

HALF-YEAR REPORT

FEBRUARY TO JULY 2021



a PHOENIX company

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THE FIRST HALF-YEAR AT A GLANCE

- Agreement to acquire parts of McKesson's European business activities reached
- Total operating performance and revenue have increased again
- Profit after tax (before significant one-off effects) above previous year
- Further reduction in net debt compared to the first half-year 2020/21

Key figures of PHOENIX Pharmahandel GmbH & Co KG (consolidated)		1st half-year 2020/21	1st half-year 2021/22
Total operating performance	in EUR m	17,762.2	18,942.9
Revenue	in EUR m	13,972.8	14,816.2
Total income	in EUR m	1,507.3	1,559.7
EBITDA before significant one-off effects	in EUR m	314.1	342.0
EBITDA	in EUR m	325.0	309.1
EBIT	in EUR m	183.0	167.4
Profit before tax	in EUR m	155.4	135.3
Profit after tax before significant one-off effects	in EUR m	101.5	125.6
Profit after tax	in EUR m	110.3	101.4

		31 July 2020	31 January 2021	31 July 2021
Equity	in EUR m	3,206.1	3,168.9	3,268.0
Equity ratio	in %	33.4	30.6	31.5
Net debt	in EUR m	2,263.8	1,798.9	1,944.1



INTERIM GROUP MANAGEMENT REPORT

BUSINESS AND ECONOMIC ENVIRONMENT

Development of the market

The European economy grew slightly in the second quarter of 2021. In the eurozone, seasonally adjusted GDP increased by 2.0% in the second quarter of 2021 compared to the prior year's second quarter. In Germany, the seasonally and calendar adjusted GDP increased significantly by 9.6% compared to the second quarter of 2020, which was heavily shaped by the first corona lockdown.

Overall, the European pharmaceutical markets continued their moderate growth trend in the first half-year of 2021. The German pharmaceutical market also showed growth. The total turnover of the German wholesale pharmaceutical market grew by 2.4% from January to July 2021 compared to the same period of the prior year. The increase was mainly due to higher prescription pharmaceuticals revenues. Market growth was also noted in various foreign markets of PHOENIX.

In total, PHOENIX continued its positive development in the European market environment.

Acquisitions

In the first half-year of 2021/22, business combinations led to a cash outflow of EUR 15.5m (comparative period: EUR 12.4m). The acquisitions mostly pertained to pharmacies in several countries.

Results of operations

Compared with the half-year of the financial year 2020/21, which was heavily shaped by the coronavirus pandemic, total operating performance increased by 6.6% to EUR 18,942.9m in the first six months of 2021/22. This comprises revenue and handled volume. Adjusted for foreign exchange rate effects, total operating performance grew by 5.8%. Revenue grew by EUR 843.4m (6.0%) to EUR 14,816.2m (comparative period: EUR 13,972.8m). Adjusted for foreign exchange rate effects, revenue grew by 5.5%.

Gross profit increased by EUR 52.2m to EUR 1,542.8m. The gross profit margin came to 10.4% (comparative period: 10.7%).

Personnel expenses increased by 4.4% to EUR 805.4m (comparative period: EUR 771.7m). This was mainly due to the impact of collective salary increases, acquisitions, and the growth in business.

Other expenses rose by EUR 33.6m to EUR 444.5m, mainly due to increased transport costs, IT expenses, and consulting fees. In relation to revenue, other expenses came to 3.0% (comparative period: 2.9%).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) declined from EUR 325.0m to EUR 309.1m. In connection with COVID-19, non-recurring income for increased pharmacy funding of EUR 10.9m was recognised in the first half-year of 2020/21 and costs related to measurement of inventories of EUR –32.9m were recognised in the first half-year of 2021/22. Adjusted for these one-off effects, EBITDA increased by 8.9%, or EUR 27.9m, to EUR 342.0m compared with the same period of the previous year.

Depreciation and amortisation came to EUR 141.7m and were on prior year's level.

The financial result decreased by EUR 4.5m from EUR –27.6m in the comparative period to EUR –32.1m.

The effective tax rate in the first half-year of 2021/22 came to 25.1% and was 29.0% in the comparative period.

Profit after tax came to EUR 101.4m (comparative period: EUR 110.3m) and declined by 8.1%. Profit after tax before significant COVID-19 one-off effects grew by 23.7%, representing an increase of EUR 24.1m to EUR 125.6m.



