HALF YEAR FINANCIAL REPORT

H1/Q2 2021/22

CONTENT

METRO REPORTS STRONG SALES AND EBITDA GROWTH, WAR IN UKRAINE IMPACTS EPS

Q2:

Sales in local currency increased by 26.3%. Reported sales increased by 23.7% to €6.2 billion, exceeding pre-pandemic levels[1]. This was primarily attributable to rising inflation. Furthermore, the strong recovery in the HoReCa segment contributed to this, as the implementation of the “sCore” strategy is progressing and Covid-19 restrictions were increasingly lifted

Store-based sales grew to €4.9 billion (+14.4%), delivery sales to €1.4 billion (+73.2%) and METRO MARKETS sales to €16 million (+166.4%)

EBITDA adjusted increased to €157 million (Q2 2020/21: €114 million), exceeding pre-pandemic levels. In particular the segment West contributed to this positive development. Contrary, war-related stock write-offs and the operational deteriorations in the Ukraine had an impact

The profit or loss for the period attributable to METRO shareholders reached €–284 million in Q2 2021/22 (Q2 2020/21: €–131 million) as a result of war-related impairments of more than €–200 million (impairments and currency-related negative effects in the net financial result, primarily in relation to Russia)

Earnings per share reached €–0.78 in Q2 2021/22 (Q2 2020/21: €–0.36), this includes a war-related negative EPS effect of more than €-0.60

H1:

Total sales in local currency increased by 22.5%. Reported sales increased by 21.6% to €13.8 billion. The segments West and East were the main contributors to this growth

Store-based sales grew to €11.1 billion (+13.7%), delivery sales to €2.7 billion (+68.2%) and METRO MARKETS sales to €31 million (+164.0%)

EBITDA adjusted rose to €678 million (H1 2020/21: €490 million); exchange-rate adjusted EBITDA is thus €193 million higher than the previous year

Profit or loss for the period attributable to METRO shareholders reached €–89 million in H1 2021/22 (H1 2020/21: €–32 million)

Earnings per share reached €–0.25 in H1 2021/22 (H1 2020/21: €–0.09)

Net debt was reduced to €3.9 billion (31/03/2021: €4.5 billion)

Sales in H1 2021/22 (adjusted for portfolio changes and currency) grew by 24%. EBITDA adjusted (adjusted for portfolio changes and currency) increased by €191 million compared to the previous year

The sales and EBITDA outlook for the financial year 2021/22, published on 15 December 2021, was raised on 21 April 2022. The reason for this was rising inflation and better than expected business development. At the same time, the war in Ukraine has had a strong negative impact on business development there and is also affecting the outlook for METRO Russia for financial year 2021/22. In Russia, the sanctions are expected to lead to a declining consumer sentiment and challenged product availability in the second half of the year.

[1] Q2 2018/19.

METRO now expects:

- Sales to grow by approximately 9% to 15% vs. previous year (previously: 3% to 7%)
- EBITDA adjusted to grow slightly to moderately vs. previous year (previously: on previous year level)

The outlook assumes stable exchange rates and no further adjustments to the portfolio. Further escalation of the war and/or further sanctions could lead to additional negative impact on the business, particularly in Ukraine and Russia.

OVERVIEW

H1/Q2 2021/22

€ million	H1 2020/21	**H1 2021/22**	Change	Q2 2020/21	**Q2 2021/22**	Change
Sales	11,388	**13,849**	21.6%	5,050	**6,245**	23.7%
EBITDA adjusted	490	**678**	38.4%	114	**157**	37.8%
Transformation costs	12	**–6**	-	11	**–2**	-
Earnings contributions from real estate transactions	42	**13**	-	17	**10**	–44.0%
EBITDA	520	**697**	34.1%	121	**169**	39.7%
EBIT	116	**182**	-	–85	**–151**	-
Earnings before taxes EBT	29	**2**	-	–130	**–285**	-
Profit or loss for the period[1]	–32	**–89**	-	–131	**–284**	-
Earnings per Share (€)	–0.09	**–0.25**	-	–0.36	**–0.78**	-

[1] attributable to METRO shareholders.

INTERIM GROUP MANAGEMENT REPORT

ECONOMIC ENVIRONMENT

H1 2021/22 started positively compared to the same period last year, despite the ongoing pandemic. However, the war in Ukraine, which began on 24 February 2022, had a significant impact on the first half of the year.[2]

Right before the start of the war, the global economy was on the upswing due to the continuous easing or suspension of restrictions to combat the pandemic in numerous countries compared to the previous year. This was reflected across many economic sectors and indicators such as private consumption, unemployment rates and industrial production. In the HoReCa segment, METRO's core customer group, sales in tourism and hospitality in Europe showed a profound upward trend in Q1 2021/22, which in turn had a positive effect on food wholesale.

While inflation, supply chain bottlenecks and rising energy costs were already a global issue, the war exacerbated this issue and added shortages of certain agricultural products (for example, wheat) as well as energy commodities. The war in Ukraine has a massive humanitarian, social and economic impact on Europe in general, but on Ukraine in particular. While Ukraine is directly affected by the war, Russia and Belarus on the one side and the other European countries on the other side are significantly influenced by economic upheavals, above all triggered by mutual trade sanctions and supply chain bottlenecks. The economic and political sanctions imposed by Western countries against Russia are unprecedented. The other economic regions, such as Asia, have also been affected by the war, but not as severely. In addition, the pandemic is not yet over; China's very restrictive measures against a renewed outbreak of Covid-19 are particularly noteworthy, as they impacted its own economy as well as the global flow of goods (due to mobility restrictions, for example). Overall, global economic growth in H1 2021/22 is expected to be much lower than before the outbreak of war and the global economy may yet experience a stagflation in the calendar year 2022. The risk of further deterioration of the global economic situation mainly depends on the development of the war as well as energy costs.

In Germany, the economic situation developed positively at the beginning of H1 2021/22. Restrictions introduced to combat the pandemic were partially lifted despite further spread of the Omicron variant. Hospitality sales increased significantly in Q1 2021/22 compared to Q1 2020/21, and industrial production increasingly recovered despite continued supply chain problems. However, producer and retail prices rose relatively sharply in general, especially for energy expenditure. Inflation was exacerbated by the war, also attributable to global supply chain bottlenecks and shortages of certain agricultural products. Germany depends significantly on Russian imports for its energy supply. Therefore, the government currently seeks to substitute Russian energy imports (mainly for gas, coal as well as oil), the economic effects of which did not materialise in Q2 2021/22. Overall, the German economy developed positively compared to the previous year until the beginning of the war but has shrunk over the past two quarters compared to the respective previous quarter.

Similar patterns were also observed in the other countries in Western Europe in H1 2021/22, except that in nearly all countries growth was higher than in Germany compared to the same period of the previous year. Sales in the hospitality sector developed positively, as did other indicators such as unemployment and industrial production. Nevertheless, inflation in general and especially in the energy sector also increased in METRO's Western European country portfolio. Moreover, the war also had a significant impact on the development in this

[2] Official macroeconomic data are often subject to retrospective corrections, but in the present case this must be explicitly reiterated, especially for Europe. The consequences of this war cannot yet be foreseen. Therefore, an estimate of the effects of the war is only conditionally reliable for the outlook of H2 2021/22 as well as for the assessment of the development of Q2 2021/22.

segment in Q2 2021/22. The countries of Western Europe have also played a key role in the economic and social sanctions imposed on Russia, with some countries depending significantly on Russian raw material import similar to the extent to Germany. Finding substitutes for Russian imports is also a priority here and has implications for future economic development.

Russia's economic performance also showed a positive development at the beginning of the financial year. The war has motivated numerous states, especially Western economies, to introduce very significant political, social and economic sanctions against the Russian economy and society. The sanctions are comprehensive and affect available foreign exchange and gold reserves, general trade and financial transactions, as well as import and export bans. This has already significantly affected the Russian economy in Q2 2021/22, leading to countermeasures by the Russian government (such as capital export controls) to cushion the negative consequences. Inflation, especially for food, rose very sharply, and the initial currency decline seems to have officially stopped, at least temporarily. Overall, the economic situation cannot yet be reliably assessed. However, despite the government's economic support measures, economic output is expected to at least stagnate in Q2 2021/22 compared to the previous year. Compared to the previous quarter, economic output in Q2 2021/22 has fallen strongly and unemployment has already risen.

