germany GmbH | Düsseldorf |
| HoReCa Innovation I Carry GmbH & Co. KG | Düsseldorf |
| HoReCa Innovation I Team GmbH & Co. KG | Düsseldorf |
| HoReCa Investment I Carry GmbH & Co. KG | Düsseldorf |
| HoReCa Investment I Team GmbH & Co. KG | Düsseldorf |
| HoReCa Strategic I Carry GmbH & Co. KG | Düsseldorf |
| Hospitality.systems GmbH | Düsseldorf |
| METRO Markets GmbH | Düsseldorf |

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|---|---|
| real Digital Agency GmbH | Düsseldorf |
| Heim & Büro Versand GmbH | Nister |
| hospitality.data GmbH | Düsseldorf |
| METRO Payment Services GmbH | Düsseldorf |
| METRO Fulfillment GmbH | Düsseldorf |
| **b) Real estate companies** | |
| METRO Leasing GmbH | Düsseldorf |
| METRO Asset Management Services GmbH | Düsseldorf |
| Immobilien-Vermietungsgesellschaft von Quistorp GmbH & Co. Objekt Altlandsberg KG | Düsseldorf |
| ADAGIO 3. Grundstücksverwaltungsgesellschaft mbH | Düsseldorf |
| ARKON Grundbesitzverwaltung GmbH | Düsseldorf |
| METRO PROPERTIES Holding GmbH | Düsseldorf |
| MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Augsburg KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Bochum Otto Straße KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Rastatt KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Frankenthal KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Frankenthal-Studernheim KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Paderborn ‘Südring Center’ KG | Düsseldorf |
| RUTIL Verwaltung GmbH & Co. SB-Warenhaus Bielefeld KG | Düsseldorf |
| GKF Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Schaper Bremen-Habenhausen KG | Düsseldorf |
| Blabert Grundstücksverwaltungsgesellschaft mbH | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hamm KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Oldenburg KG | Düsseldorf |
| Renate Grundstücksverwaltungsgesellschaft mbH | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach-Rheydt KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Emden KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Entwicklungsgrundstücke KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Arrondierungsgrundstücke KG | Düsseldorf |
| RUDU Verwaltungsgesellschaft mbH | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Ratingen KG | Düsseldorf |
| GKF Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Donaueschingen KG | Düsseldorf |
| GKF Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Köln-Porz KG | Düsseldorf |
| TIMUG GmbH & Co. Objekt Homburg KG | Düsseldorf |
| ASSET Zweite Immobilienbeteiligungen GmbH | Düsseldorf |
| AIB Verwaltungs GmbH | Düsseldorf |
| SIL Verwaltung GmbH & Co. Objekt Haidach KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Gäufelden KG | Düsseldorf |
| DFI Verwaltungs GmbH | Düsseldorf |
| KUPINA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG | Düsseldorf |
| METRO Retail Real Estate GmbH | Düsseldorf |
| METRO Wholesale Real Estate GmbH | Düsseldorf |
| ADAGIO Grundstücksverwaltungsgesellschaft mbH | Düsseldorf |
| ADAGIO 2. Grundstücksverwaltungsgesellschaft mbH | Düsseldorf |
| 2. Schaper Objekt GmbH & Co. Kiel KG | Düsseldorf |

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|---|---|
| Adolf Schaper GmbH & Co. Grundbesitz-KG | Düsseldorf |
| ASH Grundstücksverwaltung XXX GmbH | Düsseldorf |
| ZARUS Verwaltung GmbH & Co. Objekte Niedersachsen KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hildesheim-Senking KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Brühl KG | Düsseldorf |
| ZARUS Verwaltung GmbH & Co. Objekt Mutterstadt KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Edingen-Neckarhausen KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover / Davenstedter Straße KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover-Linden KG | Düsseldorf |
| GKF 6. Objekt Vermögensverwaltungsgesellschaft mbH | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. 8. Objekt - KG | Düsseldorf |
| METRO PROPERTIES GmbH & Co. KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. 10. Objekt-KG | Düsseldorf |
| MCC Vermögensverwaltungsgesellschaft mbH & Co. Objekt Ludwigshafen KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover Fössestraße KG | Düsseldorf |
| FZB Fachmarktzentrum Bous Verwaltungsgesellschaft mbH & Co. KG | Düsseldorf |
| Wolfgang Wirichs GmbH | Düsseldorf |
| Wirichs Immobilien GmbH | Düsseldorf |
| MTE Grundstücksverwaltung GmbH & Co. Objekt Duisburg oHG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Gewerbegrundstücke KG | Düsseldorf |
| BAUGRU Immobilien - Beteiligungsgesellschaft mit beschränkter Haftung & Co. Grundstücksverwaltung KG | Düsseldorf |
| GBS Gesellschaft für Unternehmensbeteiligungen mbH | Düsseldorf |
| STW Grundstücksverwaltung GmbH | Düsseldorf |
| PIL Grundstücksverwaltung GmbH | Düsseldorf |
| NIGRA Verwaltung GmbH & Co. Objekt Moers KG | Düsseldorf |
| NIGRA Verwaltung GmbH & Co. Objekt Detmold KG | Düsseldorf |
| METRO Cash & Carry Grundstücksverwaltungsgesellschaft mbH | Düsseldorf |
| NIGRA Verwaltung GmbH & Co. Objekt Eschweiler KG | Düsseldorf |
| NIGRA Verwaltung GmbH & Co. Objekt Langendreer KG | Düsseldorf |
| NIGRA Verwaltung GmbH & Co. Objekt Rendsburg KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. 25. Objekt-KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Herten KG | Düsseldorf |
| NIGRA Verwaltung GmbH & Co. Objekt Neunkirchen KG | Düsseldorf |
| Deutsche SB-Kauf GmbH & Co. KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Saar-Grund KG | Düsseldorf |
| Schaper Grundbesitz-Verwaltungsgesellschaft mbH | Düsseldorf |
| MDH Secundus GmbH & Co. KG | Düsseldorf |
| NIGRA Verwaltung GmbH & Co. Objekt Germersheim KG | Düsseldorf |
| Kaufhalle GmbH & Co. Objekt Lager Apfelstädt KG | Düsseldorf |
| Kaufhalle GmbH | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Espelkamp KG | Düsseldorf |
| ASSET Immobilienbeteiligungen GmbH | Düsseldorf |
| ASSET Köln-Kalk GmbH | Düsseldorf |
| Horten Nürnberg GmbH | Düsseldorf |

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|---|---|
| METRO International Beteiligungs GmbH | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Duisburg KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Heinsberg KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Stralsund KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Bitterfeld KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Nettetal KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Krefeld KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Aachen SB-Warenhaus KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Braunschweig Hamburger Straße KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Wülfrath KG | Düsseldorf |
| GKF Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Wolfenbüttel KG | Düsseldorf |
| GKF Grundstücksverwaltung GmbH & Co. Objekt Bremen-Vahr KG | Düsseldorf |
| GKF Grundstücksverwaltung GmbH & Co. Objekt Emden KG | Düsseldorf |
| GKF Grundstücksverwaltung GmbH & Co. Objekt Groß-Zimmern KG | Düsseldorf |
| GKF Grundstücksverwaltung GmbH & Co. Objekt Norden KG | Düsseldorf |
| TIMUG Verwaltung GmbH | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach ZV II KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekte Amberg und Landshut KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Göttingen KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Kulmbach KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Regensburg KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Pfarrkirchen KG | Düsseldorf |
| METRO Leasing Objekt Schwerin GmbH | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Kassel KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Bannewitz KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach ZV I KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hürth KG | Düsseldorf |
| Deutsche SB-Kauf Beteiligungsverwaltung GmbH | Düsseldorf |
| Schaper Beteiligungsverwaltung GmbH | Düsseldorf |
| MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Porta-Westfalica KG | Düsseldorf |
| MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt München-Pasing KG | Düsseldorf |
| MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Schwelm KG | Düsseldorf |
| MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Berlin-Friedrichshain KG | Düsseldorf |
| MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Hamburg-Altona KG | Düsseldorf |
| METRO Campus Services GmbH | Düsseldorf |