Net assets

The group's total assets increased slightly by 0.4% to EUR 10,386.0m compared to 31 January 2021. The currency translation difference on the total assets, which is presented in the statement of changes in equity, amounts to EUR – 121.5m (31 January 2021: EUR – 132.5m).

Non-current assets increased slightly from EUR 3,786.1m as of 31 January 2021 to EUR 3,810.2m. The intangible assets contain goodwill in the amount of EUR 1,427.4m (31 January 2021: EUR 1,418.2m).

Inventories decreased compared to 31 January 2021 by EUR 19.9m to EUR 2,727.7m.

Trade receivables increased by 10.5% to EUR 2,996.4m. As of 31 July 2021, receivables of EUR 128.8m (31 January 2021: EUR 289.9m) had been sold under ABS and factoring programmes that are not accounted for in the statement of financial position. Under ABS and factoring programmes that are accounted for only to the extent of the continuing involvement, receivables of EUR 172.1m had been sold as of 31 July 2021 (31 January 2021: EUR 175.3m). The group's continuing involvement came to EUR 7.1m (31 January 2021: EUR 6.9m).

Other current financial assets decreased from EUR 117.0m as of 31 January 2021 to EUR 101.9m and mainly include loans granted to customers of EUR 26.8m (31 January 2021: EUR 31.1m), as well as receivables from ABS and factoring transactions of EUR 27.3m (31 January 2021: EUR 47.3m).

Other current assets increased from EUR 137.7m as of 31 January 2021 to EUR 189.2m, among others, due to higher prepayments.

The change in cash and cash equivalents is presented in the statement of cash flows.

Financial position

Equity increased by EUR 99.1m compared to 31 January 2021. The equity ratio as of 31 July 2021 came to 31.5% (31 January 2021: 30.6%).

Cash flow from operating activities came to EUR 29.4m (comparative period: EUR 27.3m). Cash flow from investing activities came to EUR – 75.3m and was EUR – 88.3m in the comparative period. Cash flow from financing activities includes the repayment of a EUR 200.0m bond made by the end of July 2021 (comparative period: repayment of a EUR 300.0m bond made by the end of May 2020).

Non-current financial liabilities came to EUR 1,325.8m (31 January 2021: EUR 1,317.1m). This item includes lease liabilities according to IFRS 16 of EUR 642.1m (31 January 2021: EUR 638.5m). Beyond that, non-current financial liabilities contain, among others, bonds of EUR 396.1m (31 January 2021: EUR 395.6m) and promissory notes of EUR 274.1m (31 January 2021: EUR 273.9m).

Current financial liabilities came to EUR 903.3m (31 January 2021: EUR 891.2m) and include lease liabilities according to IFRS 16 of EUR 122.4m (31 January 2021: EUR 125.4m). Beyond that, current financial liabilities contain, among others, liabilities to banks of EUR 258.7m (31 January 2021: EUR 213.1m), liabilities from ABS and factoring agreements in the amount of EUR 313.5m (31 January 2021: EUR 207.8m), as well as other loans amounting to EUR 133.4m (31 January 2021: EUR 122.3m). As of 31 January 2021, bonds of EUR 199.8m were also included.



According to the calculation below, net debt increased by EUR 145.3m compared to 31 January 2021 to EUR 1,944.1m.

EUR k	31 Jan 2021	31 July 2021	Change	Change in %
+ Financial liabilities (non-current)	1,317,147	1,325,787	8,640	0.7
./ Derivative financial instruments (non-current)	-91	-66	25	-27.5
+ Financial liabilities (current)	891,239	903,275	12,036	1.4
./ Derivative financial instruments (current)	-2,433	-3,209	-776	31.9
./ Cash and cash equivalents	-818,030	-548,176	269,854	-33.0
+ Receivables sold in the course of ABS and factoring transactions	458,286	293,782	-164,504	-35.9
./ Factoring receivables	-23,408	-23,617	-209	0.9
./ Receivables from ABS programmes	-23,853	-3,648	20,205	-84.7
Net debt	1,798,857	1,944,128	145,271	8.1

Trade payables decreased by EUR 21.0m to EUR 4,070.3m.

Overall, PHOENIX was able to underline its position in the first half-year of 2021/22 as a leading healthcare provider in Europe.

