

HALF-YEAR REPORT


February to July 2022

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THE FIRST HALF-YEAR AT A GLANCE

Key figures PHOENIX Pharmahandel GmbH & Co KG (consolidated) in EUR m	1st half-year 2021/22	1st half-year 2022/23
Total operating performance	18,942.9	20,831.1
Revenue	14,816.2	16,178.6
Total income	1,559.7	1,696.6
EBITDA before significant one-off effects	342.0	329.6
EBITDA	309.1	329.6
EBIT	167.4	183.6
Profit before tax before significant one-off effects	168.2	138.5
Profit before tax	135.3	138.5
Profit after tax	101.4	101.9

		31 July 2021	31 January 2022	31 July 2022
Equity	in EUR m	3,268.0	3,383.1	3,468.8
Equity ratio	in %	31.5	31.5	31.9
Net debt	in EUR m	1,944.1	1,613.7	1,615.6

- Total operating performance and revenue have increased again
- Profit before tax at prior year's level
- Further reduction in net debt compared to the first half-year 2021/22

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INTERIM GROUP MANAGEMENT REPORT

BUSINESS AND ECONOMIC ENVIRONMENT

Development of the market

The European economy grew in the second quarter of 2022. In the eurozone, seasonally adjusted GDP increased by 4.0% 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 1.4% compared to the second quarter of 2021.

Overall, the European pharmaceutical markets continued their moderate growth trend in the first half-year of 2022. The German pharmaceutical market also showed growth. The total turnover of the German wholesale pharmaceutical market grew by 7.5% from January to July 2022 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 2022/23, business combinations led to a cash outflow of EUR 42.7m (comparative period: EUR 15.5m). The acquisitions mostly pertained to pharmacies in several countries.

Results of operations

Compared with the half-year of the financial year 2021/22 total operating performance increased by 10.0% to EUR 20,831.1m in the first six months of 2022/23. This comprises revenue and handled volume. Adjusted for foreign exchange rate effects, total operating performance grew by 9.9%. Revenue grew by EUR 1,362.4m (9.2%) to EUR 16,178.6m (comparative period: EUR 14,816.2m). Adjusted for foreign exchange rate effects, revenue grew by 9.0%.

Gross profit increased by EUR 137.2m to EUR 1,680.0m. The gross profit margin came to 10.4% (comparative period: 10.4%).

Personnel expenses increased by 8.2% to EUR 871.6m (comparative period: EUR 805.4m). This was mainly due to the impact of collective salary increases, acquisitions, and the growth in business.

Other expenses rose by EUR 49.6m to EUR 494.1m, mainly due to increased transport costs, energy costs, IT expenses and higher expenses for other taxes. In relation to revenue, other expenses came to 3.1% (comparative period: 3.0%).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased from EUR 309.1m to EUR 329.6m. In connection with COVID-19, costs related to inventory measurement of EUR – 32.9m were recognised in the first six months of the comparative period 2021/22. Adjusted for this one-off effect, EBITDA came to EUR 329.6m and was below the prior year's level (EUR 342.0m).

Depreciation and amortisation came to EUR 146.0m and were slightly above the prior year's level due to acquisitions.

The financial result decreased by EUR 13.0m from EUR – 32.1m in the comparative period to EUR – 45.1m. The decrease is mainly due to a lower net interest result.

The effective tax rate in the first half-year of 2022/23 came to 26.4% and was 25.1% in the comparative period.

Profit after tax came to EUR 101.9m (comparative period: EUR 101.4m).

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Net assets

The group's total assets increased slightly by 1.1% to EUR 10,866.6m compared to 31 January 2022. The currency translation difference on the total assets, which is presented in the statement of changes in equity, amounts to EUR – 110.1m (31 January 2022: EUR – 99.9m).

Non-current assets decreased slightly from EUR 3,874.0m as of 31 January 2022 to EUR 3,842.5m. The intangible assets contain goodwill in the amount of EUR 1,453.2m (31 January 2022: EUR 1,440.4m).

Inventories increased compared to 31 January 2022 by EUR 108.7m to EUR 2,805.5m.

Trade receivables increased by 12.2% to EUR 3,286.2m. As of 31 July 2022, receivables of EUR 89.1m (31 January 2021: EUR 125.6m) 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 134.9m had been sold as of 31 July 2022 (31 January 2022: EUR 174.6m). The group's continuing involvement came to EUR 6.0m (31 January 2022: EUR 7.1m).