## 55. Overview of the major fully consolidated group companies

| Name | Registered office | Stake in % | Sales[1] in € million |
|---|---|---|---|
| **Holding companies** | | | |
| METRO AG | Düsseldorf, Germany | | 0 |
| METRO Cash & Carry International GmbH | Düsseldorf, Germany | 100.00 | 0 |
| **METRO Wholesale** | | | |
| METRO Deutschland GmbH | Düsseldorf, Germany | 100.00 | 4,423 |
| METRO France S.A.S. | Nanterre, France | 100.00 | 4,280 |
| METRO Jinjiang Cash & Carry Co., Ltd. | Shanghai, China | 90.00 | 2,812 |
| METRO Cash & Carry OOO | Moscow, Russia | 100.00 | 2,700 |
| METRO Italia Cash and Carry S. p. A. | San Donato Milanese, Italy | 100.00 | 1,723 |
| Makro Cash and Carry Polska S.A. | Warsaw, Poland | 100.00 | 1,385 |
| Makro Autoservicio Mayorista S. A. U. | Madrid, Spain | 100.00 | 1,255 |
| METRO CASH & CARRY ROMANIA SRL | Bucharest, Romania | 100.00 | 1,191 |
| MAKRO Cash & Carry CR s.r.o. | Prague, Czech Republic | 100.00 | 1,080 |
| METRO Grosmarket Bakirköy Alisveris Hizmetleri Ticaret Ltd. Sirketi | Istanbul, Turkey | 100.00 | 1,027 |
| METRO Cash & Carry India Private Limited | Bengaluru, India | 100.00 | 848 |
| METRO Distributie Nederland B. V. | Amsterdam, Netherlands | 100.00 | 780 |
| METRO Cash & Carry Österreich GmbH | Vösendorf, Austria | 73.00 | 760 |
| **Real** | | | |
| real GmbH | Düsseldorf, Germany | 100.00 | 6,970 |
| **Other companies** | | | |
| METRO Sourcing International Limited | Hong Kong, China | 100.00 | 24 |
| METRO LOGISTICS Germany GmbH | Düsseldorf, Germany | 100.00 | 0 |
| METRO PROPERTIES GmbH & Co. KG | Düsseldorf, Germany | 92.90 | 0 |
| METRO-nom GmbH | Düsseldorf, Germany | 100.00 | 0 |
| METRO International AG | Baar, Switzerland, | 100.00 | 0 |

[1] Including consolidated national subsidiaries.

## 56. Boards of METRO AG and mandates of their members

### Members of the Supervisory Board

(As of 3 December 2019)

**Jürgen Steinemann (Chairman)**
CEO of JBS Holding GmbH
Shareholder representative
a) Big Dutchman AG (Vice Chairman)
b) Bankiva B.V., Wezep, Netherlands – Supervisory Board (Chairman)
Barry Callebaut AG[1], Zurich, Switzerland – Board of Directors, until 11 December 2019
Lonza Group AG[1], Basle, Switzerland – Board of Directors

**Werner Klockhaus (Vice Chairman)**
Chairman of the Group Works Council of METRO AG
Chairman of the General Works Council of Real GmbH
Employee representative
a) Hamburger Pensionskasse von 1905 Versicherungsverein auf Gegenseitigkeit
Real GmbH[2] (Vice Chairman)
b) None

**Stefanie Blaser**
Chairwoman of the General Works Council of METRO PROPERTIES GmbH & Co. KG Saarbrücken
Employee representative
a) None
b) None

**Herbert Bolliger**
Self-employed business consultant
Shareholder representatives
a) None
b) Amann Wine Group Holding SA, Zug, Switzerland – Board of Directors
BNP Paribas (Suisse) AG[1], Geneva, Switzerland – Board of Directors MTH Retail Group Holding GmbH, Vienna, Austria – Supervisory Board Office World Holding AG, Bolligen, Switzerland – Board of Directors (Vice President)

**Gwyn Burr**
Member of the Board of Directors of Hammerson plc, London, United Kingdom
Shareholder representative
a) None
b) Hammerson plc[1], London, United Kingdom – Board of Directors
Ingleby Farms and Forests ApS, Køge, Denmark – Board of Directors
Just Eat plc[1], London, United Kingdom – Board of Directors
Sainsbury's Bank plc[1], London, United Kingdom – Board of Directors Taylor Wimpey plc[1], London, United Kingdom – Board of Directors

**Thomas Dommel**
Chairman of the General Works Council of METRO LOGISTICS Germany GmbH
Employee representative
a) METRO LOGISTICS Germany GmbH[2] (Vice Chairman)
b) None

a) Memberships in other statutory supervisory boards within the meaning of § 125 Section 1 Sentence 5, 1st alt. of the German Stock Corporation Act (AktG)
b) Memberships in comparable German and international supervisory bodies of commercial enterprises within the meaning of § 125 Section 1 Sentence 5, 2nd alt. of the German Stock Corporation Act (AktG)
[1] Listed company
[2] Intra-group mandate

**Prof. Dr Edgar Ernst**
President of the German Financial Reporting Enforcement Panel (FREP)
Shareholder representative
a) TUI AG[1]
Vonovia SE[1] (Vice Chairman)
b) None

**Dr Florian Funck (until 7 December 2019)**
Member of the Management Board of Franz Haniel & Cie. GmbH
Shareholder representative
a) CECONOMY AG[1]
TAKKT AG[1] (Chairman, since 15 May 2019)
Vonovia SE[1]
b) None

**Michael Heider**
Vice Chairman of the General Works Council of METRO Deutschland GmbH
Chairman of the Works Council of the METRO wholesale store Schwelm
Employee representative
a) METRO Großhandelsgesellschaft mbH[2]
b) None

**Peter Küpfer**
Self-employed business consultant
Shareholder representative
a) CECONOMY AG[1], until 30 April 2019
b) AHRA AG, Zurich, Switzerland – Board of Directors (President)
AHRB AG, Zurich, Switzerland – Board of Directors (President)
ARH Resort Holding AG, Zurich, Switzerland – Board of Directors (President)
Breda Consulting AG, Zurich, Switzerland – Board of Directors (President)
Cambiata Ltd, Road Town, Tortola, British Virgin Islands – Board of Directors
Cambiata Schweiz AG, Zurich, Switzerland – Board of Directors
Gebr. Schmidt GmbH & Co. KG – Advisory Council
Lake Zurich Fund Exempt Company, George Town, Grand Cayman, Cayman Islands – Board of Directors
Supra Holding AG, Zug, Switzerland – Board of Directors

**Susanne Meister**
Member of the General Works Council of Real GmbH
Employee representative
a) None
b) None

**Dr Angela Pilkmann**
Category Manager Food at Real GmbH
Employee representative
a) None
b) None

a) Memberships in other statutory supervisory boards within the meaning of § 125 Section 1 Sentence 5, 1st alt. of the German Stock Corporation Act (AktG)
b) Memberships in comparable German and international supervisory bodies of commercial enterprises within the meaning of § 125 Section 1 Sentence 5, 2nd alt. of the German Stock Corporation Act (AktG)
[1] Listed company
[2] Intra-group mandate