RISKS AND OPPORTUNITIES

PHOENIX has comprehensive planning, approval and reporting structures, as well as an early warning system, which we use to identify, assess, and monitor our opportunities and risks. The opportunities and risks of significance to us are presented extensively in our annual report for fiscal year 2020/21.

www.phoenixgroup.eu/en/investor-relations/annual-report-2020/21

The risks and opportunities presented in that report are still essentially relevant.

FORECAST

For fiscal year 2021/22, PHOENIX expects to further expand its market position in Europe through organic growth and acquisitions and thereby increase revenue slightly above the level of growth on the European pharmaceutical markets.

Adjusted for significant one-off effects, we expect profit before tax for fiscal year 2021/22 to be slightly above the level seen in 2020/21.

We also expect a slight increase in the equity ratio.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT

for the first half-year of 2021/22

EUR k	2nd quarter 2020/21	2nd quarter 2021/22	1st half-year 2020/21	1st half-year 2021/22
Revenue	6,728,447	7,502,994	13,972,786	14,816,195
Cost of purchased goods and services	-6,004,423	-6,703,325	-12,482,173	-13,273,419
Gross profit	724,024	799,669	1,490,613	1,542,776
Other operating income	9,905	8,055	16,678	16,887
Personnel expenses	-379,055	-407,229	-771,690	-805,357
Other operating expenses	-199,561	-225,099	-410,979	-444,532
Result from associates and joint ventures	87	-828	263	-735
Result from other investments	89	59	126	97
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	155,489	174,627	325,011	309,136
Amortisation of intangible assets and depreciation of property, plant and equipment	-70,899	-71,147	-142,006	-141,656
Earnings before interest and taxes (EBIT)	84,590	103,435	183,005	167,435
Interest income	3,403	2,410	7,462	6,224
Interest expense	-15,630	-17,537	-32,607	-34,272
Other financial result	1,684	-2,929	-2,482	-4,053
Financial result	-10,543	-18,056	-27,627	-32,101
Profit before tax	74,047	85,379	155,378	135,334
Income tax	-21,067	-21,430	-45,060	-33,969
Profit after tax	52,980	63,949	110,318	101,365
thereof attributable to non-controlling interests	8,239	8,672	16,807	15,759
thereof attributable to the shareholders of the parent company	44,741	55,277	93,511	85,606



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the first half-year of 2021/22

EUR k	2nd quarter 2020/21	2nd quarter 2021/22	1st half-year 2020/21	1st half-year 2021/22
Profit after tax	52,980	63,949	110,318	101,365
Items not reclassified to profit or loss				
Remeasurement of defined benefit plans	- 1,651	319	- 20,226	3,121
Items that may subsequently be reclassified to profit or loss as a result				
Currency translation differences	4,145	8,380	- 32,010	11,022
Components of other comprehensive income, net of tax	2,494	8,699	- 52,236	14,143
Total comprehensive income	55,474	72,648	58,082	115,508
thereof attributable to non-controlling interests	8,345	8,725	16,553	15,765
thereof attributable to the shareholders of the parent company	47,129	63,923	41,529	99,743

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of 31 July 2021

ASSETS

EUR k	31 Jan 2021	31 July 2021
Non-current assets		
Intangible assets	1,832,680	1,861,370
Property, plant and equipment	1,737,674	1,725,225
Investment property	6,595	6,531
Investments in associates and joint ventures	6,114	12,514
Trade receivables	277	43
Other financial assets	107,997	102,179
Deferred tax assets	94,770	102,371
Income tax receivables	12	8
	3,786,119	3,810,241
Current assets		
Inventories	2,747,563	2,727,710
Trade receivables	2,712,486	2,996,310
Income tax receivables	16,679	11,303
Other financial assets	116,995	101,909
Other assets	137,693	189,180
Cash and cash equivalents	818,030	548,176
	6,549,446	6,574,588
Non-current assets held for sale	4,569	1,202
Total assets	10,340,134	10,386,031



EQUITY AND LIABILITIES

EUR k	31 Jan 2021	31 July 2021
Equity		
Unlimited and limited partners' capital	851,000	851,000
Reserves	2,347,497	2,433,166
Accumulated other comprehensive income	-328,407	-314,270
Equity attributable to the shareholders of the parent company	2,870,090	2,969,896
Non-controlling interests	298,826	298,112
	3,168,916	3,268,008
Non-current liabilities		
Financial liabilities	1,317,147	1,325,787
Trade payables	303	145
Provisions for pensions and similar obligations	272,374	266,775
Other non-current provisions	5,558	1,955
Deferred tax liabilities	128,211	146,479
Other non-current liabilities	1,463	1,235
	1,725,056	1,742,376
Current liabilities		
Financial liabilities	891,239	903,275
Trade payables	4,091,032	4,070,151
Other provisions	43,829	40,451
Income tax liabilities	35,299	29,445
Other liabilities	384,763	332,325
	5,446,162	5,375,647
Total equity and liabilities	10,340,134	10,386,031