Other current financial assets decreased from EUR 97.5m as of 31 January 2022 to EUR 87.7m and mainly include loans granted to customers of EUR 22.3m (31 January 2022: EUR 27.5m), as well as receivables from factoring and ABS transactions of EUR 22.8m (31 January 2021: EUR 28.7m).

Other current assets came to EUR 162.1m (31 January 2022: EUR 166.0m).

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

Financial position

Equity increased by EUR 85.7m compared to 31 January 2022. The equity ratio as of 31 July 2022 came to 31.9% (31 January 2022: 31.5%).

Cash flow from operating activities came to EUR 125.9m (comparative period: EUR – 129.2m). Prior year's cash outflow contained an outflow of EUR 158.7m due to the switch from an ABS programme to recognition in the statement of financial position. Cash flow from investing activities came to EUR – 117.3m and was EUR – 75.3m in the comparative period.

Non-current financial liabilities came to EUR 1,369.1m (31 January 2022: EUR 1,575.4m). This item includes lease liabilities according to IFRS 16 of EUR 635.0m (31 January 2022: EUR 658.6m). Beyond that, non-current financial liabilities contain, among others, bonds of EUR 397.0m (31 January 2022: EUR 396.6m) and promissory notes of EUR 136.1m (31 January 2022: EUR 274.1m).

Current financial liabilities came to EUR 714.1m (31 January 2022: EUR 740.2m) and include lease liabilities according to IFRS 16 of EUR 131.6m (31 January 2022: EUR 132.3m). Beyond that, current financial liabilities contain, among others, liabilities to banks of EUR 129.7m (31 January 2022: EUR 113.4m), liabilities from ABS and factoring agreements in the amount of EUR 283.0m (31 January 2022: EUR 345.0m), as well as other loans amounting to EUR 140.0m (31 January 2022: EUR 125.6m).

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According to the calculation below, net debt increased by EUR 1.9m compared to 31 January 2022 to EUR 1,615.6m.

EUR k	31 January 2022	31 July 2022	Change	Change in %
+ Financial liabilities (non-current)	1,575,412	1,369,061	-206,351	-13.1
./ Derivative financial instruments (non-current)	-43	-17	26	-60.5
+ Financial liabilities (current)	740,171	714,140	-26,031	-3.5
./ Derivative financial instruments (current)	-1,303	-3,366	-2,063	158.3
./ Cash and cash equivalents	-964,327	-659,433	304,894	-31.6
+ Receivables sold in the course of factoring and ABS transactions	292,470	218,021	-74,449	-25.5
./ Factoring receivables	-24,697	-20,105	4,592	-18.6
./ Receivables from ABS programmes	-3,974	-2,730	1,244	-31.3
Net debt	1,613,709	1,615,571	1,862	0.1

Trade payables increased by EUR 320.4m to EUR 4,468.5m.

Overall, PHOENIX was able to underline its position in the first half-year of 2022/23 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 2021/22. www.phoenixgroup.eu/en/publications/financial-reports

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

FORECAST

For fiscal year 2022/23, 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 of the European pharmaceutical markets. We expect revenue growth in nearly all markets in which we are present.

For fiscal year 2022/23, we forecast profit before tax to be at the level seen in 2021/22.

We also expect a slight increase in the equity ratio.

Given the difficulty of predicting when the acquisition of parts of McKesson's European business activities will be completed, the forecasts do not include any resulting effects on PHOENIX's revenue, profit before tax or equity ratio.

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CONSOLIDATED INCOME STATEMENT