**Dr Fredy Raas**
Managing Director of Beisheim Holding GmbH, Baar, Switzerland and Beisheim Group GmbH & Co. KG
Shareholder representative
a) CECONOMY AG[1]
b) ARISCO Holding AG, Baar, Switzerland – Board of Directors
HUWA Finanz- und Beteiligungs AG, Au, Switzerland – Board of Directors (President), since 23 October 2018
Montana Capital Partners AG, Baar, Switzerland – Board of Directors, until 31 December 2018

**Xaver Schiller**
Chairman of the General Works Council of METRO Deutschland GmbH
Chairman of the Works Council of the METRO wholesale store Munich-Brunnthal
Employee representative
a) METRO Großhandelsgesellschaft mbH[2] (Vice Chairman)
b) None

**Eva-Lotta Sjöstedt**
Self-employed Business Consultant
Shareholder representative
a) None
b) None

**Dr Liliana Solomon**
Chief Financial Officer of Awaze Group Limited, London, United Kingdom
Shareholder representative
a) Scout24 AG[1] (Vice Chairwoman), until 30 August 2019
b) None

**Alexandra Soto**
Group Executive Director, Managing Director and Global Chief Operating Officer of Lazard Financial Advisory, Lazard & Co., Limited, London, United Kingdom
Shareholder representative
a) None
b) None

**Angelika Will**
Honorary Judge at the Federal Labour Court Secretary of the Regional Association Board North Rhine-Westphalia of DHV – Die Berufsgewerkschaft
e.V. (federal specialist group trade and logistics)
Employee representative
a) None
b) None

**Manfred Wirsch**
Secretary of the National Executive Board of Verdi Vereinte Dienstleistungsgewerkschaft e. V
Employee representatives
a) METRO Großhandelsgesellschaft mbH[2]
b) None

**Silke Zimmer**
Secretary of the National Executive Board of Verdi Vereinte Dienstleistungsgewerkschaft e. V.
Employee representative
a) None
b) None

a) Memberships in other statutory supervisory boards within the meaning of § 125 Section 1 Sentence 5, 1st alt. of the German Stock Corporation Act (AktG)
b) Memberships in comparable German and international supervisory bodies of commercial enterprises within the meaning of § 125 Section 1 Sentence 5, 2nd alt. of the German Stock Corporation Act (AktG)
[1] Listed company
[2] Intra-group mandate

## Permanent Supervisory Board committees and their composition

(As of 3 December 2019)

**Presidential Committee**

Jürgen Steinemann (Chairman)
Werner Klockhaus (Vice Chairman)
Xaver Schiller
Dr Liliana Solomon

**Audit Committee**

Prof. Dr Edgar Ernst (Chairman)
Werner Klockhaus (Vice Chairman)
Thomas Dommel
Dr Florian Funck
Dr Fredy Raas
Xaver Schiller

**Nomination Committee**

Jürgen Steinemann (Chairman)
Gwyn Burr
Prof. Dr Edgar Ernst

**Mediation Committee pursuant to § 27 Section 3 of the German Co-determination Act**

Jürgen Steinemann (Chairman)
Werner Klockhaus (Vice Chairman)
Prof. Dr Edgar Ernst
Xaver Schiller

### Members of the Management Board
(As of 3 December 2019)

**Olaf Koch (Chairman)**
a) Real GmbH[2] (Chairman)
METRO-NOM GmbH[2] (Chairman), since 1 November 2019
b) Hospitality Digital GmbH[2] – Advisory Board (Chairman)

**Christian Baier (Chief Financial Officer)**
a) METRO Großhandelsgesellschaft mbH[2]
METRO RE AG[2] – Supervisory Board (Chairman)
b) Hospitality Digital GmbH[2] – Advisory Board METRO Cash & Carry International Holding GmbH[2], Vösendorf, Austria – Supervisory Board (Chairman) METRO Holding France S. A.[2], Vitry-sur-Seine, France – Board of Directors

**Andrea Euenheim**
**(Chief Human Resources Officer and Labour Director, since 1 November 2019)**
Since 1 November 2019
METRO Großhandelsgesellschaft mbH[2], since 1 November 2019
Real GmbH[2], as of 1 January 2020
None

**Heiko Hutmacher**
**(Chief Human Resources Officer and Labour Director, until 31 October 2019)**
Until 31 December 2019
a) METRO Großhandelsgesellschaft mbH[2], until 31 October 2019
Real GmbH[2], until 31 December 2019
METRO-NOM GmbH[2] (Chairman), until 31 October 2019
b) None

**Philippe Palazzi (Chief Operating Officer)**
a) None
b) Hospitality Digital GmbH[2] – Advisory Board
METRO Holding France S. A.[2], Vitry-sur-Seine, France – Board of Directors (Chairman)
METRO FSD France S.A.S.[2], Rungis, France – Board of Directors (Chairman)
METRO Wholesale Myanmar Ltd.[2], Rangoon, Myanmar – Supervisory Board
Classic Fine Foods Netherlands B.V.[2], Amsterdam, Netherlands – Board of Directors

a) Memberships in other statutory supervisory boards within the meaning of § 125 Section 1 Sentence 5, 1st alt. of the German Stock Corporation Act (AktG)
b) Memberships in comparable German and international supervisory bodies of commercial enterprises within the meaning of § 125 Section 1 Sentence 5, 2nd alt. of the German Stock Corporation Act (AktG)
[2] Intra-group mandate

# 57. Affiliated companies of the group METRO AG as of 30 September 2019 pursuant to § 313 of the German Commercial Code

| Name | Registered office | Country | Share in capital in % |
|---|---|---|---|
| **Consolidated subsidiaries** | | | |
| 2. Schaper Objekt GmbH & Co. Kiel KG | Düsseldorf | Germany | 100.00 |
| ADAGIO 2. Grundstücksverwaltungsgesellschaft mbH | Düsseldorf | Germany | 100.00 |
| ADAGIO 3. Grundstücksverwaltungsgesellschaft mbH | Düsseldorf | Germany | 100.00 |
| ADAGIO Grundstücksverwaltungsgesellschaft mbH | Düsseldorf | Germany | 100.00 |
| Adolf Schaper GmbH & Co. Grundbesitz-KG | Düsseldorf | Germany | 100.00 |
| AIB Verwaltungs GmbH | Düsseldorf | Germany | 100.00 |
| ARKON Grundbesitzverwaltung GmbH | Düsseldorf | Germany | 100.00 |
| ASH Grundstücksverwaltung XXX GmbH | Düsseldorf | Germany | 100.00 |
| ASSET Immobilienbeteiligungen GmbH | Düsseldorf | Germany | 100.00 |
| ASSET Köln-Kalk GmbH | Düsseldorf | Germany | 100.00 |
| ASSET Zweite Immobilienbeteiligungen GmbH | Düsseldorf | Germany | 100.00 |
| Aubepine SARL | Châlette-sur-Loing | France | 100.00 |
| Avilo Marketing Gesellschaft m. b. H. | Vösendorf | Austria | 100.00 |
| BAUGRU Immobilien - Beteiligungsgesellschaft mit beschränkter Haftung & Co. Grundstücksverwaltung KG | Düsseldorf | Germany | 100.00 |
| Beijing Weifa Trading & Commerce Co. Ltd. | Beijing | China | 100.00 |
| Blabert Grundstücksverwaltungsgesellschaft mbH | Düsseldorf | Germany | 94.00 |
| cc delivery gmbh | Meckenheim | Germany | 100.00 |
| CCG DE GmbH | Kelsterbach | Germany | 100.00 |
| CJSC METRO Management Ukraine | Kiev | Ukraine | 100.00 |
| Classic Coffee & Beverage Sdn Bhd | Kuala Lumpur | Malaysia | 100.00 |
| Classic Fine Foods (Hong Kong) Limited | Hong Kong | China | 100.00 |
| Classic Fine Foods (Macau) Ltd | Macao | China | 99.80 |
| Classic Fine Foods (Singapore) Private Limited | Singapore | Singapore | 100.00 |
| Classic Fine Foods (Thailand) Company Limited | Bangkok | Thailand | 100.00 |
| Classic Fine Foods (Thailand) Holding Company Limited | Bangkok | Thailand | 49.00 |
| Classic Fine Foods (Vietnam) Limited | Ho Chi Minh City | Vietnam | 100.00 |
| Classic Fine Foods China Holdings Limited | Hong Kong | China | 100.00 |
| Classic Fine Foods China Trading Limited | Hong Kong | China | 100.00 |
| Classic Fine Foods EM LLC | Abu Dhabi | United Arab Emirates | 50.00 |
| Classic Fine Foods Group Limited | London | United Kingdom | 100.00 |
| Classic Fine Foods Holdings Limited | London | United Kingdom | 100.00 |
| Classic Fine Foods Japan Holdings | Tokyo | Japan | 100.00 |
| Classic Fine Foods Macau Holding Limited | Hong Kong | China | 100.00 |
| Classic Fine Foods Netherlands BV | Rotterdam | Netherlands | 100.00 |
| Classic Fine Foods Philippines Inc. | Makati | Philippines | 100.00 |
| Classic Fine Foods Rungis SAS | Rungis | France | 100.00 |
| Classic Fine Foods Sdn Bhd | Kuala Lumpur | Malaysia | 100.00 |
| Classic Fine Foods UK Limited | London | United Kingdom | 100.00 |