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the first half-year of 2021/22

EUR k	Unlimited and limited partners' capital	Reserves	Currency translation differences	Remeasurement of defined benefit plans	Equity attributable to the shareholders of the parent company	Non-controlling interests	Total equity
1 February 2020	1,000,000	2,126,012	-97,137	-146,292	2,882,583	282,836	3,165,419
Profit after tax		93,511			93,511	16,807	110,318
Accumulated other comprehensive income			-31,756	-20,226	-51,982	-254	-52,236
Total comprehensive income, net of tax		93,511	-31,756	-20,226	41,529	16,553	58,082
Changes in the basis of consolidation		-701			-701	432	-269
Changes in the interest of consolidated companies		38			38	-396	-358
Dividends					0	-16,732	-16,732
Other changes in equity		-50			-50	24	-26
31 July 2020	1,000,000	2,218,810	-128,893	-166,518	2,923,399	282,717	3,206,116
1 February 2021	851,000	2,347,497	-132,471	-195,936	2,870,090	298,826	3,168,916
Profit after tax		85,606			85,606	15,759	101,365
Accumulated other comprehensive income			11,016	3,121	14,137	6	14,143
Total comprehensive income, net of tax		85,606	11,016	3,121	99,743	15,765	115,508
Changes in the interest of consolidated companies					0	146	146
Dividends					0	-16,963	-16,963
Other transactions with shareholders		105			105		105
Other changes in equity		-42			-42	338	296
31 July 2021	851,000	2,433,166	-121,455	-192,815	2,969,896	298,112	3,268,008

CONSOLIDATED STATEMENT OF CASH FLOWS

for the first half-year of 2021/22

EUR k	31 July 2020	31 July 2021
Profit after tax	110,318	101,365
Income taxes	45,060	33,969
Profit before tax	155,378	135,334
Adjustments for:		
Interest expenses and interest income	25,145	28,048
Amortisation/depreciation/impairment/write-ups of intangible assets, property, plant and equipment and investment property	142,006	141,701
Result from associates and other investments	-389	638
Net result from the disposal of assets related to investing activities	70	542
Other non-cash expense and income	57,949	54,763
	380,159	361,026
Interest paid	-38,932	-34,954
Interest received	6,021	6,069
Income taxes paid	-27,574	-22,423
Dividends received	200	265
Cash flow before change in assets and liabilities	319,874	309,983
Changes in assets and liabilities, net of effects of changes in the scope of consolidation and other non-cash transactions:		
Change in non-current provisions	-15,629	-21,127
Cash flow before change in operating assets and liabilities	304,245	288,856
Change in inventories	-195,961	-11,067
Change in trade receivables	54,015	-128,462
Change in trade payables	-97,764	62,894
	-239,710	-76,635
Change in other assets and liabilities not related to investing or financing activities	-37,202	-182,807
Change in operating assets and liabilities	-276,912	-259,442
Cash flow from operating activities	27,333	29,414
Acquisition of consolidated companies and business units, net of cash acquired	-12,391	-15,463
Capital expenditures for intangible assets, property, plant and equipment, and investment property	-82,236	-64,575
Investment in other financial assets and non-current assets	-298	-2,821
Cash outflows for investments	-94,925	-82,859