for the first half-year of 2022/23

EUR k	2nd quarter 2021/22	2nd quarter 2022/23	1st half-year 2021/22	1st half-year 2022/23
Revenue	7,502,994	8,188,628	14,816,195	16,178,589
Cost of purchased goods and services	-6,703,325	-7,341,586	-13,273,419	-14,498,564
Gross profit	799,669	847,042	1,542,776	1,680,025
Other operating income	8,055	9,523	16,887	16,575
Personnel expenses	-407,229	-435,779	-805,357	-871,561
Other operating expenses	-225,099	-241,025	-444,532	-494,099
Results from associates and joint ventures	-828	-980	-735	-1,477
Result from other investments	59	62	97	142
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	174,627	178,843	309,136	329,605
Amortisation of intangible assets and depreciation of property, plant and equipment	-71,192	-72,557	-141,701	-146,024
Earnings before interest and taxes (EBIT)	103,435	106,286	167,435	183,581
Interest income	2,410	2,464	6,224	4,500
Interest expenses	-17,537	-18,541	-34,272	-42,039
Other financial result	-2,929	-5,795	-4,053	-7,592
Financial result	-18,056	-21,872	-32,101	-45,131
Profit before tax	85,379	84,414	135,334	138,450
Income taxes	-21,430	-21,860	-33,969	-36,551
Profit after tax	63,949	62,554	101,365	101,899
thereof attributable to non-controlling interests	8,672	8,876	15,759	16,742
thereof attributable to the shareholders of the parent company	55,277	53,678	85,606	85,157

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the first half-year of 2022/23

EUR k	2nd quarter 2021/22	2nd quarter 2022/23	1st half-year 2021/22	1st half-year 2022/23
Profit after tax	63,949	62,554	101,365	101,899
Items not reclassified to profit or loss				
Remeasurement of defined benefit plans	319	9,693	3,121	13,433
Items that may be subsequently reclassified to profit or loss as a result				
Currency translation differences	8,380	-1,695	11,022	-10,860
Components of other comprehensive income, net of tax	8,699	7,998	14,143	2,573
Total comprehensive income	72,648	70,552	115,508	104,472
thereof attributable to non-controlling interests	8,725	8,659	15,765	16,265
thereof attributable to equity holders of the parent company	63,923	61,893	99,743	88,207

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION as of 31 July 2022

ASSETS

EUR k	31 Jan 2022	31 July 2022
Non-current assets		
Intangible assets	1,876,485	1,896,334
Property, plant and equipment	1,775,539	1,741,993
Investment property	5,083	4,892
Investments in associates and joint ventures	17,724	12,233
Trade receivables	72	0
Other financial assets	96,481	93,820
Deferred tax assets	102,488	93,104
Income tax receivables	124	120
	3,873,996	3,842,496
Current assets		
Inventories	2,696,791	2,805,498
Trade receivables	2,928,157	3,286,199
Income tax receivables	22,772	22,240
Other financial assets	97,458	87,731
Other assets	165,956	162,108
Cash and cash equivalents	964,327	659,433
	6,875,461	7,023,209
Non-current assets held for sale	3,905	873
Total assets	10,753,362	10,866,578

EQUITY AND LIABILITIES

EUR k	31 Jan 2022	31 July 2022
Equity		
Unlimited and limited partners' capital	851,000	851,000
Reserves	2,530,644	2,615,731
Accumulated other comprehensive income	-314,006	-310,956
Equity attributable to the shareholders of the parent company	3,067,638	3,155,775
Non-controlling interests	315,445	312,995
	3,383,083	3,468,770
Non-current liabilities		
Financial liabilities	1,575,412	1,369,061
Trade payables	144	601
Provisions for pensions and similar obligations	294,191	280,395
Other non-current provisions	2,432	2,450
Deferred tax liabilities	153,042	154,062
Other non-current liabilities	1,115	1,576
	2,026,336	1,808,145
Current liabilities		
Financial liabilities	740,171	714,140
Trade payables	4,147,909	4,467,861
Other provisions	36,968	33,301
Income tax liabilities	53,426	35,906
Other liabilities	365,176	338,455
	5,343,650	5,589,663
Liabilities directly associated with assets held for sale	293	0
Total equity and liabilities	10,753,362	10,866,578

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CONSOLIDATED STATEMENT OF CASH FLOWS for the first half-year of 2022/23