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|---|---|---|---|
| Classic Fine Foodstuff Trading LLC | Abu Dhabi | United Arab Emirates | 49.00 |
| Concarneau Trading Office SAS | Concarneau | France | 100.00 |
| COOL CHAIN GROUP PL Sp. z o.o. | Cracow | Poland | 100.00 |
| Culinary Agents Italia s.r.l. | San Donato Milanese | Italy | 100.00 |
| Dalian METRO Warehouse Management Co., Ltd. | Dalian | China | 100.00 |
| DAYCONOMY GmbH | Düsseldorf | Germany | 100.00 |
| Deelnemingmaatschappij Arodema B.V. | Amsterdam | Netherlands | 100.00 |
| Deutsche SB-Kauf Beteiligungsverwaltung GmbH | Düsseldorf | Germany | 100.00 |
| Deutsche SB-Kauf GmbH & Co. KG | Düsseldorf | Germany | 100.00 |
| DFI Verwaltungs GmbH | Düsseldorf | Germany | 100.00 |
| Dinghao Foods (Shanghai) Co. Ltd. | Shanghai | China | 100.00 |
| DISH Plus GmbH | Düsseldorf | Germany | 100.00 |
| Doxa Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach KG | Mainz | Germany | 0.00[1] |
| Etablissements Blin SAS | Saint-Gilles | France | 100.00 |
| Fideco AG | Courgevaux | Switzerland | 100.00 |
| French F&B (Japan) Co., Ltd. | Tokyo | Japan | 93.83 |
| Freshly CR s.r.o. | Prague | Czech Republic | 100.00 |
| Fulltrade International GmbH | Düsseldorf | Germany | 100.00 |
| FZB Fachmarktzentrum Bous Verwaltungsgesellschaft mbH & Co. KG | Düsseldorf | Germany | 100.00 |
| GBS Gesellschaft für Unternehmensbeteiligungen mbH | Düsseldorf | Germany | 100.00 |
| GKF 6. Objekt Vermögensverwaltungsgesellschaft mbH | Düsseldorf | Germany | 100.00 |
| GKF Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Donaueschingen KG | Düsseldorf | Germany | 100.00 |
| GKF Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Köln-Porz KG | Düsseldorf | Germany | 100.00 |
| GKF Grundstücksverwaltung GmbH & Co. Objekt Bremen-Vahr KG | Düsseldorf | Germany | 100.00 |
| GKF Grundstücksverwaltung GmbH & Co. Objekt Emden KG | Düsseldorf | Germany | 100.00 |
| GKF Grundstücksverwaltung GmbH & Co. Objekt Groß-Zimmern KG | Düsseldorf | Germany | 100.00 |
| GKF Grundstücksverwaltung GmbH & Co. Objekt Norden KG | Düsseldorf | Germany | 100.00 |
| GKF Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Schaper Bremen-Habenhausen KG | Düsseldorf | Germany | 100.00 |
| GKF Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Wolfenbüttel KG | Düsseldorf | Germany | 94.00 |
| GKF Vermögensverwaltungsgesellschaft mbH | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. 10. Objekt-KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. 25. Objekt-KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. 8. Objekt-KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Arrondierungsgrundstücke KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Entwicklungsgrundstücke KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Gewerbegrundstücke KG | Düsseldorf | Germany | 100.00 |

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| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Aachen SB-Warenhaus KG | Düsseldorf | Germany | 94.90 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Bannewitz KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Bitterfeld KG | Düsseldorf | Germany | 94.90 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Bochum Otto Straße KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Braunschweig Hamburger Straße KG | Düsseldorf | Germany | 94.90 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Brühl KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Duisburg KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Edingen-Neckarhausen KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Emden KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Espelkamp KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Frankenthal KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Frankenthal-Studernheim KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Gäufelden KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Göttingen KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hamm KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover / Davenstedter Straße KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover Fössestraße KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover-Linden KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Heinsberg KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Herten KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hildesheim-Senking KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hürth KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Kassel KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Krefeld KG | Düsseldorf | Germany | 94.90 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Kulmbach KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach ZV I KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach ZV II KG | Düsseldorf | Germany | 94.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach-Rheydt KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Nettetal KG | Düsseldorf | Germany | 94.90 |

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| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Oldenburg KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Paderborn 'Südring Center' KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Pfarrkirchen KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Rastatt KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Ratingen KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Regensburg KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Saar-Grund KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Stralsund KG | Düsseldorf | Germany | 94.90 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Wülfrath KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekte Amberg und Landshut KG | Düsseldorf | Germany | 100.00 |
| Goldhand Lebensmittel- u. Verbrauchsgüter-Vertriebsgesellschaft mit beschränkter Haftung | Düsseldorf | Germany | 100.00 |
| GrandPari Limited Liability Company | Moscow | Russia | 100.00 |
| Heim & Büro Versand GmbH | Nister | Germany | 100.00 |
| HoReCa Innovation I Carry GmbH & Co. KG | Düsseldorf | Germany | 3.26[1] |
| HoReCa Innovation I GmbH & Co. KG | Düsseldorf | Germany | 100.00 |
| HoReCa Innovation I Team GmbH & Co. KG | Düsseldorf | Germany | 0.67[1] |
| HoReCa Investment I Carry GmbH & Co. KG | Düsseldorf | Germany | 3.32[1] |
| HoReCa Investment I GmbH & Co. KG | Düsseldorf | Germany | 100.00 |
| HoReCa Investment I Team GmbH & Co. KG | Düsseldorf | Germany | 0.07[1] |
| HoReCa Investment Management GmbH | Düsseldorf | Germany | 100.00 |
| HoReCa Komplementär GmbH | Düsseldorf | Germany | 100.00 |
| HoReCa Strategic I Carry GmbH & Co. KG | Düsseldorf | Germany | 4.26[1] |
| HoReCa Strategic I GmbH & Co. KG | Düsseldorf | Germany | 100.00 |
| Horten Nürnberg GmbH | Düsseldorf | Germany | 100.00 |
| Hospitality Digital France SAS | Paris | France | 100.00 |
| Hospitality Digital GmbH | Düsseldorf | Germany | 100.00 |
| Hospitality Digital Services Austria GmbH | Vienna | Austria | 100.00 |
| Hospitality Digital Services Germany GmbH | Düsseldorf | Germany | 100.00 |
| hospitality.data GmbH | Düsseldorf | Germany | 100.00 |
| HOSPITALITY.digital, Inc. | Wilmington | USA | 100.00 |
| Hospitality.systems GmbH | Düsseldorf | Germany | 100.00 |
| ICS METRO Cash & Carry Moldova S.R.L. | Chişinău | Moldova | 100.00 |
| Immobilien-Vermietungsgesellschaft von Quistorp GmbH & Co. Objekt Altlandsberg KG | Düsseldorf | Germany | 90.24 |
| Inpakcentrale ICN B.V. | Duiven | Netherlands | 100.00 |
| Johannes Berg GmbH, Weinkellerei | Düsseldorf | Germany | 100.00 |
| Kaufhalle GmbH | Düsseldorf | Germany | 100.00 |
| Kaufhalle GmbH & Co. Objekt Lager Apfelstädt KG | Düsseldorf | Germany | 100.00 |
| Klassisk Group (S) Pte. Ltd. | Singapore | Singapore | 100.00 |
| Klassisk Investment Limited | Hong Kong | China | 100.00 |