EUR k	31 July 2020	31 July 2021
Cash received from the sale of consolidated companies and business units, net of cash disposed	587	0
Cash received from disposal of intangible assets, property, plant and equipment and investment property	5,126	6,283
Proceeds from other financial assets and non-current assets	867	1,232
Cash inflows from realised investments and divestments	6,580	7,515
Cash flow from investing activities	-88,345	-75,344
Cash available for financing activities	-61,012	-45,930
Capital contribution from/repayment to non-controlling interests	0	2
Acquisition of additional shares in already consolidated subsidiaries	-366	-177
Proceeds from disposal of interests in subsidiaries without loss of control	0	14
Dividends paid to non-controlling interests	-14,027	-15,252
Proceeds from bond issuance and bank loans	26,461	1,773
Repayment of bonds and bank loans	-331,028	-235,914
Change in bank loans which have a maturity period of 3 months or less	331,798	77,137
Proceeds from the issue of loans from shareholders in the parent company	16,200	0
Repayment of loans from shareholders in the parent company	-500	-1,160
Proceeds from the issue of loans from related parties	0	50,000
Repayment of loans from related parties	0	-15
Change in ABS and factoring	-17,056	-35,604
Change in finance lease	-76,588	-65,235
Change in other financial liabilities	-21,701	684
Cash flow from financing activities	-86,807	-223,747
Changes in cash and cash equivalents	-147,819	-269,677
Effect of exchange rate changes on cash and cash equivalents	-1,260	-177
Cash and cash equivalents at the beginning of the period	245,986	818,030
Cash and cash equivalents at the end of the period	96,907	548,176
Cash and cash equivalents presented in the balance sheet at the end of the period	96,907	548,176

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

as of 31 July 2021

The company

PHOENIX Pharmahandel GmbH & Co KG, Mannheim, ("PHOENIX") is a European healthcare provider and pharmaceuticals distribution group. PHOENIX has business activities in 27 European countries. In several countries, PHOENIX also operates its own pharmacy chains. The registered office is located in Mannheim, Germany.

Basis of presentation

The interim condensed consolidated financial statements of PHOENIX as of 31 July 2021 are prepared on the basis of IAS 34 "Interim Financial Reporting", observing all International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), London, and mandatory in the EU as of 31 July 2021, as well as all mandatory interpretations of the International Financial Reporting Standards Interpretation Committee (IFRS IC).

The interim condensed consolidated financial statements as of 31 July 2021 of PHOENIX were released for publication by the management of PHOENIX Pharmahandel GmbH & Co KG on 9 September 2021.

Significant accounting policies

The accounting policies used to prepare the interim condensed consolidated financial statements are – except where financial reporting standards have been applied for the first time in 2021/22 – essentially consistent with those used in the consolidated financial statements as of 31 January 2021. Standards and interpretations that have been applicable since 1 February 2021 for the first time had the following impacts on the interim financial statements:

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform (Phase 2) clarify that, when determining contractual cash flows as a result of the IBOR reform, an update to the effective interest rate is sufficient to reflect the change in the alternative benchmark rate. Furthermore, the amendments provide for additional time-limited relief with regard to the application of specific hedge accounting requirements to hedging relationships directly affected by the IBOR reform. The amendments had no impact on the consolidated financial statements of PHOENIX.

Business combinations

The business combinations carried out in the first six months of 2021/22 are explained below. Purchase accounting is performed in accordance with the acquisition method pursuant to IFRS 3 "Business Combinations".

In fiscal year 2021/22, the cumulative profit after tax of the acquirees came to EUR – 364k and revenue to EUR 10,716k. Assuming that the acquisition date coincides with the beginning of the reporting period for all business combinations, accumulated revenue for the period came to EUR 12,024k. Assuming that the acquisition date coincides with the beginning of the reporting period for all business combinations, the accumulated profit after tax came to EUR 1,159k.

The table below shows a summary of the fair values of acquisitions:

Fair value recognised upon acquisition

EUR k	Other
Cash and cash equivalents	17,833
Equity instruments	0
Acquisition-date fair value of previously held equity interest	0
Total cost	17,833
Intangible assets	7,033
Other non-current assets	1,494
Inventories	1,649
Trade receivables	1,852
Cash and cash equivalents	2,601
Other current assets	158
Non-current liabilities	1,249
Current liabilities	3,671
Net assets	9,867
Non-controlling interests	0
Net assets acquired	9,867
Bargain purchase	0
Goodwill	7,966

Other business combinations

In the first six months of 2021/22, the group acquired mainly further pharmacies that are individually immaterial.

The goodwill arising on those acquisitions was allocated to the cash-generating units Switzerland (EUR 4,355k), the Netherlands (EUR 1,767k), United Kingdom (EUR 955k), Czech Republic (EUR 649k) and Slovakia (EUR 240k) and is managed in the local functional currencies (CHF, EUR, GBP and CZK).

Other business combinations include contingent consideration of EUR 59k (maximum amount expected).

Non-controlling interests were recognised at the proportionate identifiable net assets in the acquirees.