Eastern Europe is dominated by the developments in Ukraine, whose economy was still growing in Q1 2021/22. However, after the outbreak of war, it suffered severe economic damage, the extent of which cannot yet be estimated. In addition to the immense human suffering, there was the extensive, and in some cases complete destruction of civilian and economic infrastructure. Ukraine is a globally important exporter of agricultural products. Therefore, the endangered harvest or export of these goods has considerable consequences for the corresponding commodity markets. The economic development since the beginning of the war can only be described as an extremely severe recession, although this description is still insufficient and inconclusive. Inflation in general and energy prices rose quite significantly in the other Eastern European countries, as was the case with their Western European neighbours. Overall, however, the countries developed very positively until the outbreak of war, with the exception of Turkey, where inflation was high and growth in private consumption and industrial production dropped sharply in 2022. The labour market situation remained stable – with the exception of Ukraine. The hospitality industry and tourism developed positively, at least in Q1 2021/22.

Compared to the European countries, the economic development in Asia was much more positive, as many Asian countries are (much) less dependent on trade with Ukraine or Russia, for example. Before the outbreak of war, the economy in the region developed positively despite the pandemic. Still, Asian countries are also affected by war-related supply chain problems and increased energy and other commodity costs. This is especially true for importing countries like India, which buys a significant amount of goods from Ukraine and Russia. Although China initially recorded a positive trend in economic development in H1 2021/22, the situation was aggravated by the war as well as a renewed surge in the number of infections and the associated re-introduction of severe restrictions.

Irrespective of the pandemic, the Ukraine war will determine social, political and economic developments worldwide, or at least in Europe, for an unforeseeable period of time. The dynamic progression of the war cannot yet be estimated, which means that all predictions on global economic development can only be snapshots. The economic and political alienation between Russia on one side and European, American and individual Asian countries on the other is likely to have long-term consequences.

EARNINGS, FINANCIAL AND ASSET POSITION OF THE GROUP

Key performance indicators

Key performance indicators describing the earnings position

The first of our most important key performance indicators of the operational business is total sales growth adjusted for currency effects. Furthermore, total sales growth adjusted for exchange rate and portfolio changes is reflected. The focus here is on the management character of the portfolio. The key figure reflects a change in sales adjusted for significant divestments. Significant acquisitions within the financial year are included in the key figure only in the following year. The outlook is also based on a consistent portfolio of companies.

The second of our most important key performance indicators is EBITDA excluding earnings contributions from real estate transactions and transformation costs. The adjusted EBITDA reflects METRO’s operating efficiency in a transparent form. Nevertheless, the development of real estate assets and the proceeds from divestments remain core components of the group’s real estate strategy. Transformation costs generally include non-recurring expenses from strategic portfolio adjustments. Furthermore, transformation costs in previous years included earnings effects from efficiency measures linked to the focus on the wholesale business. Due to the progress made in the transformation, expenses from efficiency measures have not been included as a component of transformation costs since financial year 2021/22, but have been reported directly in adjusted EBITDA.

Other important key performance indicators of METRO are the profit or loss for the period and the earnings per share. These key figures ensure that the tax and net financial result are given consideration in addition to the operational result and thereby allow for a holistic assessment of METRO’S earnings position from the perspective of the shareholders. Please refer to Annual Report 2020/21 for a presentation of other key performance indicators related to the financial and asset position and value-oriented indicators.

SALES, EARNINGS AND FINANCIAL POSITION

In H1 2021/22, METRO held its ground in a difficult environment. Business developed better than expected, so that the Management Board raised the outlook for financial year 2021/22 on 21 April 2022. Business development was primarily supported by rising inflation. Furthermore, the strong recovery in the HoReCa segment contributed to it, as the implementation of the “sCore” strategy is progressing and Covid-19 restrictions were increasingly lifted.

In the reported view (group currency), Russian currency effects and impairments associated with the war in Ukraine negatively impacted the business development.

Sales

In Q2 2021/22, sales in local currency increased by 26.3%. Total sales increased by 23.7% to €6.2 billion, exceeding pre-pandemic levels. The sales development is primarily supported by rising inflation. Furthermore, the strong recovery in the HoReCa segment contributed to it, as the implementation of the “sCore” strategy is progressing and Covid-19 restrictions were increasingly lifted. Store-based sales grew to €4.9 billion (+14.4%), delivery sales to €1.4 billion (+73.2%) and METRO MARKETS sales to €16 million (+166.4%). Currency effects, especially of the Turkish and Russian currencies, had a negative impact.

In H1 2021/22, sales in local currency increased by 22.5%. Reported sales increased by 21.6% to €13.8 billion. The segments West and East were the main contributors to this growth. Store-based sales grew to €11.1 billion (+13.7%), delivery sales to €2.7 billion (+68.2%) and METRO MARKETS sales to €31 million (+164.0%).

Earnings

In Q2 2021/22, EBITDA adjusted improved to €157 million (Q2 2020/21: €114 million), exceeding pre-pandemic levels. In particular the segment West contributed to this positive development. Contrary, war-related stock write-offs and the operational deteriorations in the Ukraine had a negative impact. In the segment Others, effects from the reassessment of transaction-related provisions amounting to a low double-digit million euro amount had a positive impact in the current year and also in the previous year. In the previous year, likewise positive effects in the low double-digit million euro range were included in the segment West and East. Negative currency effects were incurred in Russia and Turkey.

In H1 2021/22, adjusted EBITDA improved to €678 million (H1 2020/21: €490 million), exceeding pre-pandemic levels. The segment West in particular contributed to this positive development. Currency-adjusted EBITDA increased by €193 million compared to the same period last year. Negative currency effects from the Turkish currency were partially offset by positive currency effects from Russia (and other countries). Transformation costs of €–6 million (earnings) (H1 2020/21: €11 million) were incurred mainly from the release of provisions. Income from real estate transactions amounted to €13 million (H1 2020/21: €42 million). EBITDA reached €697 million (H1 2020/21: €520 million).

Depreciation and amortisation amounted to €515 million in H1 2021/22, up €111 million from €404 million in the previous year, mainly attributable to impairments in Russia and Ukraine. In Q2 2021/22 depreciation and amortisation increased by €114 million to €319 million (Q2 2020/21: €205 million). Impairments in the amount of €118 million (Q2 2020/21: €5 million) contributed to this development. Reduced sales and earnings expectations due to the war in Ukraine and the imposed sanctions led to asset impairments. Impairment losses on goodwill amount to €51 million, of which €33 million are attributable to METRO Russia and €17 million to METRO Ukraine. Impairments on tangible fixed assets amounting to €67 million are mainly attributable to Russia in the amount of €16 million and to Ukraine in the amount of €46 million.

The net financial result amounted to €–180 million in H1 2021/22 (H1 2020/21: €–87 million). The negative development of the other financial result is largely attributable to the significant sanction-related disruptions of the RUB foreign exchange market, which led to exchange rate losses.

Earnings before taxes reached €2 million in H1 2021/22 (H1 2020/21: €29 million). The tax expense of €89 million (H1 2020/21: €56 million) for H1 2021/22 reflected the expected group tax expense at the end of the financial year.

The profit or loss for the period attributable to METRO shareholders amounted to €–284 million in Q2 2021/22 (Q2 2020/21: €–131 million) as a result of war-related impairments of more than €–200 million (impairments and currency-related negative effects in the net financial result, primarily in relation to Russia). The profit or loss for the period attributable to METRO shareholders reached €–89 million in H1 2021/22 (H1 2020/21: €–32 million).

Earnings per share were €–0.78 in Q2 2021/22 (Q2 2020/21: €–0.36). This includes a war-related negative EPS effect of more than €-0.60 due to impairments and currency-related negative effects in the net financial result, primarily in relation to Russia. Earnings per share decreased to €–0.25 in H1 2021/22 (H1 2020/21: €–0.09).

Investments

The segment investments amounted to €328 million in H1 2021/22 and are at previous year's level (H1 2020/21: €315 million). In the current year, investments included the acquisition of Eijsink, an established provider of point-of-sale solutions for the hospitality industry. The previous year included the acquisition of the Portuguese food supplier Aviludo Group. Cash-relevant investments (excluding acquisition of subsidiaries and cash investments) in H1 2021/22 amounted to €180 million.

Financing and net debt

The company's medium-term and long-term financing needs are covered by a bond issuance programme with a maximum volume of €5 billion. A total of €1.276 million was drawn down under the bond issuance programme as of 31 March 2022 (31/3/2021: €1.776 million).

Short-term financing requirements are covered through the Euro Commercial Paper Programme with a maximum volume of €2 billion. On average, €90 million of the programme was utilised during the reporting period. As of 31 March 2022, the utilisation amounted to €350 million (31/3/2021: €471 million).

As of 31 March 2022, bilateral credit facilities totalling €218 million were utilised (31/3/2021: €209 million). As a cash reserve, a syndicated credit facility of €850 million and additional multi-year bilateral credit facilities of €645 million were concluded. After offsetting cash and cash equivalents and financial investments with financial liabilities (including liabilities from leases), the net debt totalled €3.9 billion as of 31 March 2022 (31/3/2021: €4.5 billion).