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|---|---|---|---|
| KUPINA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG | Düsseldorf | Germany | 100.00 |
| Liqueur & Wine Trade GmbH | Düsseldorf | Germany | 100.00 |
| LLC Ukrainian Wholesale Trade Company | Kiev | Ukraine | 100.00 |
| Makro Autoservicio Mayorista S. A. U. | Madrid | Spain | 100.00 |
| MAKRO Cash & Carry Belgium NV | Wommelgem | Belgium | 100.00 |
| MAKRO Cash & Carry CR s.r.o. | Prague | Czech Republic | 100.00 |
| Makro Cash & Carry Egypt LLC | Cairo | Egypt | 100.00 |
| Makro Cash & Carry Portugal S.A. | Lisbon | Portugal | 100.00 |
| Makro Cash & Carry UK Holding Limited | Manchester | United Kingdom | 100.00 |
| Makro Cash and Carry Polska S.A. | Warsaw | Poland | 100.00 |
| Makro Ltd. | Manchester | United Kingdom | 100.00 |
| Makro Pension Trustees Ltd. | Manchester | United Kingdom | 100.00 |
| Markthalle GmbH | Düsseldorf | Germany | 100.00 |
| MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Augsburg KG | Düsseldorf | Germany | 94.90 |
| MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Berlin-Friedrichshain KG | Düsseldorf | Germany | 100.00 |
| MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Hamburg-Altona KG | Düsseldorf | Germany | 100.00 |
| MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt München-Pasing KG | Düsseldorf | Germany | 100.00 |
| MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Porta-Westfalica KG | Düsseldorf | Germany | 100.00 |
| MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Schwelm KG | Düsseldorf | Germany | 100.00 |
| MCC Trading Deutschland GmbH | Düsseldorf | Germany | 100.00 |
| MCC Trading International GmbH | Düsseldorf | Germany | 100.00 |
| MCC Vermögensverwaltungsgesellschaft mbH & Co. Objekt Ludwigshafen KG | Düsseldorf | Germany | 94.90 |
| MCCAP Holding GmbH | Vienna | Austria | 100.00 |
| MCCI Asia Pte. Ltd. | Singapore | Singapore | 100.00 |
| MDH Secundus GmbH & Co. KG | Düsseldorf | Germany | 100.00 |
| Meister feines Fleisch - feine Wurst GmbH | Gäufelden | Germany | 100.00 |
| METRO (Changchun) Property Service Co. Ltd. | Changchun | China | 100.00 |
| METRO Advertising GmbH | Düsseldorf | Germany | 100.00 |
| METRO Advertising Spółka z ograniczoną odpowiedzialnością | Warsaw | Poland | 100.00 |
| METRO Asset Management Services GmbH | Düsseldorf | Germany | 100.00 |
| METRO Białystok sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Bielsko-Biała sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Bydgoszcz sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Campus Services GmbH | Düsseldorf | Germany | 100.00 |
| METRO Cash & Carry Bulgaria EOOD | Sofia | Bulgaria | 100.00 |
| METRO Cash & Carry Central Asia Holding GmbH | Vienna | Austria | 100.00 |
| METRO Cash & Carry d.o.o. | Zagreb | Croatia | 100.00 |
| METRO Cash & Carry d.o.o. | Belgrade | Serbia | 100.00 |
| METRO Cash & Carry Danmark ApS. | Glostrup | Denmark | 100.00 |
| METRO Cash & Carry France et Cie | Monaco | Monaco | 100.00 |
| METRO Cash & Carry Grundstücksverwaltungsgesellschaft mbH | Düsseldorf | Germany | 100.00 |

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|---|---|---|---|
| METRO Cash & Carry Import Limited Liability Company | Noginsk | Russia | 100.00 |
| METRO Cash & Carry India Private Limited | Bengaluru | India | 100.00 |
| METRO Cash & Carry International GmbH | Düsseldorf | Germany | 100.00 |
| METRO Cash & Carry International Holding B. V. | Amsterdam | Netherlands | 100.00 |
| METRO Cash & Carry International Holding GmbH | Vienna | Austria | 100.00 |
| METRO Cash & Carry Japan KK | Tokyo | Japan | 100.00 |
| METRO Cash & Carry Myanmar Holding GmbH | Vienna | Austria | 100.00 |
| METRO Cash & Carry Nederland B.V. | Amsterdam | Netherlands | 100.00 |
| METRO Cash & Carry OOO | Moscow | Russia | 100.00 |
| METRO Cash & Carry Österreich GmbH | Vösendorf | Austria | 73.00 |
| METRO CASH & CARRY ROMANIA SRL | Bucharest | Romania | 100.00 |
| METRO Cash & Carry Russia N.V. | Amsterdam | Netherlands | 100.00 |
| METRO Cash & Carry SR s.r.o. | Ivanka pri Dunaji | Slovakia | 100.00 |
| METRO Cash & Carry TOO | Almaty | Kazakhstan | 100.00 |
| METRO Cash & Carry Ukraine Ltd. | Kiev | Ukraine | 100.00 |
| METRO Cash & Carry Wines | Hyderabad | India | 99.99 |
| METRO Central East Europe GmbH | Vienna | Austria | 100.00 |
| METRO Częstochowa sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Delivery Service NV | Willebroek | Belgium | 100.00 |
| METRO Germany GmbH | Düsseldorf | Germany | 100.00 |
| METRO Dienstleistungs-Holding GmbH | Düsseldorf | Germany | 100.00 |
| METRO Distributie Nederland B. V. | Amsterdam | Netherlands | 100.00 |
| METRO DOLOMITI S.p.A. | San Donato Milanese | Italy | 100.00 |
| METRO Dritte Verwaltungs GmbH | Düsseldorf | Germany | 100.00 |
| METRO Erste Erwerbsgesellschaft mbH | Düsseldorf | Germany | 100.00 |
| METRO FIM S.p.A. | Cinisello Balsamo | Italy | 100.00 |
| METRO Finanzdienstleistungs Pensionen GmbH | Düsseldorf | Germany | 100.00 |
| METRO France Immobiliere S. a. r. l. | Nanterre | France | 100.00 |
| METRO France S.A.S. | Nanterre | France | 100.00 |
| METRO FSD France S.A.S. | Montauban | France | 100.00 |
| METRO FSD Holding GmbH | Düsseldorf | Germany | 100.00 |
| METRO Fulfillment GmbH | Düsseldorf | Germany | 100.00 |
| METRO Fünfte Verwaltungs GmbH | Düsseldorf | Germany | 100.00 |
| METRO Gdańsk-Przejazdowo sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Gdynia sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Global Business Services Private Limited | Pune | India | 100.00 |
| METRO Grosmarket Bakirköy Alisveris Hizmetleri Ticaret Ltd. Sirketi | Istanbul | Turkey | 100.00 |
| METRO Groß- und Lebensmitteleinzelhandel Holding GmbH | Düsseldorf | Germany | 100.00 |
| METRO Großhandelsgesellschaft mbH | Düsseldorf | Germany | 100.00 |
| METRO GROUP Accounting Center GmbH | Wörrstadt | Germany | 100.00 |
| METRO Group Asset Management Ukraine, Limited Liability Company | Kiev | Ukraine | 100.00 |
| METRO Group Commerce (Shanghai) Co., Ltd. | Shanghai | China | 100.00 |
| METRO GROUP COMMERCE LIMITED | Hong Kong | China | 100.00 |
| METRO Group Properties SR s.r.o. | Ivanka pri Dunaji | Slovakia | 100.00 |
| METRO Group Retail Real Estate Romania S.R.L. | Voluntari | Romania | 100.00 |