EUR k	31 July 2021	31 July 2022
Profit after tax	101,365	101,899
Income taxes	33,969	36,635
Profit before income taxes	135,334	138,534
Adjustments for:		
Interest expenses and interest income	28,048	37,539
Amortisation/depreciation/impairment/write-ups of intangible assets, property, plant and equipment and investment property	141,701	146,024
Result from associates and other investments	638	1,335
Net result from the disposal of assets related to investing activities	542	-1,088
Other non-cash expense and income ¹⁾	95,173	121,853
	401,436	444,197
Interest paid	-34,954	-27,381
Interest received	6,069	4,358
Income taxes paid	-22,423	-47,714
Dividends received	265	3,783
Result before change in assets and liabilities	350,393	377,243
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	-21,127	-18,538
Result before change in operating assets and liabilities	329,266	358,705
Change in inventories	-11,067	-91,769
Change in trade receivables ¹⁾	-287,122	-342,474
Change in trade payables ¹⁾	22,484	330,213
	-275,705	-104,030
Change in other assets and liabilities not related to investing or financing activities	-182,807	-128,794
Change in operating assets and liabilities	-458,512	-232,824
Cash flow from operating activities	-129,246	125,881
Acquisition of consolidated companies and business units, net of cash acquired	-15,463	-42,652
Capital expenditures for intangible assets, property, plant and equipment, and investment property	-64,575	-79,103
Investment in other financial assets and non-current assets	-2,821	-4,008
Cash outflows for investments	-82,859	-125,763

¹⁾ Prior period adjusted.

EUR k	31 July 2021	31 July 2022
Cash received from the sale of consolidated companies and business units, net of cash disposed	0	241
Cash received from disposal of intangible assets, property, plant and equipment and investment property	6,283	7,131
Proceeds from other financial assets and non-current assets	1,232	1,099
Cash inflows from realised investments and divestments	7,515	8,471
Cash flow from investing activities	-75,344	-117,292
Cash available for financing activities	-204,590	8,589
Capital increase/repayment	0	0
Capital contribution from/repayment to non-controlling interests	2	-736
Purchase/Sale of treasury shares	0	0
Acquisition of additional shares in already consolidated subsidiaries	-177	-1,251
Proceeds from disposal of interests in subsidiaries without loss of control	14	95
Dividends paid to shareholders of the parent company	0	0
Dividends paid to non-controlling interests	-15,252	-15,164
Proceeds from bond issuance and bank loans	1,773	5,470
Repayment of bonds and bank loans	-235,914	-206,258
Change in bank loans which have a maturity period of 3 months or less	77,137	82,311
Proceeds from the issue of loans from shareholders in the parent company	0	0
Repayment of loans from shareholders in the parent company	-1,160	-200
Proceeds from the issue of loans from related parties	50,000	0
Repayment of loans from related parties	-15	-45,000
Change in ABS/Factoring ¹⁾	123,056	-63,952
Change in finance lease	-65,235	-71,330
Change in other financial liabilities	684	2,220
Cash flow from financing activities	-65,087	-313,795
Changes in cash and cash equivalents	-269,677	-305,206
Effect of exchange rate changes on cash and cash equivalents	-177	456
Cash and cash equivalents at the beginning of the period	818,030	964,327
Cash and cash equivalents at the end of the period	548,176	659,577
Less cash and cash equivalents included in assets held for sale	0	-144
Cash and cash equivalents presented in the balance sheet at the end of the period	548,176	659,433

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the first half-year of 2022/23

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 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 owners		105			105	0	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
1 February 2022	851,000	2,530,644	-99,902	-214,104	3,067,638	315,445	3,383,083
Profit after tax		85,157			85,157	16,742	101,899
Accumulated other comprehensive income			-10,182	13,232	3,050	-477	2,573
Total comprehensive income, net of tax		85,157	-10,182	13,232	88,207	16,265	104,472
Changes in basis of consolidation		9			9	-178	-169
Changes in the interest of consolidated companies		-434			-434	-1,025	-1,459
Dividends					0	-17,516	-17,516
Other transactions with owners		400			400		400
Other changes in equity		-45			-45	4	-41
31 July 2022	851,000	2,615,731	-110,084	-200,872	3,155,775	312,995	3,468,770

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The company

PHOENIX Pharmahandel GmbH & Co KG, Mannheim, ("PHOENIX") is a European healthcare provider and pharmaceuticals distribution group. PHOENIX has business activities in 25 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 2022 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 2022, 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 2022 of PHOENIX were released for publication by the management of PHOENIX Pharmahandel GmbH & Co KG on 9 September 2022.