Balance sheet

The total assets decreased by €660 million, from €12.8 billion to €12.2 billion, compared to the financial year end on 30 September 2021. Non-current assets decreased by €0.8 billion to €7.2 billion. In particular, assets held for sale of €0.4 billion, which were reclassified to current assets, contributed to this development. This includes the real estate portfolio of Japan, an investment in the Chinese WM Holding (HK) Limited and parts of the METRO Campus in Düsseldorf. Apart from that, the impairment losses on goodwill in the amount of €51 million and the impairment of tangible assets in the amount of €69 million had an impact. Current assets increased by €0.1 billion to €4.9 billion. While inventories increased by €0.4 billion to €2.3 billion due to the increased business volume, cash at hand decreased by €0.7 billion to €0.8 billion. In year-on-year comparison as of 31 March 2021, total assets decreased by €287 million.

METRO's consolidated balance sheet shows equity of €1.6 billion as of 31 March 2022. The equity ratio decreased from 14.4% to 13.4% compared to 30 September 2021. In year-on-year comparison, the equity ratio decreased from 14.5% to 13.4% as of 31 March 2021.

Cash flow

Operational activities resulted in a cash inflow of €30 million in H1 2021/22 (H1 2020/21: cash outflow of €–185 million). The improvement is mainly attributable to the significantly improved sales and earnings situation as well as the change in net working capital, which is mainly related to an increased purchasing volume in the course of the reopening of the hospitality industry.

The cash flow from investing activities amounted to €–209 million (H1 2020/21: €15 million) and mainly relates to investments in property, plant and equipment as well as intangible assets. The divestments mainly include property disposals.

The cash flow from financing activities amounted to €–491 million (H1 2020/21: €–341 million). In addition to lease payments of €–278 million, this was primarily attributable to taking out and repaying bonds.

The free cash flow is derived from the cash flow statement as shown in the overview below. METRO has adopted free cash flow as a key figure that represents the funds generated in a period that are available for the repayment of debt, payment of dividends, mergers and acquisitions, etc.

FREE CASH FLOW

€ million	H1 2020/21	**H1 2021/22**
Cash flow from operating activities	**–185**	**30**
Investments (without investments in monetary assets)	–135	**–180**
Divestments	122	**33**
Lease payments	–271	**–278**
Interest paid and received	–50	**–21**
Other financing activities	6	**–60**
Free cash flow	**–514**	**–476**

METRO SEGMENTS

METRO sales figures

	Sales (€ million)		Change (€)		Currency effects		Change (local currency)	
	Q2 2020/21	**Q2 2021/22**	Q2 2020/21	**Q2 2021/22**	Q2 2020/21	**Q2 2021/22**	Q2 2020/21	**Q2 2021/22**
Total	**5,050**	**6,245**	**–15.9%**	**23.7%**	**–4.0%**	**–2.6%**	**–11.9%**	**26.3%**
Germany	966	**992**	–10.0%	**2.6%**	0.0%	**0.0%**	–10.0%	**2.6%**
West	1,714	**2,531**	–21.5%	**47.6%**	0.0%	**0.0%**	–21.5%	**47.6%**
Russia	533	**575**	–16.4%	**7.9%**	–17.4%	**–7.9%**	1.1%	**15.8%**
East[1]	1,822	**2,126**	–13.4%	**16.7%**	–7.4%	**–5.0%**	–6.0%	**21.6%**
Others	15	**22**	-	-	-	-	-	-

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

	Sales (€ million)		Change (€)		Currency effects		Change (local currency)	
	H1 2020/21	**H1 2021/22**	H1 2020/21	**H1 2021/22**	H1 2020/21	**H1 2021/22**	H1 2020/21	**H1 2021/22**
Total	**11,388**	**13,849**	**–16.0%**	**21.6%**	**–4.5%**	**–0.8%**	**–11.5%**	**22.5%**
Germany	2,254	**2,288**	–6.9%	**1.5%**	0.0%	**0.0%**	–6.9%	**1.5%**
West	3,951	**5,574**	–22.8%	**41.1%**	0.0%	**0.0%**	–22.8%	**41.1%**
Russia	1,210	**1,373**	–17.0%	**13.5%**	–21.0%	**2.2%**	4.0%	**11.2%**
East[1]	3,954	**4,573**	–13.0%	**15.7%**	–8.2%	**–3.1%**	–4.8%	**18.7%**
Others	19	**41**	-	-	-	-	-	-

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

In Germany, sales in local currency and reported sales increased by 2.6% in Q2 2021/22. Notably, this is attributable to the continued strong performance of Rungis Express and the positive development of the HoReCa business after the relaxation of government restrictions, which helped offset the declining tobacco sales and SCO sales. The HoReCa business again outperformed the market. In H1 2021/22, sales in local currency and reported sales increased by 1.5%.

In the segment West, sales in local currency and reported sales increased significantly by 47.6% in Q2 2021/22. All countries contributed to that end with double-digit growth. The largest sales increases were recorded in France, Italy and Portugal with growth rates of over 50%. The HoReCa business in France, Spain and Italy outperformed the market again. Sales in local currency and reported sales increased by 41.1% in H1 2021/22.

In Russia, sales in local currency developed very positively in Q2 2021/22 with 15.8%. Sales growth was driven by all customer groups and especially by the FSD business. Reported sales increased by 7.9% due to currency effects. In H1 2021/22, sales in local currency developed positively by 11.2%. Reported sales grew 13.5% and were supported by positive currency effects that occurred in Q1 2021/22.

In the segment East, sales increased by 21.6% in local currency in Q2 2021/22. Almost all countries contributed to the growth. Due to the war, sales in the Ukraine slumped end of February and decreased by 5.5%. The clearly positive development of the HoReCa business contributed to the growth in sales in the segment East. The largest sales growth was in Turkey, which was strongly supported by inflation. Due to negative currency effects, especially in Turkey, reported sales grew 16.7%. In H1 2021/22, sales in local currency increased by 18.7%. Reported sales increased by 15.7%.

In the segment Others, sales in H1 2021/22 increased from €19 million to €41 million, which includes METRO MARKETS sales of €31 million (H1 2020/21: €12 million). This increase is due to the strong growth of the marketplace in Germany as well as the expansion of the marketplace into Spain.

In Q2 2021/22, delivery sales increased significantly by 73% to €1.4 billion (Q2 2020/21: €0.8 billion) and reached with a share of sales of 22% (Q2 2020/21: 15%) record level. This was driven by the strong recovery of the HoReCa business after the lifting of government restrictions and by the further acceleration of the FSD business in the course of the “sCore” strategy. In H1 2021/22, delivery sales increased by 68% to €2.7 billion (H1 2020/21: €1.6 billion), accounting for 20% of sales (H1 2020/21: 14%).

As of 31 March 2022, the store network comprised 672 locations, of which 563 were out-of-store (OOS)[3] and the remaining 66 were depots. In Q2 2021/22, 1 location including OOS was opened in France. In addition, 2 more locations in Russia started OOS delivery business before the start of the war.

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

METRO key figures

€ million	Adjusted EBITDA Q2 2020/21	Adjusted EBITDA **Q2 2021/22**	Adjusted EBITDA Change (€)	Transformation costs Q2 2020/21	Transformation costs **Q2 2021/22**	Earnings contributions from real estate transactions Q2 2020/21	Earnings contributions from real estate transactions **Q2 2021/22**	EBITDA Q2 2020/21	EBITDA **Q2 2021/22**
Total	**114**	**157**	**43**	**11**	**–2**	**17**	**10**	**121**	**169**
Germany	9	**–4**	–13	10	**0**	0	**0**	–1	**–4**
West	–12	**52**	63	0	**0**	0	**1**	–12	**53**
Russia	32	**34**	2	0	**0**	0	**1**	32	**35**
East[1]	56	**44**	–12	0	**–1**	0	**8**	56	**53**
Others	29	**31**	2	0	**–1**	17	**0**	46	**32**
Consolidation	–1	**–1**	1	0	**0**	0	**0**	–1	**–1**

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

€ million	Adjusted EBITDA H1 2020/21	Adjusted EBITDA **H1 2021/22**	Adjusted EBITDA Change (€)	Transformation costs H1 2020/21	Transformation costs **H1 2021/22**	Earnings contributions from real estate transactions H1 2020/21	Earnings contributions from real estate transactions **H1 2021/22**	EBITDA H1 2020/21	EBITDA **H1 2021/22**
Total	**490**	**678**	**188**	**12**	**–6**	**42**	**13**	**520**	**697**
Germany	77	**79**	3	10	**0**	0	**0**	66	**79**
West	82	**254**	172	0	**0**	0	**1**	82	**255**
Russia	101	**115**	14	0	**0**	0	**1**	101	**116**
East[1]	169	**184**	15	0	**–5**	0	**8**	169	**197**
Others	62	**47**	–15	2	**–1**	42	**4**	102	**51**
Consolidation	–1	**–2**	0	0	**0**	0	**0**	–1	**–2**

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

In Germany, adjusted EBITDA reached €–4 million in Q2 2021/22, which was below the previous year's level (Q2 2020/21: €9 million). The decline is mainly attributable to increased costs from an increased FSD business and higher personnel costs due to tariff increases in the current year and Covid-19-related short-time work in the previous year. In H1 2021/22, adjusted EBITDA increased to €79 million (H1 2020/21: €77 million).