The purchase price allocation takes into account all the information about facts and circumstances as of the acquisition date that was available until the preparation of these financial statements. If further facts or circumstances become known within the 12-month measurement period in accordance with IFRS 3, the purchase price allocation is adjusted accordingly.

Revenue

The tables below show a breakdown of revenue according to IFRS 15 based on the type of goods and services:

1st half-year 2021/22	Trade revenue	Revenue from commissions	Distribution fees and consignment warehouse fees	Other logistics services	Other services	Other revenue	Revenue within the meaning of IFRS 15
EUR k							
Gross revenue	14,967,843	59,378	68,543	29,218	223,419	135,283	15,483,684
Sales deductions	-678,870	0	-17	0	0	-7	-678,894
Revenue	14,288,973	59,378	68,526	29,218	223,419	135,276	14,804,790
thereof satisfaction of performance obligation at a point in time	14,288,973	54,996	64,048	28,350	211,943	101,385	14,749,695
thereof satisfaction of performance obligation over time	0	4,382	4,478	868	11,476	33,891	55,095

Total revenue for the first six months 2021/22 amounts to EUR 14,816,195k and includes revenue from leasing business according to IFRS 16 of EUR 11,405k.

1st half-year 2020/21	Trade revenue	Revenue from commissions	Distribution fees and consignment warehouse fees	Other logistics services	Other services	Other revenue	Revenue within the meaning of IFRS 15
EUR k							
Gross revenue	14,140,312	57,467	48,696	23,821	212,214	120,046	14,602,556
Sales deductions	-638,874	0	-11	0	0	-5	-638,890
Revenue	13,501,438	57,467	48,685	23,821	212,214	120,041	13,963,666
thereof satisfaction of performance obligation at a point in time	13,501,438	53,736	44,184	22,948	201,272	87,506	13,911,084
thereof satisfaction of performance obligation over time	0	3,731	4,501	873	10,942	32,535	52,582

Other operating expenses

Other operating expenses contain expenses in connection with ABS and factoring programmes of EUR 981k (comparative period: EUR 862k).

Financial result

EUR k	1st half-year 2020/21	1st half-year 2021/22
Interest income	7,462	6,224
Interest expenses	-32,607	-34,272
Other financial result	-2,482	-4,053
Financial result	-27,627	-32,101

Interest income includes interest from customers of EUR 3,468k (comparative period: EUR 4,626k).

The other financial result includes exchange rate gains of EUR 10,968k (comparative period: EUR 14,881k) and exchange rate losses of EUR 5,617k (comparative period: EUR 20,603k). Changes in the market value of derivatives gave rise to income of EUR 23,011k (comparative period: EUR 58,369k) and expenses of EUR 30,486k (comparative period: EUR 55,447k).

Other assets and other liabilities

EUR k	31 Jan 2021	31 July 2021
Prepayments	59,315	95,443
Tax claims – VAT and other taxes	58,269	63,343
Sundry other assets	20,109	30,394
Other assets	137,693	189,180

EUR k	31 Jan 2021	31 July 2021
VAT and other tax liabilities	111,918	85,232
Personnel liabilities	190,719	166,948
Liabilities relating to social security/similar charges	44,624	37,717
Contract Liabilities (IFRS 15)	26,332	24,773
Sundry other liabilities	11,170	17,655
Other liabilities	384,763	332,325

Other financial assets and other financial liabilities

The table below presents the non-current financial assets:

EUR k	31 Jan 2021	31 July 2021
Trade receivables, non-current	277	43
Other financial assets		
Equity and debt instruments	55,393	53,887
Other loans	19,061	15,454
Lease receivables	33,186	32,489
Other non-current financial assets	357	349
	107,997	102,179

The table below presents the current financial assets:

EUR k	31 Jan 2021	31 July 2021
Trade receivables	2,712,486	2,996,310
Other financial assets		
Loans to and receivables from associates	868	106
Other loans	31,133	26,826
Derivative financial instruments	1,031	455
Lease receivables	10,882	11,810
ABS and factoring receivables	47,261	27,265
Other current financial assets	25,820	35,447
	116,995	101,909

The receivables from ABS and factoring transactions as of 31 July 2021 are presented below:

EUR k	31 Jan 2021	31 July 2021
Transferred but only partly derecognised receivables		
Receivables not derecognised in accordance with IFRS 9		
Volume of receivables	235,812	370,929
Financial liabilities	200,469	305,901
Continuing involvement		
Volume of receivables	175,298	172,061
Continuing involvement	6,941	7,104
Financial liabilities	7,291	7,561
Transferred and fully derecognised receivables		
Volume of receivables	289,929	128,825
Retentions of title	47,261	27,265