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| METRO Group Wholesale Real Estate Bulgaria EOOD | Sofia | Bulgaria | 100.00 |
| METRO Holding France S. A. | Vitry-sur-Seine | France | 100.00 |
| METRO Hospitality Digital Holding GmbH | Düsseldorf | Germany | 100.00 |
| METRO Innovations Holding GmbH | Düsseldorf | Germany | 100.00 |
| METRO Insurance Broker GmbH | Düsseldorf | Germany | 100.00 |
| METRO International AG | Baar | Switzerland | 100.00 |
| METRO International Beteiligungs GmbH | Düsseldorf | Germany | 100.00 |
| METRO INTERNATIONAL SUPPLY GmbH | Düsseldorf | Germany | 100.00 |
| METRO Italia Cash and Carry S. p. A. | San Donato Milanese | Italy | 100.00 |
| METRO Jinjiang Cash & Carry Co., Ltd. | Shanghai | China | 90.00 |
| METRO Kalisz sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Kereskedelmi Kft. | Budaörs | Hungary | 100.00 |
| METRO Kielce sp. z o.o | Warsaw | Poland | 100.00 |
| METRO Kobierzyce sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Koszalin sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Kraków Jasnogórska sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Kraków Zakopiańska sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Leasing GmbH | Düsseldorf | Germany | 100.00 |
| METRO Leasing Objekt Schwerin GmbH | Düsseldorf | Germany | 100.00 |
| METRO Legnica sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Łódź sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO LOGISTICS Germany GmbH | Düsseldorf | Germany | 100.00 |
| METRO Logistics Polska sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Logistics Polska spółka z ograniczoną odpowiedzialnością i Spółka spółka komandytowa | Warsaw | Poland | 99.83 |
| METRO Lublin sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Management EOOD | Sofia | Bulgaria | 100.00 |
| METRO Markets GmbH | Düsseldorf | Germany | 100.00 |
| METRO North Warehouse Management (Chongqing) Co. Ltd. | Chongqing | China | 100.00 |
| METRO Olsztyn sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Opole Sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Pakistan (Pvt.) Limited | Lahore | Pakistan | 100.00 |
| METRO Payment Services GmbH | Düsseldorf | Germany | 100.00 |
| METRO Poznań II sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Poznań sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Properties B.V. | Amsterdam | Netherlands | 100.00 |
| METRO Properties CR s.r.o. | Prague | Czech Republic | 100.00 |
| METRO Properties Enterprise Management Consulting (Shanghai) Co., Ltd. | Shanghai | China | 100.00 |
| METRO PROPERTIES France SAS | Nanterre | France | 100.00 |
| METRO Properties Gayrimenkul Yatirim A.Ş. | Istanbul | Turkey | 100.00 |
| METRO PROPERTIES GmbH & Co. KG | Düsseldorf | Germany | 92.90 |
| METRO PROPERTIES Holding GmbH | Düsseldorf | Germany | 100.00 |
| METRO PROPERTIES Management GmbH | Düsseldorf | Germany | 66.67 |
| METRO Properties Real Estate Management Spółka z ograniczoną odpowiedzialnością | Warsaw | Poland | 100.00 |
| METRO PROPERTIES Sp. z o.o. | Warsaw | Poland | 100.00 |

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|---|---|---|---|
| METRO Property Management (Changsha) Co., Ltd. | Changsha | China | 100.00 |
| METRO Property Management (Changshu) Co. Ltd. | Changshu | China | 100.00 |
| METRO Property Management (Changzhou) Co. Ltd. | Changzhou | China | 100.00 |
| METRO Property Management (Cixi) Co., Limited | Cixi | China | 100.00 |
| METRO Property Management (Dongguan) Co. Ltd. | Dongguan | China | 100.00 |
| METRO Property Management (Hangzhou) Company Limited | Hangzhou | China | 100.00 |
| METRO Property Management (Harbin) Co. Ltd. | Harbin | China | 100.00 |
| METRO Property Management (Huai'an) Co., Ltd. | Huai'an | China | 100.00 |
| METRO Property Management (Jiangyin) Company Limited | Jiangyin | China | 100.00 |
| METRO Property Management (Jiaxing) Co. Ltd. | Jiaxing | China | 100.00 |
| METRO Property Management (Kunshan) Co. Ltd. | Suzhou | China | 100.00 |
| METRO Property Management (Nanchang Qingshanhu) Co. Ltd. | Nanchang | China | 100.00 |
| METRO Property Management (Nantong) Co. Ltd. | Nantong | China | 100.00 |
| METRO Property Management (Qingdao) Company Limited | Qingdao | China | 100.00 |
| METRO Property Management (Shenyang) Co. Ltd. | Shenyang | China | 100.00 |
| METRO Property Management (Shenzhen) Co. Ltd. | Shenzhen | China | 100.00 |
| METRO Property Management (Suzhou) Co., Ltd. | Suzhou | China | 100.00 |
| METRO Property Management (Tianjin Hongqiao) Co., Ltd. | Tianjin | China | 100.00 |
| METRO Property Management (Weifang) Co. Ltd. | Weifang | China | 100.00 |
| METRO Property Management (Wuhu) Co. Ltd. | Wuhu | China | 100.00 |
| METRO Property Management (Xi'an) Co., Ltd. | Xi'an | China | 100.00 |
| METRO Property Management (Xiamen) Co., Ltd. | Xiamen | China | 100.00 |
| METRO Property Management (Xiangyang) Co. Ltd. | Xiangyang | China | 100.00 |
| METRO Property Management (Zhangjiagang) Co. Ltd. | Zhangjiagang | China | 100.00 |
| METRO Property Management (Zhengzhou) Co., Ltd. | Zhengzhou | China | 100.00 |
| METRO Property Management (Zhongshan) Co. Limited | Zhongshan | China | 100.00 |
| METRO Property Management Wuxi Co. Ltd. | Wuxi | China | 100.00 |
| METRO Re AG | Düsseldorf | Germany | 100.00 |
| METRO Real Estate Ltd. | Zagreb | Croatia | 100.00 |
| METRO Retail Real Estate GmbH | Düsseldorf | Germany | 100.00 |
| METRO Rybnik sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Rzeszów sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Rzgów sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO SB-Großmärkte GmbH & Co. Kommanditgesellschaft | Esslingen am Neckar | Germany | 100.00 |
| METRO SB-Großmärkte GmbH & Co. Kommanditgesellschaft | Linden | Germany | 100.00 |
| METRO Sechste Verwaltungs GmbH | Düsseldorf | Germany | 100.00 |
| METRO Services PL spółka z ograniczoną odpowiedzialnością | Szczecin | Poland | 100.00 |
| METRO Siebte Gesellschaft für Vermögensverwaltung mbH | Düsseldorf | Germany | 100.00 |
| METRO Siebte Verwaltungs GmbH | Düsseldorf | Germany | 100.00 |
| METRO Sosnowiec sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Sourcing (Shanghai) Co., Ltd. | Shanghai | China | 100.00 |
| METRO Sourcing International Limited | Hong Kong | China | 100.00 |
| METRO South East Asia Holding GmbH | Vienna | Austria | 100.00 |
| METRO Systems Romania S.R.L. | Bucharest | Romania | 100.00 |