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 2022/23 – essentially consistent with those used in the consolidated financial statements as of 31 January 2022. Standards and interpretations that have been applicable since 1 February 2022 for the first time had the following impacts on the interim financial statements:

The amendments to IFRS 3 update the standard to the extent that the standard is now based on the 2018 Conceptual Framework rather than the 1989 Conceptual Framework. In addition, two supplements were also adopted. When identifying liabilities acquired as part of a business combination, an acquirer also has to apply these rules (instead of the Conceptual Framework) for transactions and similar events within the scope of IAS 37 or IFRIC 21. In addition, it was explicitly

stated that contingent assets acquired as part of a business combination are not to be recognised. There was no significant impact on the assets, liabilities, financial position and financial performance of PHOENIX.

The amendments to IAS 37 specify that the "cost of fulfilling a contract" comprises "costs that relate directly to the contract". Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. There was no significant impact on the assets, liabilities, financial position and financial performance of PHOENIX.

The amendments to IAS 16 have made it inadmissible to deduct income stemming from the sale of goods produced whilst an item of property, plant and equipment is being brought to the location intended by management and in the intended working condition, from the cost of that item of property, plant and equipment. Rather, income from selling such items and the costs for the production of these goods are to be recorded in profit or loss. The cost for test runs to check whether the item of property, plant and equipment works properly, continue to be an example of directly allocable costs. There was no significant impact on the assets, liabilities, financial position and financial performance of PHOENIX.

Business combinations

The business combinations carried out in the first six months of 2022/23 are explained below. Purchase accounting is performed in accordance with the acquisition method pursuant to IFRS 3 "Business Combinations".

In fiscal year 2022/23, the cumulative profit after tax of the acquirees came to EUR –22k and revenue to EUR 3,615k. 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 7,281k. 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 348k.

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

Fair value recognised upon acquisition

EUR k	Other
Cash and cash equivalents	12,482
Equity instruments	0
Acquisition-date fair value of previously held equity interest	0
Total cost	12,482
Intangible assets	13
Other non-current assets	163
Inventories	1,077
Trade receivables	1,667
Cash and cash equivalents	1,654
Other current assets	201
Non-current liabilities	345
Current liabilities	2,772
Net assets	1,658
Non-controlling interests	0
Net assets acquired	1,658
Bargain purchase	0
Goodwill	10,824

Other business combinations

In the first six months of 2022/23, the group acquired further pharmacies that are individually immaterial.

The goodwill arising on those acquisitions was allocated to the cash-generating units Norway (EUR 3,129k), Serbia (EUR 2,729k), the Netherlands (EUR 2,122k), Switzerland (EUR 1,601k) and Slovakia (EUR 1,243k) and is managed in the local functional currencies (NOK, RSD, EUR and CHF).

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.

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Revenue

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

1st half-year 2022/23	Trade revenue	Revenue from commissions	Distribution fees and consignment warehouse fees	Other logistic services	Other services	Other revenue	Total revenue within the meaning of IFRS 15
EUR k							
Gross revenue	16,379,577	61,090	54,545	28,027	230,869	146,129	16,900,237
Sales deductions	- 732,538	0	- 20	0	0	- 2	- 732,560
Revenue	15,647,039	61,090	54,525	28,027	230,869	146,127	16,167,677
thereof: Satisfaction of performance obligation at a point in time	15,647,039	57,384	49,426	27,096	215,509	109,451	16,105,905
thereof: Satisfaction of performance obligation over time	0	3,706	5,099	931	15,360	36,676	61,772

Total revenue for the first six months in fiscal year 2022/23 amounts to EUR 16,178.589k and includes revenue from leases of EUR 10.912k.

1st half-year 2021/22	Trade revenue	Revenue from commissions	Distribution fees and consignment warehouse fees	Other logistic services	Other services	Other revenue	Total 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

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Other operating expenses

Other operating expenses contain expenses in connection with ABS and factoring programmes of EUR 872k (comparative period: EUR 981k).

Financial result

EUR k	1st half-year 2021/22	1st half-year 2022/23
Interest income	6,224	4,500
Interest expenses	-34,272	-42,039
Other financial result	-4,053	-7,592
Financial result	-32,101	-45,131

Interest income includes interest from customers of EUR 3,099k (comparative period: EUR 3,468k).

