

#wePHOENIX

Half-year Report February to July 2023




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THE FIRST HALF-YEAR AT A GLANCE

Key figures of the PHOENIX group in EUR m	1st half-year 2022/23	1st half-year 2023/24
Total operating performance	20,831.1	27,856.3
Revenue	16,178.6	23,209.1
Total income	1,695.8	2,306.8
EBITDA before significant one-off effects	328.9	425.0
EBITDA	328.9	411.6
EBIT	182.7	208.6
Profit before tax before significant one-off effects	135.0	144.3
Profit before tax	135.0	130.9
Profit after tax	98.6	86.8

- Total operating performance and revenue have increased again
- EBITDA above previous year
- Net debt increased compared to the first half-year 2022/23 due to acquisitions

		31 July 2022	31 January 2023 ¹⁾	31 July 2023
Equity	in EUR m	3,249.7	3,278.2	3,343.5
Equity ratio	in %	29.9	24.1	24.4
Net debt	in EUR m	1,834.6	2,944.6	3,315.5

¹⁾ 31 January 2023 was restated due to the update of a preliminary purchase price allocation.

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INTERIM GROUP MANAGEMENT REPORT

BUSINESS AND ECONOMIC ENVIRONMENT

Development of the market

The European economy only grew slightly in the second quarter of 2023. In the eurozone, seasonally adjusted GDP increased by 0.6% in the second quarter of 2023 compared to the prior year's second quarter. In Germany, the seasonally and calendar-adjusted GDP slightly decreased by 0.2% compared to the second quarter of 2022.

Overall, the European pharmaceutical markets continued their moderate growth trend in the first half-year of 2023. The German pharmaceutical market also showed growth. The total turnover of the German wholesale pharmaceutical market grew by 5.4% from January to July 2023 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 the PHOENIX group.

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

Acquisitions

In the first half-year of 2023/24, business combinations led to a cash outflow of EUR 76.9 million (comparative period: EUR 42.7 million). The acquisitions mostly pertained to pharmacies in several countries.

Results of operations

Compared with the half-year of fiscal year 2022/23, total operating performance increased by 33.7% to EUR 27,856.3 million in the first six months of 2023/24. This comprises revenue and handled volume. An amount of EUR 6,035.7 million relates to the former McKesson Europe companies that were acquired on 31 October 2022. Adjusted for foreign exchange rate effects, total operating performance grew by 32.7%. Revenue grew by EUR 7,030.5 million (43.5%) to EUR 23,209.1 million (comparative period: EUR 16,178.6 million). An amount of EUR 6,075.7 million relates to former McKesson Europe companies that were acquired on 31 October 2022. Adjusted for foreign exchange rate effects, revenue grew by 42.6%. Adjusted for the effect of acquired McKesson Europe companies, revenue grew by 5.9%.

Gross profit increased by EUR 596.9 million to EUR 2,277.0 million. The gross profit margin came to 9.8% (comparative period: 10.4%).

Personnel expenses increased from EUR 871.6 million by 36.7% to EUR 1,191.4 million (EUR 257.7 million of which is attributable to the acquired McKesson Europe companies). This was mainly due to the impact of collective wage increases, acquisitions, and the growth in business. In relation to revenue, personnel expenses came to 5.1% (comparative period: 5.4%).

Other expenses rose by EUR 208.3 million (EUR 151.7 million of which is attributable to the acquired McKesson Europe companies) to EUR 702.4 million, mainly due to increased transport costs, energy costs and IT expenses. Moreover, other expenses include a loss on the deconsolidation of the wholesale activities in Switzerland of EUR 13.4 million. In relation to revenue, other expenses came to 3.0% (comparative period: 3.1%).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased from EUR 328.9 million to EUR 411.6 million. Adjusted for the deconsolidation loss in Switzerland, EBITDA came to EUR 425.0 million and was EUR 96.1 million higher than the prior year's amount.

Depreciation and amortisation came to EUR 203.0 million (including EUR 25.8 million related to purchase price allocation effects) and were above the prior year's level due to acquisitions (EUR 146.1 million).

The financial result decreased by EUR 30.0 million from EUR –47.7 million in the comparative period to EUR –77.7 million. The decrease is mainly due to a lower net interest result. In addition, the financial result was negatively impacted by a revaluation of a settlement obligation to minority shareholders of McKesson Europe AG.