At the reporting date, financial liabilities were divided into non-current and current liabilities as follows:

EUR k	31 Jan 2021	31 July 2021
Financial liabilities (non-current)		
Liabilities to banks	273,981	274,062
Bonds	395,635	396,091
Loans	48	45
Liabilities to related parties	0	4,642
Lease liabilities	638,487	642,360
Other financial liabilities	8,996	8,587
	1,317,147	1,325,787

EUR k	31 Jan 2021	31 July 2021
Financial liabilities (current)		
Liabilities to banks	213,125	258,745
Bonds	199,772	0
Loans	122,297	133,404
Liabilities to associates and related parties	15	50,050
ABS and factoring liabilities	207,760	313,462
Lease liabilities	125,405	122,406
Other financial liabilities	22,865	25,208
	891,239	903,275

In connection with the loan agreements, it was agreed to comply with certain financial covenants, all of which were met in the first half-year of 2021/22.

The corporate bond issued in July 2014 with an outstanding nominal value of EUR 200m was repaid.

Other financial liabilities (non-current) contain non-current derivative financial instruments of EUR 66k (31 January 2021: EUR 91k).

Other financial liabilities (current) contain current derivative financial instruments of EUR 3,209k (31 January 2021: EUR 2,433k).

Information on financial instruments

The items in the statement of financial position for financial instruments are assigned to classes and categories.

The carrying amounts for each category and class of financial assets, and the fair values for each class are presented in the following table:

31 July 2021	Category pursuant to IFRS 9				
	At amortised costs	At fair value through profit and loss	No category according to IFRS 9	Carrying amount	Fair value
EUR k					
Assets					
Equity and debt instruments	0	53,887	0	53,887	53,887
Trade receivables	2,625,424	370,929	0	2,996,353	2,996,353
Loans to and receivables from associates	106	0	0	106	106
Other loans	42,280	0	0	42,280	42,812
Derivative financial assets without hedge accounting	0	455	0	455	455
Other financial assets	63,061	0	0	63,061	63,061
Lease receivables	0	0	44,299	44,299	44,299
Cash and cash equivalents	548,176	0	0	548,176	548,176

31 January 2021	Category pursuant to IFRS 9				
	At amortised costs	At fair value through profit and loss	No category according to IFRS 9	Carrying amount	Fair value
EUR k					
Assets					
Equity and debt instruments	0	55,393	0	55,393	55,393
Trade receivables	2,476,951	235,812	0	2,712,763	2,712,763
Loans to and receivables from associates or related parties	868	0	0	868	868
Other loans	50,194	0	0	50,194	50,782
Derivative financial assets without hedge accounting	0	1,031	0	1,031	1,031
Other financial assets	73,438	0	0	73,438	73,438
Lease receivables	0	0	44,068	44,068	44,068
Cash and cash equivalents	818,030	0	0	818,030	818,030

Equity and debt instruments primarily contain shares in unlisted entities and participations in limited partnerships. Shares in listed entities are measured at the quoted price determined as of the reporting date. For other equity and debt instruments, the fair value is determined using a multiplier method (revenue multiple, level 3). This method uses individually derived multipliers between 0.50 and 1.10 (31 January 2021: between 0.50 and 1.10). A 10% increase in the multipliers would increase the value by EUR 6,552k (31 January 2021: EUR 6,552k); a 10%

decrease in the multipliers would decrease the value by EUR 6,557k (31 January 2021: EUR 6,557k).

Derivatives are recognised at their fair values (level 2).

Due to the short-term maturities of cash and cash equivalents, trade receivables, and other current financial assets, their carrying amounts generally approximate the fair values at the reporting date (level 2).

The fair value of loans to and receivables from associates or related entities, other loans, held-to-maturity financial assets and other non-current financial assets due after more than one year correspond to the net present value of the payments related to the assets based on the current interest rate parameters and yield curves (level 2).