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|---|---|---|---|
| METRO Systems Ukraine LLC | Kiev | Ukraine | 100.00 |
| METRO Szczecin sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Toruń sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Travel Services GmbH | Düsseldorf | Germany | 100.00 |
| METRO Vierte Verwaltungs GmbH | Düsseldorf | Germany | 100.00 |
| METRO Warehouse Management (Chongqing) Co. Ltd. | Chongqing | China | 100.00 |
| METRO Warehouse Management (Hangzhou) Co. Ltd. | Hangzhou | China | 100.00 |
| METRO Warehouse Management (Suzhou) Co. Ltd. | Suzhou | China | 100.00 |
| METRO Warehouse Management (Taizhou) Co. Ltd | Taizhou | China | 100.00 |
| METRO Warehouse Management (Wuhan) Co. Ltd. | Wuhan | China | 100.00 |
| METRO Warehouse Management (Yantai) Co., Limited | Yantai | China | 100.00 |
| METRO Warehouse Management (Zibo) Co., Ltd. | Zibo | China | 100.00 |
| METRO Warehouse Noginsk Limited Liability Company | Noginsk | Russia | 100.00 |
| METRO Warszawa Jerozolimskie sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Warszawa Kolumbijska sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Wholesale & Food Services Vermögensverwaltung GmbH & Co. KG | Düsseldorf | Germany | 100.00 |
| METRO Wholesale & Food Services Vermögensverwaltung Management GmbH | Düsseldorf | Germany | 100.00 |
| METRO Wholesale Myanmar Ltd. | Rangoon | Myanmar | 85.00 |
| METRO Wholesale Real Estate GmbH | Düsseldorf | Germany | 100.00 |
| METRO Zabki sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Zabrze sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Zielona Góra sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO-nom GmbH | Düsseldorf | Germany | 100.00 |
| MGB METRO Group Buying RUS OOO | Moscow | Russia | 100.00 |
| MGC METRO Group Clearing GmbH | Düsseldorf | Germany | 100.00 |
| MGE Warenhandelsgesellschaft mbH | Düsseldorf | Germany | 100.00 |
| MGL METRO Group Logistics Bulgaria LTD | Sofia | Bulgaria | 100.00 |
| MGL METRO Group Logistics GmbH | Düsseldorf | Germany | 100.00 |
| MGL METRO Group Logistics Limited Liability Company | Noginsk | Russia | 100.00 |
| MGL METRO GROUP LOGISTICS UKRAINE LLC | Kiev | Ukraine | 100.00 |
| MGL METRO Group Logistics Warehousing Beteiligungs GmbH | Düsseldorf | Germany | 100.00 |
| MIP METRO Group Intellectual Property GmbH & Co. KG | Düsseldorf | Germany | 100.00 |
| MIP METRO Group Intellectual Property Management GmbH | Düsseldorf | Germany | 100.00 |
| MIP METRO Holding Management GmbH | Düsseldorf | Germany | 100.00 |
| MP Gayrimenkul Yönetim Hizmetleri Anonim Şirketi | Istanbul | Turkey | 100.00 |
| MTE Grundstücksverwaltung GmbH & Co. Objekt Duisburg oHG | Düsseldorf | Germany | 100.00 |
| Multi-Center Warenvertriebs GmbH | Düsseldorf | Germany | 100.00 |
| My Mart (China) Trading Co., Ltd. | Guangzhou | China | 100.00 |
| My Mart (Shanghai) Trading Co. Ltd. | Shanghai | China | 100.00 |
| N & NF Trading GmbH | Düsseldorf | Germany | 100.00 |
| NIGRA Verwaltung GmbH & Co. Objekt Detmold KG | Düsseldorf | Germany | 100.00 |
| NIGRA Verwaltung GmbH & Co. Objekt Eschweiler KG | Düsseldorf | Germany | 100.00 |
| NIGRA Verwaltung GmbH & Co. Objekt Germersheim KG | Düsseldorf | Germany | 100.00 |
| NIGRA Verwaltung GmbH & Co. Objekt Langendreer KG | Düsseldorf | Germany | 100.00 |

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| NIGRA Verwaltung GmbH & Co. Objekt Moers KG | Düsseldorf | Germany | 100.00 |
| NIGRA Verwaltung GmbH & Co. Objekt Neunkirchen KG | Düsseldorf | Germany | 100.00 |
| NIGRA Verwaltung GmbH & Co. Objekt Rendsburg KG | Düsseldorf | Germany | 100.00 |
| NordRhein Trading GmbH | Düsseldorf | Germany | 100.00 |
| Petit RUNGIS express GmbH | Meckenheim | Germany | 100.00 |
| PIL Grundstücksverwaltung GmbH | Düsseldorf | Germany | 100.00 |
| Pro à Pro Distribution Export SAS | Montauban | France | 100.00 |
| Pro à Pro Distribution Nord SAS | Châlette-sur-Loing | France | 100.00 |
| Pro à Pro Distribution Sud SAS | Montauban | France | 100.00 |
| PT Classic Fine Foods Indonesia | North Jakarta | Indonesia | 100.00 |
| Qingdao METRO Warehouse Management Co. Ltd. | Qingdao | China | 100.00 |
| real Digital Agency GmbH | Düsseldorf | Germany | 100.00 |
| real Digital Fulfillment CZ s.r.o. | Mariánské Lázně | Czech Republic | 100.00 |
| Real Estate Management Misr Limited Liability Company | Cairo | Egypt | 100.00 |
| real GmbH | Düsseldorf | Germany | 100.00 |
| real,- Digital Fulfillment GmbH | Düsseldorf | Germany | 100.00 |
| real,- Digital Services GmbH | Düsseldorf | Germany | 100.00 |
| real,- Handels GmbH | Düsseldorf | Germany | 100.00 |
| real,- Holding GmbH | Düsseldorf | Germany | 100.00 |
| real,- SB-Warenhaus GmbH | Düsseldorf | Germany | 100.00 |
| Remo Zaandam B.V. | Zaandam | Netherlands | 100.00 |
| Renate Grundstücksverwaltungsgesellschaft mbH | Düsseldorf | Germany | 100.00 |
| Restu s.r.o. | Prague | Czech Republic | 100.00 |
| Retail Property 5 Limited Liability Company | Moscow | Russia | 100.00 |
| Retail Property 6 Limited Liability Company | Moscow | Russia | 100.00 |
| R'express Alimentos, Unipessoal LDA | Lisbon | Portugal | 100.00 |
| ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Gerlingen KG | Düsseldorf | Germany | 94.00[1] |
| Rotterdam Trading Office B.V. | Amsterdam | Netherlands | 100.00 |
| RUDU Verwaltungsgesellschaft mbH | Düsseldorf | Germany | 100.00 |
| RUNGIS express GmbH | Meckenheim | Germany | 100.00 |
| RUNGIS express SPAIN SL | Palma de Mallorca | Spain | 100.00 |
| RUNGIS express Suisse Holding AG | Courgevaux | Switzerland | 100.00 |
| RUTIL Verwaltung GmbH & Co. SB-Warenhaus Bielefeld KG | Düsseldorf | Germany | 100.00 |
| Schaper Beteiligungsverwaltung GmbH | Düsseldorf | Germany | 100.00 |
| Schaper Grundbesitz-Verwaltungsgesellschaft mbH | Düsseldorf | Germany | 100.00 |
| Sentinel GCC Holdings Limited | Tortola | British Virgin Islands | 100.00 |
| Servicios de Distribución a Horeca Organizada, S.L. | Madrid | Spain | 100.00 |
| Sezam XVI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych | Warsaw | Poland | 100.00 |
| Shanghai Xinqing Property Management Co., Ltd. | Shanghai | China | 90.00 |
| Shenzhen Hemaijia Trading Co. Ltd. | Shenzhen | China | 100.00 |
| SIL Verwaltung GmbH & Co. Objekt Haidach KG | Düsseldorf | Germany | 100.00 |
| Sinco Großhandelsgesellschaft m. b. H. | Vösendorf | Austria | 73.00 |
| Sodeger SAS | Château-Gontier | France | 100.00 |
| Star Farm (Shanghai) Agriculture Information Consulting Company Limited | Shanghai | China | 100.00 |