The other financial result includes exchange rate gains of EUR 15,595k (comparative period: EUR 10,968k) and exchange rate losses of EUR 12,626k (comparative period: EUR 5,617k). Changes in the market value of derivatives gave rise to income of EUR 31,572k (comparative period: EUR 23,011k) and expenses of EUR 41,205k (comparative period: EUR 30,486k).

Other assets and other liabilities

EUR k	31 Jan 2022	31 July 2022
Prepayments	75,687	86,677
Tax claims – VAT and other taxes	59,234	41,618
Sundry other assets	31,035	33,813
Other assets	165,956	162,108

EUR k	31 Jan 2022	31 July 2022
VAT and other tax liabilities	88,395	94,719
Personnel liabilities	202,753	174,899
Liabilities relating to social security/similar charges	34,445	32,805
Contract Liabilities (IFRS 15)	20,205	20,824
Sundry other liabilities	19,378	15,208
Other liabilities	365,176	338,455

Other financial assets and other financial liabilities

The table below presents the non-current financial assets:

EUR k	31 Jan 2022	31 July 2022
Trade receivables, non-current	72	0
Other financial assets		
Equity and debt instruments	56,768	56,749
Other loans	7,640	6,755
Lease receivables	31,749	29,996
Sundry other non-current financial assets	324	320
	96,481	93,820

The table below presents the current financial assets:

EUR k	31 Jan 2022	31 July 2022
Trade receivables	2,928,157	3,286,199
Other financial assets		
Loans to and receivables from associates	822	163
Other loans	27,525	22,331
Derivative financial instruments	2,697	1,282
Lease receivables	12,706	12,518
ABS/Factoring receivables	28,671	22,835
Sundry other current financial assets	25,037	28,602
	97,458	87,731

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The receivables from factoring and ABS transactions as of 31 July 2022 are presented below:

EUR k	31 Jan 2022	31 July 2022
Transferred but only partly derecognised receivables		
Receivables not derecognised in accordance with IFRS 9		
Volume of receivables	407,355	354,513
Financial liabilities	336,835	276,555
Continuing involvement		
Volume of receivables	174,622	134,853
Continuing involvement	7,728	5,965
Financial liabilities	8,185	6,396
Transferred and fully derecognised receivables		
Volume of receivables	125,576	89,133
Retentions of title	28,671	22,835

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

EUR k	31 Jan 2022	31 July 2022
Financial liabilities (non-current)		
Liabilities to banks	412,641	274,221
Bonds	396,559	397,026
Loans	43	40
Liabilities to associates and related parties	100,000	55,000
Lease liabilities	658,638	635,341
Other financial liabilities	7,531	7,433
	1,575,412	1,369,061

EUR k	31 Jan 2022	31 July 2022
Financial liabilities (current)		
Liabilities to banks	113,367	129,670
Loans	125,602	139,986
Liabilities to associates and related parties	6,184	2,085
ABS and factoring liabilities	345,020	282,951
Lease liabilities	132,322	131,605
Other financial liabilities	17,676	27,843
	740,171	714,140

In connection with the loan agreements, it was agreed to comply with certain financial covenants, all of which were met in the first six months of 2022/23.

Other financial liabilities (non-current) contain non-current derivative financial instruments of EUR 17k (31 January 2022: EUR 43k).

Other financial liabilities (current) contain current derivative financial instruments of EUR 3,366k (31 January 2022: EUR 1,303k).

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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 2022	Category pursuant to IFRS 9			Carrying amount	Fair value
	At amortised costs	At fair value through profit and loss	No category according to IFRS 9		
EUR k					
Assets					
Equity and debt instruments	0	56,749	0	56,749	56,749
Trade receivables	2,931,686	354,513	0	3,286,199	3,286,199
Loans to and receivables from associates or related parties	163	0	0	163	163
Other loans	29,086	0	0	29,086	27,420
Derivative financial assets without hedge accounting	0	1,282	0	1,282	1,282
Other financial assets	51,757	0	0	51,757	51,757
Lease receivables	0	0	42,514	42,514	42,514
Cash and cash equivalents	659,433	0	0	659,433	659,433