In the segment West, adjusted EBITDA increased to €52 million in Q2 2021/22 and improved significantly compared to the previous year (Q2 2020/21: €–12 million). This increase is mainly attributable to the good sales development compared to the previous year. The biggest drivers were France and Italy. In H1 2021/22, adjusted EBITDA reached €254 million (H1 2020/21: €82 million).

Adjusted EBITDA in Russia was €34 million in Q2 2021/22 (Q2 2020/21: €32 million). Adjusted for currency effects, EBITDA increased by €6 million. In H1 2021/22, adjusted EBITDA reached €115 million (H1 2020/21: €101 million). Adjusted for currency effects, EBITDA increased by €12 million.

In the segment East, adjusted EBITDA dropped to €44 million in Q2 2021/22 (Q2 2020/21: €56 million). The previous year included positive one-time income in the mid-single-digit million euro range from the settlement of a legal dispute as well as income from the investment of the METRO China partnership with Wumei in the low single-digit million euro range. In the Ukraine beside sales related decline in earnings, war-related stock write-off had a negative impact of around €20 million. Adjusted for currency effects, EBITDA declined by €–8 million. Earnings contributions from real estate transactions amounted to €8 million from a real estate transaction in

Poland (Q2 2020/21: €0 million). Adjusted EBITDA in H1 2021/22 reached €184 million (H1 2020/21: €169 million). Adjusted for currency effects, EBITDA increased by €21 million.

Adjusted EBITDA in the segment Others was €31 million in Q2 2021/22 (Q2 2020/21: €29 million). In the previous year and also in the current year, income from the reassessment of transaction-related provisions totalling a low double-digit million euro amount supported the earnings development. In H1 2021/22, adjusted EBITDA was €47 million (H1 2020/21: €62 million). The previous year's figure was beside the above-mentioned effects positively supported by further €10 million. Adjusted EBITDA also benefited in an unchanged amount from the licence income from the partnership with Wumei, which will continue to accrue until April 2023. In addition, further investments in digitalisation were made in the current year. Earnings contributions from real estate transactions amounted to €4 million (H1 2020/21: €42 million).

OPPORTUNITIES AND RISKS

Compared to the METRO Annual Report 2020/21, the implementation of IDW PS 340 resulted in structural changes in the risk management system and in the measurement method. In this context, the presentation of the risk portfolio has also changed. Risks and their changes compared to the previous year are now presented in relation to their net valuation. Furthermore, we have introduced an updated risk portfolio to improve assessment of the interdependencies between the risks. The resulting material changes since the preparation date of the consolidated financial statements are presented below.

The previous risk ‘Risks in connection with Covid-19’ was dissolved due to the adjusted risk presentation; the substantive components were reclassified to the respective category-based risks.

In comparison to Annual Report 2020/21, risk #1 ‘Strategic risks’ was added due to the changed risk presentation. This risk is assessed as major (> €100–300 million) and low (≥ 10–25%) and primarily relates to risks in connection with the competitive environment and the strategic alignment. The risk aspects were previously included in the risk ‘Challenged business models’.

Risk #2 ‘Macroeconomic/political risks’ has increased from moderate (> €50–100 million) to significant (> €300 million) in terms of the loss potential and from possible (> 25–50%) to likely (> 50%) in terms of the probability of occurrence. The war in Ukraine affects the safety of employees and customers as well as the integrity of the business and supply chains. With regard to the business in Russia, risks arise from the imposed sanctions, such as financing and foreign currency risks up to expropriation. Moreover, there could be an expansion of the war or it could come to reputation effects in connection with METROs further presence in Russia.

Compared to Annual Report 2020/21, the probability of occurrence for risk #4 ‘Environmental & Social Risks’ increased from low (≥ 10–25%) to probable (> 50%), while the loss potential decreased from moderate (> €50–100 million) to minor (≤ €50 million). The increasing number of regulations in the business environment (such as the Act on Corporate Due Diligence Obligations in Supply Chains) raise the risk of a fine in the event of non-compliance. Nonetheless, the extent of the damage is considered to be minor due to the measures taken.

Due to the adjusted risk presentation, the previously reported risk ‘Challenged business model’ is now reported as #5 ‘Operational risks’. The risk has been reduced from significant (> €300 million) to major (> €100–300 million) with regard to the loss potential. The adjustment is based on the reduced restrictions in connection with Covid-19 and their impact on the core business.

The probability of occurrence of risk #6 ‘Real estate risks’ has increased from possible (> 25–50%) to likely (> 50%). The adjustment is attributable to the significant market price increases in energy costs.

With regard to the probability of occurrence, risk #7 ‘Procurement risks’ has increased from low (≥ 10–25%) to possible (> 25–50%). Due to the Russia/Ukraine conflict, inflation is exacerbated by the shortage of goods and the resulting higher production and logistics costs. Moreover, the unavailability of products and lack of alternatives for customers can also lead to further losses.

According to the new structure of the updated risk portfolio, risk #11 ‘Financial risks’ now also includes risks related to impairment losses on assets and financial investments, which were previously included in the former risk ‘Challenged business models’. Correspondingly, the loss potential has also increased from moderate (> €50–100 million) to major (> €100–300 million).

In connection with the conclusion of the disposal of the hypermarket business, the loss potential of risk #12 ‘Transaction risks’ has decreased from major (> €100–300 million) to moderate (> €50–100 million). The reason for this is the expiry of the guarantee to the Credit insurer (Euler Hermes export credit guarantee) and lower remaining residual costs.

There are no risks that could jeopardise the existence of the property and there are currently no discernible risks for the future.

OUTLOOK

Outlook of METRO

The sales and EBITDA outlook for the financial year 2021/22, published on 15 December 2021, was raised on 21 April 2022. Business in H1 2021/22 has developed better than expected, especially in the segment West (excl. Germany). This is significantly driven by rising inflation but also a strong HoReCa recovery as the "sCore" strategy execution progresses well and Covid restrictions have been lifted. At the same time, the war in Ukraine has a strong negative impact on the business development in Ukraine and negatively impacts the outlook for METRO Russia for FY 2021/22. In Russia, the sanctions are expected to result in a declining consumer sentiment and challenged product availability in the second half of the year.

METRO now expects:

¾ Sales to grow by approximately 9% to 15% vs. previous year (previously: 3% to 7%)

¾ EBITDA adjusted to grow slightly to moderately vs. previous year (previously: on previous year level)

The outlook assumes stable exchange rates and no further adjustments to the portfolio. Further escalation of the war and/or further sanctions could lead to additional negative impact on the business, particularly in Ukraine and Russia.

Sales in the segments West and East are expected to grow over-proportionately. Germany is expected to grow below the group range. For Russia, a decline compared to the previous year is expected. The development of EBITDA adjusted across the segments is expected to follow the sales development except for the segment East. Due to war-related stock write-offs and operational deterioration in Ukraine, the segment East is expected to decrease against the previous year. The expectations for the segment Others are unchanged; it is expected to be noticeably below the level of the previous year.