The carrying amounts for each category and class of financial liabilities and the fair values for each class are presented in the following table:

31 July 2021	Category pursuant to IFRS 9				
	At amortised costs	At fair value through profit and loss	No category according to IFRS 9	Carrying amount	Fair value
EUR k					
Financial liabilities					
Liabilities to banks	532,807	0	0	532,807	532,846
Bonds	396,091	0	0	396,091	411,732
Loans	133,449	0	0	133,449	133,449
Trade payables	4,070,296	0	0	4,070,296	4,070,296
Liabilities to related parties	54,692	0	0	54,692	54,692
ABS and factoring liabilities	313,462	0	0	313,462	313,462
Other financial liabilities at cost	28,502	0	0	28,502	28,502
Other financial liabilities at fair value	0	2,018	0	2,018	2,018
Lease liabilities	0	0	764,766	764,766	n/a
Derivative financial liabilities without hedge accounting	0	3,275	0	3,275	3,275

31 January 2021	Category pursuant to IFRS 9				
	At amortised costs	At fair value through profit and loss	No category according to IFRS 9	Carrying amount	Fair value
EUR k					
Financial liabilities					
Liabilities to banks	487,106	0	0	487,106	487,083
Bonds	595,407	0	0	595,407	615,708
Loans	122,345	0	0	122,345	122,345
Trade payables	4,091,335	0	0	4,091,335	4,091,335
Liabilities to associates	15	0	0	15	15
ABS and factoring liabilities	207,760	0	0	207,760	207,760
Other financial liabilities at cost	25,846	0	0	25,846	25,846
Other financial liabilities at fair value	0	3,491	0	3,491	3,491
Lease liabilities	0	0	763,892	763,892	n/a
Derivative financial liabilities without hedge accounting	0	2,524	0	2,524	2,524

The fair value of the bonds is the nominal value multiplied by the quoted price as of the reporting date (level 1).

Derivatives are recognised at their fair values (level 2).

Due to the short-term maturities of trade payables and other current financial liabilities, their carrying amounts generally approximate the fair values at the reporting date (level 2).

Fair value hierarchy of financial instruments

PHOENIX applies the following fair value hierarchy to define and present its financial instruments measured at fair value:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Techniques that use inputs that are not based on observable market data.

31 July 2021

Financial instruments measured at fair value

EUR k	Level 1	Level 2	Level 3	Total
Equity and debt instruments	0	0	53,887	53,887
Derivative financial assets without hedge accounting	0	455	0	455
Derivative financial liabilities without hedge accounting	0	3,275	0	3,275
Other financial liabilities	0	0	2,018	2,018

31 January 2021

Financial instruments measured at fair value

EUR k	Level 1	Level 2	Level 3	Total
Equity and debt instruments	0	0	55,393	55,393
Derivative financial assets without hedge accounting	0	1,031	0	1,031
Derivative financial liabilities without hedge accounting	0	2,524	0	2,524
Other financial liabilities	0	0	3,491	3,491

The following table shows the reconciliation of the fair value based on level 3.

EUR k	Equity and debt instruments	Other financial liabilities
1 February 2021	55,393	3,491
Purchase	0	0
Sale of shares	-841	0
New measurements (through profit or loss)	-497	0
Acquisitions	0	59
Remeasurement of contingent purchase price obligations (through profit or loss)	0	-184
Payments due to acquisitions	0	-1,352
Other	-168	4
31 July 2021	53,887	2,018

Notes to the statement of cash flows

EUR k	31 Jan 2021	31 July 2021
Restricted cash		
Cash and cash equivalents at the end of the period	818,030	548,176
thereof restricted		
due to security deposits	1,726	5,329
due to restrictions placed upon foreign subsidiaries	42,462	36,714

Related party disclosures

In connection with the bond issued in July 2014, related parties held bond certificates with a nominal volume of EUR 112,400k. To the extent that these bond certificates were still held, these were repaid during the reporting period.

During the reporting period, a related party granted a loan to PHOENIX amounting to EUR 50,000k. Interest expenses of EUR 50k were accrued thereon. Furthermore, there is a liability from a capital increase in a related party in the amount of EUR 4,642k.

Furthermore, the business relationships with related parties presented in the consolidated financial statements as of 31 January 2021 remained essentially unchanged in the first half-year of 2021/22.

Subsequent events

In July 2021, PHOENIX reached an agreement to acquire parts of McKesson's European business activities. The transaction is subject to antitrust approval and other customary closing conditions.

Mannheim, 9 September 2021

The Management Board of the unlimited partner
PHOENIX Verwaltungs GmbH

FINANCIAL CALENDAR 2021

Please consult our calendar for the most important announcement dates:

16 December Quarterly statement February to October 2021

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