31 January 2022	Category pursuant to IFRS 9			Carrying amount	Fair value
	At amortised costs	At fair value through profit and loss	No category according to IFRS 9		
EUR k					
Assets					
Equity and debt instruments	0	56,768	0	56,768	56,768
Trade receivables	2,520,874	407,355	0	2,928,229	2,928,229
Loans to and receivables from associates or related parties	822	0	0	822	822
Other loans	35,165	0	0	35,165	35,412
Derivative financial assets without hedge accounting	0	2,697	0	2,697	2,697
Other financial assets	54,032	0	0	54,032	54,032
Lease receivables	0	0	44,455	44,455	44,455
Cash and cash equivalents	964,327	0	0	964,327	964,327

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 2022: between 0.50 and 1.10). A 10% increase in the multipliers would increase the value by EUR 6,414k (31 January 2022: EUR 6,414k); a 10% decrease in the multipliers would decrease the value by EUR 6,419k (31 January 2022: EUR 6,419k).

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).

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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			Carrying amount	Fair value
	At amortised costs	At fair value through profit and loss	No category according to IFRS 9		
EUR k					
Financial liabilities					
Liabilities to banks	403,891	0	0	403,891	404,229
Bonds	397,026	0	0	397,026	378,608
Loans	140,026	0	0	140,026	140,026
Trade payables	4,468,462	0	0	4,468,462	4,468,462
Liabilities to related parties	57,085	0	0	57,085	57,085
ABS and factoring liabilities	282,951	0	0	282,951	282,951
Other financial liabilities	30,905	988	0	31,893	31,893
Lease liabilities	0	0	766,946	766,946	n/a
Derivative financial liabilities without hedge accounting	0	3,383	0	3,383	3,383

31 January 2022	Category pursuant to IFRS 9			Carrying amount	Fair value
	At amortised costs	At fair value through profit and loss	No category according to IFRS 9		
EUR k					
Financial liabilities					
Liabilities to banks	526,008	0	0	526,008	526,430
Bonds	396,559	0	0	396,559	403,576
Loans	125,645	0	0	125,645	125,645
Trade payables	4,148,053	0	0	4,148,053	4,148,053
Liabilities to associates	106,184	0	0	106,184	106,184
ABS and factoring liabilities	345,020	0	0	345,020	345,020
Other financial liabilities	22,801	1,060	0	23,861	23,861
Lease liabilities	0	0	790,960	790,960	n/a
Derivative financial liabilities without hedge accounting	0	1,346	0	1,346	1,346

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).

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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.

Financial instruments measured at fair value

EUR k	Level 1	Level 2	Level 3	Total
31 July 2022				
Equity and debt instruments	0	0	56,749	56,749
Trade receivables	0	354,513	0	354,513
Derivative financial assets without hedge accounting	0	1,282	0	1,282
Derivative financial liabilities without hedge accounting	0	3,383	0	3,383
Other financial liabilities	0	0	988	988
31 January 2022				
Equity and debt instruments	0	0	56,768	56,768
Trade receivables	0	407,355	0	407,355
Derivative financial assets without hedge accounting	0	2,697	0	2,697
Derivative financial liabilities without hedge accounting	0	1,346	0	1,346
Other financial liabilities	0	0	1,060	1,060

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 2022	56,768	1,060
Purchase	0	0
Sale of shares	0	0
New measurements (through profit and loss)	0	0
Acquisitions	0	0
Remeasurement of contingent purchase price obligations (through profit or loss)	0	0
Payments due to acquisitions	0	-73
Other	-19	1
31 July 2022	56,749	988

Notes to the statement of cash flows

EUR k	31 Jan 2022	31 July 2022
Restricted cash		
Cash and cash equivalents at the end of the period	964,327	659,433
thereof restricted		
due to security deposits	4,129	1,695
due to restrictions placed upon foreign subsidiaries	47,629	38,312

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Related party disclosures

During the reporting period, PHOENIX acquired a property from a related party for EUR 6,285k. Furthermore, PHOENIX acquired a business from a related party. The acquisition costs are not final yet.

During the reporting period, a related party granted a loan to PHOENIX amounting to EUR 55,000k. Interest expenses of EUR 90k were accrued thereon.

Furthermore, the business relationships with related parties presented in the consolidated financial statements as of 31 January 2022 remained essentially unchanged in the first half-year of 2022/23.

Mannheim, 9 September 2022

The Management Board of the unlimited partner
PHOENIX Verwaltungs GmbH

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Please consult our calendar for the most important announcement dates:

21 December Quarterly statement February to October 2022

IMPRINT

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