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CONDENSED INTERIM FINANCIAL REPORT

INCOME STATEMENT

€ million	H1 2020/21	**H1 2021/22**	Q2 2020/21	**Q2 2021/22**
Sales revenues	**11,388**	**13,849**	**5,050**	**6,245**
Cost of sales	–9,510	**–11,474**	–4,263	**–5,236**
Gross profit on sales	**1,877**	**2,375**	**787**	**1,009**
Other operating income	597	**509**	294	**247**
Selling expenses	–1,826	**–2,087**	–899	**–1,080**
General administrative expenses	–380	**–433**	–190	**–214**
Other operating expenses	–157	**–187**	–75	**–114**
Earnings from impairment of financial assets	–10	**–6**	–8	**–4**
Earnings share of operating companies recognised at equity	13	**10**	6	**6**
Earnings before interest and taxes (EBIT)	**116**	**182**	**–85**	**–151**
Earnings share of non-operating companies recognised at equity	0	**0**	0	**0**
Other investment result	10	**9**	6	**3**
Interest income	17	**15**	8	**9**
Interest expenses	–112	**–100**	–55	**–48**
Other financial result	–3	**–104**	–4	**–98**
Net financial result	**–87**	**–180**	**–46**	**–134**
Earnings before taxes EBT	**29**	**2**	**–130**	**–285**
Income taxes	–56	**–89**	0	**0**
Profit or loss for the period from continuing operations	**–28**	**–87**	**–130**	**–285**
Profit or loss for the period from discontinued operations	0	**0**	0	**0**
Profit or loss for the period	**–28**	**–87**	**–130**	**–285**
Profit or loss for the period attributable to non-controlling interests	4	**3**	1	**–1**
Profit or loss for the period attributable to the shareholders of METRO AG	–32	**–89**	–131	**–284**
Earnings per share in **€** (basic **=** diluted)	**–0.09**	**–0.25**	**–0.36**	**–0.78**

RECONCILIATION FROM NET INCOME FOR THE PERIOD TO TOTAL COMPREHENSIVE INCOME

€ million	H1 2020/21	**H1 2021/22**	Q2 2020/21	**Q2 2021/22**
Profit or loss for the period	**–28**	**–87**	**–130**	**–285**
Other comprehensive income				
Items of other comprehensive income that will not be reclassified subsequently to profit or loss	**12**	**41**	**18**	**41**
Remeasurement of defined benefit pension plans	17	**58**	24	**57**
Effects from the fair value measurements of equity instruments	0	**0**	0	**0**
Income tax attributable to items of other comprehensive income that will not be reclassified subsequently to profit or loss	–5	**–17**	–7	**–17**
Items of other comprehensive income that may be reclassified subsequently to profit or loss	**34**	**–169**	**40**	**–127**
Currency translation differences from translating the financial statements of foreign operations	42	**–168**	46	**–126**
Effective portion of gains/losses from cash flow hedges	1	**0**	4	**–1**
Effects from the fair value measurements of debt instruments	0	**0**	0	**0**
Share in other comprehensive income attributable to associates/joint ventures, which are accounted for using the equity method	–9	**0**	–9	**0**
Income tax attributable to items of other comprehensive income that may be reclassified subsequently to profit or loss	0	**0**	–1	**0**
Other comprehensive income	**47**	**–128**	**58**	**–86**
Total comprehensive income	**19**	**–214**	**–73**	**–371**
Total comprehensive income attributable to non-controlling interests	4	**2**	1	**–1**
Total comprehensive income attributable to the shareholders of METRO AG	14	**–217**	–73	**–371**

BALANCE SHEET

ASSETS

€ million	31/3/2021[1]	30/9/2021	**31/3/2022**
Non-current assets	**8,071**	**8,004**	**7,210**
Goodwill	739	644	**632**
Other intangible assets	571	568	**577**
Property, plant and equipment	5,676	5,663	**5,189**
Investment properties	181	170	**139**
Financial assets	89	92	**101**
Investments accounted for using the equity method	354	361	**103**
Other financial assets	164	142	**122**
Other non-financial assets	18	20	**19**
Deferred tax assets	279	345	**328**
Current assets	**4,374**	**4,815**	**4,949**
Inventories	2,005	1,964	**2,344**
Trade receivables	357	496	**493**
Financial assets	3	3	**2**
Other financial assets	537	505	**484**
Other non-financial assets	347	281	**339**
Entitlements to income tax refunds	111	93	**87**
Cash and cash equivalents	1,014	1,474	**791**
Assets held for sale	0	0	**408**
	12,445	**12,819**	**12,159**

[1] Previous year's comparative values were adjusted due to an accounting method change (inventories).

EQUITY AND LIABILITIES

€ million	31/3/2021[1]	30/9/2021	**31/3/2022**
Equity	**1,804**	**1,847**	**1,629**
Share capital	363	363	**363**
Capital reserve	5,048	5,048	**5,048**
Reserves retained from earnings	–3,621	–3,585	**–3,802**
Equity before non-controlling interests	1,790	1,826	**1,609**
Non-controlling interests	14	21	**19**
Non-current liabilities	**4,833**	**4,646**	**3,890**
Provisions for post-employment benefits plans and similar obligations	518	531	**469**
Other provisions	156	155	**128**
Financial liabilities	3,901	3,798	**3,146**
Other financial liabilities	17	20	**19**
Other non-financial liabilities	133	58	**34**
Deferred tax liabilities	107	83	**95**
Current liabilities	**5,809**	**6,327**	**6,640**
Trade liabilities	2,775	3,476	**3,496**
Provisions	258	290	**273**
Financial liabilities	1,579	1,155	**1,530**
Other financial liabilities	642	781	**654**
Other non-financial liabilities	344	347	**353**
Income tax liabilities	210	277	**305**
Liabilities related to assets held for sale	0	0	**30**
	12,445	**12,819**	**12,159**

[1] Previous year's comparative values were adjusted due to an accounting method change (inventories).

CASH FLOW STATEMENT

€ million	H1 2020/21	**H1 2021/22**
EBIT	116	**182**
Depreciation/amortisation/impairment losses/reversal of impairment losses of fixed assets excl. financial investments	404	**515**
Change in provisions for pensions and other provisions	–32	**–33**
Change in net working capital	–490	**–341**
Income taxes paid (–)/received	16	**–46**
Reclassification gains (+) / losses (–) from the disposal of fixed assets	–18	**–15**
Lease payments	29	**31**
Other	–209	**–263**
Cash flow from operating activities	**–185**	**30**
Acquisition of subsidiaries	–22	**–62**
Investments in property, plant and equipment and in investment property (excluding right-of-use assets from leasing relationships)	–70	**–119**
Other investments	–65	**–61**
Investments in monetary assets	–1	**–2**
Disposals of subsidiaries	45	**0**
Divestments	122	**33**
Disposal of financial investments	7	**2**
Cash flow from investing activities	**15**	**–209**
Dividends paid		
to METRO AG shareholders	–254	**0**
to other shareholders	0	**–7**
Proceeds from new borrowings	524	**516**
Redemption of borrowings	–295	**–642**
Lease payments	–271	**–278**
Interest paid	–59	**–29**
Interest received	9	**8**
Other financing activities	6	**–60**
Cash flow from financing activities	**–341**	**–491**
Total cash flows	**–511**	**–671**
Currency effects on cash and cash equivalents	–1	**–12**
Total change in cash and cash equivalents	**–512**	**–683**
Cash and cash equivalents as of **1** October	**1,525**	**1,474**
Cash and cash equivalents as of **31** March	**1,014**	**791**

CONDENSED STATEMENT OF CHANGES IN EQUITY

€ million	Share capital	Capital reserve	Reserves retained from earnings	Total equity before non-controlling interests	Non-controlling interests	Total equity
1/10/2020	**363**	**5,048**	**–3,358**	**2,053**	**8**	**2,061**
Change in accounting policy related to IAS 2	0	0	–22	–22	0	–22
1/10/2020 adjusted	**363**	**5,048**	**–3,380**	**2,031**	**8**	**2,039**
Earnings after taxes	0	0	–32	–32	4	–28
Other comprehensive income	0	0	46	46	0	47
Total comprehensive income	**0**	**0**	**14**	**14**	**4**	**19**
Capital increases	0	0	0	0	0	0
Dividends	0	0	–254	–254	0	–254
Capital transactions with a change in the participation rate	0	0	–1	–1	1	0
Other changes	0	0	0	0	0	0
31/3/2021	**363**	**5,048**	**–3,621**	**1,790**	**14**	**1,804**
1/10/2021	**363**	**5,048**	**–3,585**	**1,826**	**21**	**1,847**
Earnings after taxes	0	0	–89	–89	3	–87
Other comprehensive income	0	0	–127	–127	0	–128
Total comprehensive income	**0**	**0**	**–217**	**–217**	**2**	**–214**
Capital increases	0	0	0	0	3	3
Dividends	0	0	0	0	–7	–7
Capital transactions with a change in the participation rate	0	0	–1	–1	0	0
Other changes	0	0	0	0	0	0
31/3/2022	**363**	**5,048**	**–3,802**	**1,609**	**19**	**1,629**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM STATEMENT