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| Star Farm Pakistan Pvt. Ltd. | Lahore | Pakistan | 100.00 |
| STW Grundstücksverwaltung GmbH | Düsseldorf | Germany | 100.00 |
| TIMUG GmbH & Co. Objekt Homburg KG | Düsseldorf | Germany | 94.00 |
| TIMUG Verwaltung GmbH | Düsseldorf | Germany | 100.00 |
| Transpro France SARL | Montauban | France | 100.00 |
| Transpro SAS | La Possession | France | 100.00 |
| VALENCIA TRADING OFFICE, S.L. | Madrid | Spain | 100.00 |
| Weinkellerei Thomas Rath GmbH | Düsseldorf | Germany | 100.00 |
| Western United Finance Company Limited | London | United Kingdom | 100.00 |
| Wholesale Real Estate Belgium N.V. | Wommelgem | Belgium | 100.00 |
| Wholesale Real Estate Poland Sp. z o.o. | Warsaw | Poland | 100.00 |
| Wirichs Immobilien GmbH | Düsseldorf | Germany | 100.00 |
| Wolfgang Wirichs GmbH | Düsseldorf | Germany | 100.00 |
| WRE Real Estate Limited Liability Partnership | Almaty | Kazakhstan | 100.00 |
| Xi'an METRO Commercial and Trading Company Limited | Xi'an | China | 100.00 |
| Xinyan Property Management (Shanghai) Co., Ltd. | Shanghai | China | 90.00 |
| ZARUS Verwaltung GmbH & Co. Objekt Mutterstadt KG | Düsseldorf | Germany | 100.00 |
| ZARUS Verwaltung GmbH & Co. Objekte Niedersachsen KG | Düsseldorf | Germany | 100.00 |

| **Joint ventures** | | | |
|---|---|---|---|
| CABI-SFPK JV | Lahore | Pakistan | 48.00 |
| Intercompra LDA | Lisbon | Portugal | 50.00 |
| MAXXAM B.V. | Ede | Netherlands | 16.67 |
| MAXXAM C.V. | Ede | Netherlands | 16.67 |
| MEC METRO-ECE Centermanagement GmbH & Co. KG | Düsseldorf | Germany | 50.00 |
| MEC METRO-ECE Centermanagement Verwaltungs GmbH | Düsseldorf | Germany | 50.00 |
| METSPA Beszerzési és Kereskedelmi Kft. | Budaörs | Hungary | 33.33 |
| METSPA d.o.o. za trgovinu | Zagreb | Croatia | 50.00 |

| **Investments accounted for using the equity method** | | | |
|---|---|---|---|
| EKS Handelsgesellschaft mbH | Salzburg | Austria | 15.00 |
| EKS Handelsgesellschaft mbH & Co. KG | Salzburg | Austria | 15.00 |
| European EPC Competence Center GmbH | Cologne | Germany | 30.00 |
| Fachmarktzentrum Essen GmbH & Co. KG | Pullach im Isartal | Germany | 94.00[2] |
| Gourmet F&B Korea Ltd. | Seoul | South Korea | 28.00 |
| Habib METRO Pakistan (Pvt) Ltd | Karachi | Pakistan | 40.00 |
| Helm Wohnpark Lahnblick GmbH | Aßlar | Germany | 25.00 |
| Horizon International Services Sàrl | Le Grand-Saconnex | Switzerland | 25.00 |
| Iniziative Methab s.r.l. | Bolzano | Italy | 50.00 |
| Kato Property GmbH | Berlin | Germany | 5.10 |
| Mayfair GP S.à r.l. | Luxembourg | Luxembourg | 40.00 |
| Mayfair Holding Company S.C.S. | Luxembourg | Luxembourg | 39.99 |
| Napier Property GmbH | Berlin | Germany | 5.10 |
| OPCI FRENCH WHOLESALE PROPERTIES - FWP | Paris | France | 5.00 |
| OPCI FRENCH WHOLESALE STORES - FWS | Paris | France | 25.00 |
| Peter Glinicke Grundstücks-GmbH & Co. KG | Pullach im Isartal | Germany | 50.00 |

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|---|---|---|---|
| Quadrant Property GmbH | Berlin | Germany | 5.10 |
| Sabra Property GmbH | Berlin | Germany | 5.10 |
| Tatra Property GmbH | Berlin | Germany | 5.10 |
| Upton Property GmbH | Berlin | Germany | 5.10 |
| Wilcox Property GmbH | Berlin | Germany | 5.10 |
| Xiali Property GmbH | Berlin | Germany | 5.10 |
| Zagato Property GmbH | Berlin | Germany | 5.10 |
| Zender Property GmbH | Berlin | Germany | 5.10 |

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|---|---|---|---|
| **Investments** | | | |
| BINARY SUBJECT, S.A. | Torres Vedras | Portugal | 16.03 |
| Culinary Agents Inc. | Wilmington | USA | 18.33 |
| Diehl & Brüser Handelskonzepte GmbH | Düsseldorf | Germany | 100.00[3] |
| eVentures Growth, L.P. | Wilmington | USA | 5.00 |
| GREEN GRIZZLY GMBH | Berlin | Germany | 15.21 |
| Horizon Achats SARL | Paris | France | 8.00 |
| Horizon Appels d'Offres SARL | Paris | France | 8.00 |
| International Marketplace Network B.V. | Amsterdam | Netherlands | 25.00[4] |
| MATSMART IN SCANDINAVIA AB | Stockholm | Sweden | 13.98 |
| METRO plus Grundstücks-Vermietungsgesellschaft mbH | Düsseldorf | Germany | 20.00[4] |
| orderbird AG | Berlin | Germany | 14.18 |
| Patagona GmbH | Darmstadt | Germany | 16.17 |
| Planday A/S | Copenhagen | Denmark | 11.74 |
| QUANTIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Darmstadt KG | Schönefeld | Germany | 6.00 |
| real,- Digital Payment & Technology Services GmbH | Düsseldorf | Germany | 100.00[3] |
| RTG Retail Trade Group GmbH | Hamburg | Germany | 14.29 |
| Shore GmbH | Munich | Germany | 12.41 |
| Verwaltungsgesellschaft Lebensmittelgesellschaft 'GLAWA' mbH & Co. KG | Hamburg | Germany | 18.75 |
| Yoyo Wallet Ltd. | London | United Kingdom | 12.44 |

[1] Inclusion according to IFRS 10.
[2] No full consolidation due to minor materiality for the assets, financial and earnings position.
[3] No full consolidation and not accounted for using the equity method due to minor materiality for the asset, financial and earnings position.
[4] Not accounted for using the equity method due to minor materiality for the asset, financial and earnings position

3 December 2019

The Management Board

Olaf Koch    Christian Baier    Andrea Euenheim    Heiko Hutmacher    Philippe Palazzi