SEGMENT REPORTING H1 2021/22

OPERATING SEGMENTS

€ million	Germany H1 2020/21	Germany **H1 2021/22**	West H1 2020/21	West **H1 2021/22**	Russia H1 2020/21	Russia **H1 2021/22**	East[1] H1 2020/21	East[1] **H1 2021/22**
External sales (net)	2,254	**2,288**	3,951	**5,574**	1,210	**1,373**	3,954	**4,573**
Internal sales (net)	5	**8**	2	**3**	16	**15**	0	**0**
Sales (net)	2,259	**2,297**	3,953	**5,578**	1,226	**1,388**	3,954	**4,573**
Adjusted EBITDA	77	**79**	82	**254**	101	**115**	169	**184**
Transformation costs	10	**0**	0	**0**	0	**0**	0	**–5**
Earnings contributions from real estate transactions	0	**0**	0	**1**	0	**1**	0	**8**
EBITDA	66	**79**	82	**255**	101	**116**	169	**197**
Depreciation	55	**57**	138	**136**	25	**74**	82	**147**
Reversals of impairment losses	0	**0**	0	**0**	0	**0**	0	**0**
EBIT	11	**23**	–56	**119**	76	**42**	87	**49**
Investments	35	**29**	157	**91**	7	**9**	37	**58**
Non-current segment assets	955	**846**	2,550	**2,533**	780	**655**	1,919	**1,604**

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

OPERATING SEGMENTS

€ million	Others H1 2020/21	Others **H1 2021/22**	Consolidation H1 2020/21	Consolidation **H1 2021/22**	METRO Total H1 2020/21	METRO Total **H1 2021/22**
External sales (net)	19	**41**	0	**0**	11,388	**13,849**
Internal sales (net)	345	**502**	–368	**–529**	0	**0**
Sales (net)	363	**543**	–368	**–529**	11,388	**13,849**
Adjusted EBITDA	62	**47**	–1	**–2**	490	**678**
Transformation costs	2	**–1**	0	**0**	12	**–6**
Earnings contributions from real estate transactions	42	**4**	0	**0**	42	**13**
EBITDA	102	**51**	–1	**–2**	520	**697**
Depreciation	103	**101**	0	**0**	404	**515**
Reversals of impairment losses	0	**0**	0	**0**	0	**0**
EBIT	–1	**–49**	–1	**–2**	116	**182**
Investments	79	**141**	0	**0**	315	**328**
Non-current segment assets	1,140	**1,037**	1	**1**	7,344	**6,677**

SEGMENT REPORTING Q2 2021/22

OPERATING SEGMENTS

€ million	Germany Q2 2020/21	Germany **Q2 2021/22**	West Q2 2020/21	West **Q2 2021/22**	Russia Q2 2020/21	Russia **Q2 2021/22**	East[1] Q2 2020/21	East[1] **Q2 2021/22**
External sales (net)	966	**992**	1,714	**2,531**	533	**575**	1,822	**2,126**
Internal sales (net)	2	**4**	0	**1**	7	**7**	0	**0**
Sales (net)	969	**996**	1,715	**2,532**	540	**582**	1,822	**2,126**
Adjusted EBITDA	9	**–4**	–12	**52**	32	**34**	56	**44**
Transformation costs	10	**0**	0	**0**	0	**0**	0	**–1**
Earnings contributions from real estate transactions	0	**0**	0	**1**	0	**1**	0	**8**
EBITDA	–1	**–4**	–12	**53**	32	**35**	56	**53**
Depreciation	28	**29**	73	**69**	13	**62**	41	**108**
Reversals of impairment losses	0	**0**	0	**0**	0	**0**	0	**0**
EBIT	–30	**–33**	–85	**–16**	19	**–27**	15	**–56**
Investments	24	**17**	126	**50**	5	**6**	19	**43**

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

OPERATING SEGMENTS

€ million	Others Q2 2020/21	Others **Q2 2021/22**	Consolidation Q2 2020/21	Consolidation **Q2 2021/22**	METRO Total Q2 2020/21	METRO Total **Q2 2021/22**
External sales (net)	15	**22**	0	**0**	5,050	**6,245**
Internal sales (net)	164	**237**	–174	**–248**	0	**0**
Sales (net)	179	**258**	–174	**–248**	5,050	**6,245**
Adjusted EBITDA	29	**31**	–1	**–1**	114	**157**
Transformation costs	0	**–1**	0	**0**	11	**–2**
Earnings contributions from real estate transactions	17	**0**	0	**0**	17	**10**
EBITDA	46	**32**	–1	**–1**	121	**169**
Depreciation	50	**51**	0	**0**	205	**319**
Reversals of impairment losses	0	**0**	0	**0**	0	**0**
EBIT	–4	**–19**	–1	**–1**	–85	**–151**
Investments	39	**109**	0	**0**	213	**225**

NOTES

Principles and methods of the condensed consolidated interim statement

This condensed consolidated interim statement ending on 31 March 2022 has been prepared in accordance with IAS 34 ('Interim Financial Reporting'), which governs consolidated interim statements based on International Financial Reporting Standards (IFRS). Since this is a condensed interim financial report, it does not include all the information required by IFRS for full consolidated financial statements at the end of a financial year.

This consolidated interim statement is unaudited; however, it has been reviewed in accordance with § 115 (5) of the German Securities Trading Act (WpHG).

The condensed consolidated interim statement was prepared in euros. All amounts are stated in million euros (€ million) unless otherwise indicated. Amounts below €0.5 million are rounded down and reported as €0 million. Because of the rounding, individual figures may not add up to the stated sum precisely.

Sales-related and cyclical items are accrued throughout the year, insofar as they are significant.

In this consolidated interim statement, all standards and interpretations adopted and enforced by the International Accounting Standards Board (IASB) have been applied, insofar as they have been approved by the European Union. The same accounting policies have been applied as in the consolidated financial statements as of 30 September 2021. More detailed disclosures on the accounting and measurement methods can be found in the notes to the consolidated financial statements as of 30 September 2021; this also includes amended IFRS applied for the first time in financial year 2021/22, which have no significant impact on the condensed consolidated interim statement.

The calculation of the recognised tax expense is carried out in accordance with the regulations for interim financial reporting using the so-called integral approach. The calculation is based on the current corporate planning at the end of the financial year.

Change in accounting policy (inventories)

In June 2021, the IFRS Interpretations Committee decided in connection with the application of IAS 2 Inventories that the estimated necessary selling expenses to be taken into account must not be limited to incremental costs for determining the net realisable value of inventories. This decision resulted in a retrospective amendment of the corresponding accounting policy at METRO. Further disclosures on this adjustment, which METRO implemented in Q4 2020/21, can be found under No. 47 Change in accounting policy (inventories) in the consolidated financial statements as of 30 September 2021.

New accounting standards adopted into European law

The disclosures in the consolidated financial statements as of 30 September 2021 regarding new standards or amendments to standards to be applied for the first time need to be supplemented insofar as the following amendments to IFRS have been approved by the European Union in the meantime. However, they will not be applied by METRO until financial year 2023/24:

IFRS 17	Insurance contracts – including adopted amendments to the standard
Amendments to IAS 1	Presentation of financial statements (disclosures regarding accounting policies)
Amendments to IAS 8	Accounting policies, changes in accounting-related estimates and errors (definition of accounting-related estimate)

These amendments to IFRS are not expected to have a material impact on the Group's assets, financial and earnings position.

Estimates and assumptions, discretionary judgements

Covid-19 and the war in Ukraine

H1 2021/22 continued to be impacted, albeit to a significantly diminishing extent, by government measures related to the Covid-19 pandemic, with each of METRO's segments being affected to varying degrees. Moreover, the war in Ukraine also had a significant impact on the consolidated interim statement. METRO is represented in Ukraine and Russia.

The preparation of this condensed consolidated interim statement was based on estimates and assumptions, taking into account the changes in the business environment, which affected the disclosure and amount of assets and liabilities as well as income and expenses. Estimates and underlying assumptions with major effects were particularly made with respect to the following circumstances:

- ad hoc impairment testing of assets with and without a definite useful life, including goodwill,
- recoverability of receivables – in particular trade receivables and receivables due from suppliers,
- measurement of inventories.

Although great care has been taken in making these estimates and assumptions, actual measurements may deviate from them in individual cases, especially considering further developments in the war in Ukraine and the resulting sanctions as well as the Covid-19-related uncertainties.

In the impairment test for goodwill, the sum of the carrying amounts of the group of cash-generating units is compared to the recoverable amount. The recoverable amount is defined as the value in use or fair value less costs to sell, whichever is higher, which is calculated from discounted future cash flows and the level 3 input parameters of the fair value hierarchy.

For METRO Russia, to estimate the recoverable amount, the expected cash flows were determined using an expected value of probability-weighted scenarios to account for the increased risk and uncertainty. The capitalisation rate was increased to 10% to cover the increased country risk due to the imposed sanctions. Goodwill was fully depreciated through profit or loss.

In light of the war situation and the present decline in sales and earnings, the goodwill of the cash-generating unit METRO Ukraine was also fully depreciated through profit or loss. Similarly, impairment losses between 30 and 100% were recognised on the tangible fixed assets of stores that are geographically close to the crisis areas and whose sales and earnings expectations have collapsed significantly.

For the measurement of receivables, increased specific bad debt allowances were made since the beginning of the Covid-19 pandemic, especially in units that grant longer payment terms and have a high exposure to the HoReCa sector. Furthermore, the future element was taken into account in a risk-adequate amount as part of the general risk provisioning in accordance with IFRS 9. The risk assessment is continuously monitored on the basis of the development of government measures regarding Covid-19 and consumer behaviour in the HoReCa sector under the current political framework.

The measurement of inventories took into account risk provisions that are deemed appropriate for the current business environment.

The cash and cash equivalents of our Russian Group companies amount to €97 million at 31 March 2022. These are monitored on an ongoing basis with regard to relevant restrictions.

The estimates and assumptions used for the half-year financial statements were reviewed regularly – changes were reflected when more accurate information became available. All assumptions and estimates are based on the circumstances and assessments on the closing date and reflect the information received up to the preparation of the half-year financial statements on 10 May 2022. METRO believes that the assumptions used in these half-year financial statements are a fair reflection of the current situation.

NOTES ON BUSINESS COMBINATIONS

Eijsink

Pursuant to the purchase contract dated 31 March 2022, METRO Hospitality Digital Holding GmbH acquired with immediate effect 100% of the shares in Eijsink Hengelo Werkmaatschappij B.V. as well as its 5 subsidiaries (Eijsink) from just booq B.V. and Eijsink Hengelo Holding B.V., Netherlands. The purchase price was in the mid-double-digit million euro range and paid in cash and cash equivalents.

Eijsink is headquartered in the Netherlands and is an established provider of point-of-sale (POS) solutions for the hospitality industry. With booq, Eijsink offers a cloud-based, device-independent POS system that has been successfully established on the Benelux market in recent years. The company currently has around 8,000 customers and 200 employees. Through the transaction, METRO takes another strategic step towards becoming a multichannel solution provider. The partnership of Hospitality Digital and Eijsink facilitates expansion of the offering of digital solutions for the hospitality industry through the expansion of existing DISH solutions.

The initial consolidation was carried out on 31 March 2022. Eijsink is part of the segment Others.

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

ACQUIRED ASSETS AND LIABILITIES

€ million	**31/3/2022**
Assets	**39**
Other intangible assets	**21**
Property, plant and equipment	**7**
Deferred tax assets	**2**
Inventories	**2**
Trade receivables	**2**
Other financial assets (current)	**1**
Cash and cash equivalents	**5**
Liabilities	**18**
Borrowings (non-current)	**4**
Deferred tax liabilities	**6**
Trade liabilities	**1**
Other provisions	**1**
Borrowings (current)	**1**
Other financial liabilities (current)	**3**
Other non-financial liabilities (current)	**1**

The residual value method was used to determine the recognised fair values of the acquired intangible assets. The residual value method accounts for the present value of the expected net cash flows generated by the customer relationships and software, excluding any cash flows associated with supporting assets.

The gross amount of trade receivables is €2 million, of which €0 million was assessed as probably uncollectible on the acquisition date.

Costs of less than €1 million were incurred in connection with the transaction recognised in administrative expenses.

The initial consolidation of Eijsink should be regarded as provisional with regard to the measurement of assets and liabilities in the opening balance sheet. The acquisition of Eijsink resulted in preliminary goodwill of

€46 million, which is mainly attributable to the future earnings potential and expected synergy effects. The recognised goodwill is not deductible for tax purposes.

Assuming that the acquisition had taken place on 1 October 2021, Eijsink would have contributed €13 million to METRO’s sales and €2 million to its profit or loss for the period. Annual sales of more than €25 million are expected for financial year 2022.

NOTES TO THE INCOME STATEMENT

Sales revenues

Revenue is recognised in accordance with IFRS 15 (Revenue from Contracts with Customers). Revenue is allocated to the following categories:

€ million	H1 2020/21	**H1 2021/22**
Store-based and other business	**9,751**	**11,086**
Germany	2,114	**1,998**
West	3,297	**4,336**
Russia	1,088	**1,169**
East[1]	3,248	**3,577**
Others	6	**6**
Delivery sales	**1,624**	**2,733**
Germany	140	**291**
West	655	**1,238**
Russia	123	**204**
East[1]	706	**996**
Others	1	**4**
METRO MARKETS sales	**12**	**31**
Total sales	**11,388**	**13,849**
Germany	2,254	**2,288**
West	3,951	**5,574**
Russia	1,210	**1,373**
East[1]	3,954	**4,573**
Others	19	**41**

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

Depreciation

Depreciation amounted to €515 million (H1 2020/21: €404 million) and included impairment charges of €120 million (H1 2020/21: €5 million).

H1 2020/21

€ million	Goodwill	Other intangible assets	Property, plant and equipment	Right-of-use assets	Investment properties	Total
Depreciation	**0**	**71**	**166**	**152**	**15**	**404**
thereof scheduled depreciation/amortisation	(0)	(71)	(166)	(147)	(15)	(399)
thereof impairment	(0)	(0)	(0)	(5)	(0)	(5)

H1 2021/22

€ million	Goodwill	Other intangible assets	Property, plant and equipment	Right-of-use assets	Investment properties	Total
Depreciation	**51**	**75**	**224**	**150**	**14**	**515**
thereof scheduled depreciation/amortisation	**(0)**	**(75)**	**(157)**	**(148)**	**(14)**	**(395)**
thereof impairment	**(51)**	**(0)**	**(67)**	**(2)**	**(0)**	**(120)**

Impairment losses on goodwill amount to €33 million for METRO Russia and €17 million for METRO Ukraine. Impairment losses on financial assets were not incurred in the current year or the previous year.

NOTES TO THE BALANCE SHEET

Effects from the remeasurement of defined benefit pension plans

As part of the recognition of actuarial gains and losses, a total of €58 million from the remeasurement of defined benefit pension plans was recognised in other comprehensive income in the first six months of the 2021/22 financial year (H1 2020/21: €17 million increase in equity). An effect from deferred taxes in the amount of €17 million (H1 2020/21: €5 million) had an opposite effect on equity in this context.

The country-specific actuarial interest rates and inflation rates developed as follows for locations of material importance:

	31/3/2021				**31/3/20222**			
%	Germany	Netherlands	United Kingdom	Belgium	Germany	Netherlands	United Kingdom	Belgium
Actuarial interest rate	1.40	1.70	2.00	1.40	**2.10**	**2.30**	**2.60**	**2.10**
Pension trend	1.50	0.70	3.00	2.00	**1.60**	**1.80**	**3.40**	**2.00**

Carrying amounts and fair values according to measurement categories

Generally, the fair values of financial assets and financial liabilities essentially correspond to the recognised carrying amounts, with the exception of the items listed below:

	31/3/2021	
€ million	Carrying amount	Fair Value
Financial liabilities without leases (incl. underlying transactions from hedging relationships according to IAS 39)	2,515	2,568

	31/3/2022	
€ million	Carrying amount	Fair Value
Financial liabilities without leases (incl. underlying transactions from hedging relationships according to IAS 39)	**1,848**	**1,831**

Assets recognised at fair value amount to €107 million (31/3/2021: €92 million), of which investments amount to €72 million (31/3/2021: €61 million); liabilities were recognised at fair value in the amount of €7 million (31/3/2021: €12 million). There were no significant changes in the measurement method or input parameters.

The measurement of investments recognised at fair value amounting to €72 million (31/3/2021: €61 million) is recognised through profit or loss for investments amounting to €69 million (31/3/2021: €57 million) and outside of profit or loss for investments amounting to €3 million (31/3/2021: €4 million).

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

Assets and liabilities held for sale

The following assets and liabilities are treated as assets and liabilities held for sale as at 31 March 2022 within the meaning of IFRS 5.

METRO Campus Düsseldorf

In order to make areas available for the creation of new living space, a new utilisation concept was developed for parts of the campus location in Düsseldorf in collaboration with the city of Düsseldorf. The intention is to sell the partial area in question.

METRO WM Holding (HK) Limited China

The intention is to sell the 20% interest in WM Holding (HK) Limited, which was previously recognised through the equity method, to the main shareholder.

METRO real estate portfolio Japan

In its meeting on 31 July 2021, the METRO AG Management Board decided to exit the market for its Japanese wholesale business. This decision is based on the ongoing review of the country portfolio. In this context, the real estate portfolio will be sold. The portfolio includes 6 owned properties with stores and 3 locations with long-term leases.

EVENTS AFTER THE CLOSING DATE

C & C Abholgroßmärkte Gesellschaft m.b.H.

Pursuant to the purchase contract dated 26 August 2021, METRO Cash & Carry Österreich GmbH acquired 100% of the shares in C & C Abholgroßmärkte Gesellschaft m.b.H. (AGM) with 9 wholesale stores as well as the delivery business belonging to the operating locations and the company headquarters in Salzburg as of 2 May 2022. Two of the acquired locations are subject to certain court conditions which still have to be implemented. The purchase price is in the mid-double-digit million euro range. Costs of €2 million were incurred in connection with the transaction. AGM will become part of the West segment.

AGM is an established wholesaler with a focus on the hotel and hospitality industry in Austria. The AGM stores that are the subject of the transaction, as well as the company headquarters in Salzburg, employ around 430 people and generated sales in the low triple-digit million euro range in the past period (January 2021 to December 2021).

The AGM stores complement the stationary wholesale network and the Food Service Distribution (FSD) business of METRO Austria very well. With an increased market presence, METRO offers existing and new customers real added value in terms of products and services and deepens its expertise in the hospitality wholesale business in Austria with a focus on the hotel, hospitality and community catering sectors.

In light of the limited time period since the completion of the transaction, additional detailed disclosures pursuant to IFRS 3.B66 regarding acquired assets and liabilities will be presented in the notes as of 30 June 2022.

Change in Management Board

The Supervisory Board of METRO AG has appointed Christiane Giesen to the Management Board as Chief Human Resources Officer (CHRO) and Labour Director with effect from 1 December 2022 or earlier. She will succeed Andrea Euenheim, who left the Management Board on 31 March 2022.

OTHER DISCLOSURES

Segment reporting

The segmentation follows the group's internal management and reporting. Through aggregations of operating reporting units, the reporting segments are based on the division of the business into individual regions.

The main components of the segment reporting are described below:

- External sales represent sales of the operating segments to third parties outside the group.
- Internal sales represent sales between the group's operating segments. These transactions are settled at normal market conditions.
- Segment EBITDA comprises EBIT before depreciation and reversals of goodwill, other intangible assets, property, plant and equipment and investment properties.
- The adjusted EBITDA includes EBITDA excluding transformation costs and earnings contributions from real estate transactions.
- The term 'transformation costs' refers to non-recurring expenses related to the focus on the wholesale business or the closure of the business in individual countries. In H1 2021/22, this includes the country exit in Japan and from Classic Fine Foods Philippines as well as individual measures in the Others segment.
- Earnings contributions from real estate transactions include the EBITDA-effective result from the disposal of land or land use rights and/or buildings as part of a disposal transaction. Results from the disposal of pure real estate companies or the sale of shares in such companies, which were accounted for using the equity method, are also included in the earnings contributions from real estate transactions due to their economic content. Cost components incurred in connection with real estate transactions have a negative effect on earnings.
- 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 agreements are presented in the segments as operating leases. The leases are concluded at normal market conditions. Impairment risks of non-current assets are only shown in the segments if they are considered to be group risks. This applies analogously to accruals and deferrals, which are only shown at segment level if this would also be necessary in the consolidated balance sheet.
- Segment investments include additions (including additions to the consolidation groups) to goodwill, other intangible assets and property, plant and equipment and investment properties. Exceptions to this are additions due to the reclassification of assets held for sale as non-current assets.
- Non-current segment assets include non-current assets. They mainly exclude financial assets, investments accounted for using the equity method, tax items, inventories, trade receivables, receivables from suppliers and cash and cash equivalents.
- In principle, transfers between segments are made based on the costs incurred from the group's perspective.

Transactions with related companies and individuals

Transactions with related companies and individuals do not have a material impact on the assets, financial and earnings position.

Contingent liabilities

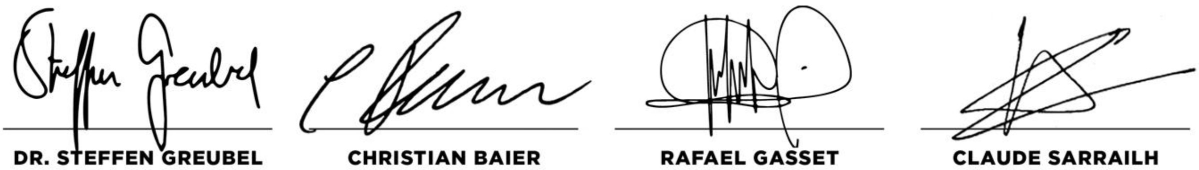
€ million	31/3/2021	**31/3/2022**
Contingent liabilities from guarantee and warranty contracts	35	**35**
Contingent liabilities from the provision of collateral for third-party liabilities	11	**8**
	46	**43**

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

Remaining legal issues

Companies of the METRO Group are parties or participants in (arbitration) court proceedings as well as antitrust and other regulatory proceedings in various countries. Insofar as the liability has been sufficiently specified, appropriate risk provisions have been formed for these proceedings. METRO AG and its group companies have also filed claims for damages against companies that have been convicted of illegal competition agreements (including the truck and sugar cartels).

Düsseldorf, 10 May 2022
The Management Board

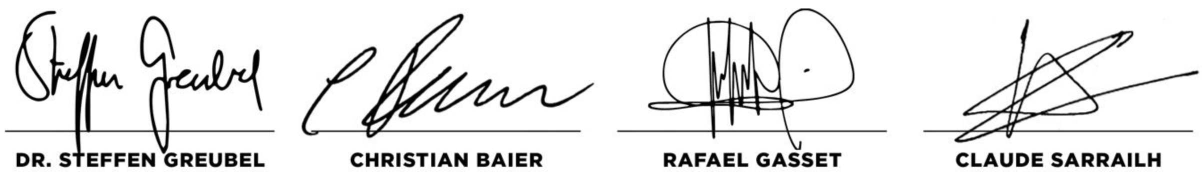


DR. STEFFEN GREUBEL **CHRISTIAN BAIER** **RAFAEL GASSET** **CLAUDE SARRAILH**

RESPONSIBILITY STATEMENT OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim financial report gives a true and fair view of the asset, financial and earnings position of the group. Moreover, we confirm that the interim group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the significant opportunities and risks associated with the expected development of the group for the remaining financial year.

Düsseldorf, 10 May 2022
The Management Board



DR. STEFFEN GREUBEL **CHRISTIAN BAIER** **RAFAEL GASSET** **CLAUDE SARRAILH**

AUDIT REVIEW REPORT

To METRO AG, Düsseldorf

We have reviewed the condensed consolidated interim statement (comprising the balance sheet, the income statement, the reconciliation from profit or loss for the period to total comprehensive income, the condensed statement of changes in equity, the cash flow statement and selected explanatory notes) and the interim group management report of METRO AG, Düsseldorf, for the period from 1 October 2021 to 31 March 2022, which are part of the half-yearly financial report pursuant to § 115 WpHG (German Securities Trading Act). The preparation of the condensed consolidated interim statement in accordance with International Accounting Standard IAS 34 'Interim Financial Reporting' as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the legal representatives of the company. Our responsibility is to issue a certificate for the condensed consolidated interim statement and for the interim group management report based on our audit review.

We conducted our review of the condensed consolidated interim statement and the interim group management report in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review so that we can rule out through critical evaluation and with a certain level of assurance that the condensed consolidated interim statement has not been prepared, in material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since we have not performed a financial statement audit, in accordance with our engagement, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim statement has not been prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU. Furthermore, we have no reason to believe that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, 10 May 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr Hain	Mehdi Zadegan
Auditor	Auditor

FINANCIAL CALENDAR

Quarterly statement 9M/Q3 2021/22	Wednesday	10 August 2022	6:30 PM
Trading statement financial year 2021/22	Friday	21 October 2022	8 AM
Annual Report 2021/22	Wednesday	14 December 2022	6:30 PM

All dates and times are based on German time

PUBLISHING INFORMATION

METRO AG
Metro-Straße 1
40235 Düsseldorf, Germany

PO Box 230361
40089 Düsseldorf, Germany

http://www.metroag.de

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Investor Relations
Phone +49 (211) 6886-1280
Fax +49 (211) 6886-73-3759
Email investorrelations@metro.de

Creditor Relations
Phone +49 (211) 6886-1904
Fax +49 (211) 6886-1916
Email creditorrelations@metro.de

Corporate communications
Phone +49 (211) 6886-4252
Fax +49 (211) 6886-2001
Email presse@metro.de

Visit the METRO AG website at www.metroag.de for extensive information and reports on METRO AG.

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