Profit before tax decreased from EUR 135.0 million to EUR 130.9 million. Adjusted for the deconsolidation loss in Switzerland, profit before tax increased by EUR 9.3 million to EUR 144.3 million.

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The effective tax rate in the first half-year of 2023/24 came to 33.7% and was 27.0% in the comparative period.

Profit after tax came to EUR 86.8 million (comparative period: EUR 98.6 million) and decreased compared with the comparative period by 12.0%.

Net assets

The group's total assets increased slightly by 0.5% to EUR 13,692.8 million compared with 31 January 2023. The currency translation difference on the total assets, which is presented in the statement of changes in equity, amounts to EUR – 117.0 million (31 January 2023: EUR – 106.9 million).

Non-current assets increased slightly from EUR 4,646.4 million as of 31 January 2023 to EUR 4,754.8 million. The intangible assets contain goodwill in the amount of EUR 1,418.2 million (31 January 2023: EUR 1,394.6 million).

Inventories increased compared with 31 January 2023 by EUR 290.3 million to EUR 3,865.1 million.

Trade receivables increased by 1.9% to EUR 4,510.2 million. As of 31 July 2023, receivables of EUR 119.6 million (31 January 2023: EUR 125.6 million) 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 165.0 million had been sold as of 31 July 2023 (31 January 2023: EUR 171.3 million). The group's continuing involvement came to EUR 8.3 million (31 January 2023: EUR 8.9 million).

Other current financial assets decreased from EUR 92.6 million as of 31 January 2023 to EUR 90.3 million and mainly include loans granted to customers of EUR 25.0 million (31 January 2023: EUR 24.6 million), as well as receivables from factoring and ABS transactions of EUR 25.7 million (31 January 2023: EUR 26.2 million).

Other current assets increased from EUR 289.1 million as of 31 January 2023 to EUR 297.3 million, among others, due to higher prepayments.

The change in cash and cash equivalents is presented in the  **statement of cash flows on p. 9.**

Financial position

Equity increased by EUR 65.3 million compared to 31 January 2023. The equity ratio as of 31 July 2023 came to 24.4% (31 January 2023: 24.1%).

Cash flow from operating activities came to EUR – 52.3 million (comparative period: EUR 125.5 million). This is mainly due to a higher increase in trade working capital of EUR 103.5 million. Cash flow from investing activities came to EUR – 186.4 million and was EUR – 117.3 million in the comparative period.

Non-current financial liabilities came to EUR 1,937.4 million (31 January 2023: EUR 1,913.3 million). This item includes lease liabilities according to IFRS 16 of EUR 820.6 million (31 January 2023: EUR 792.3 million). Beyond that, non-current financial liabilities contain, among others, bonds of EUR 398.0 million (31 January 2023: EUR 397.5 million) and promissory notes of EUR 709.8 million (31 January 2023: EUR 709.6 million).

Current financial liabilities came to EUR 1,272.9 million (31 January 2023: EUR 1,205.6 million) and include lease liabilities according to IFRS 16 of EUR 162.8 million (31 January 2023: EUR 161.2 million). Beyond that, current financial liabilities contain, among others, liabilities to banks of EUR 504.0 million (31 January 2023: EUR 185.5 million), liabilities from ABS and factoring agreements in the amount of EUR 276.9 million (31 January 2023: EUR 281.5 million), as well as other loans amounting to EUR 229.8 million (31 January 2023: EUR 254.8 million).

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According to the calculation below, net debt increased by EUR 370.9 million compared to 31 January 2023 to EUR 3,315.5 million.

EUR k	31 January 2023 ¹⁾	31 July 2023	Change	Change in %
+ Financial liabilities (non-current)	1,913,269	1,937,351	24,082	1.3
./. Derivative financial instruments (non-current)	0	-1	-1	-
+ Financial liabilities (current)	1,205,614	1,272,898	67,284	5.6
./. Derivative financial instruments (current)	-5,727	-2,329	3,398	-59.3
./. Cash and cash equivalents	-430,402	-143,004	287,398	-66.8
+ Receivables sold in the course of ABS and factoring transactions	288,071	276,316	-11,755	-4.1
./. Factoring receivables	-25,341	-24,842	499	-2.0
./. Receivables from ABS programmes	-860	-842	18	-2.1
Net debt	2,944,624	3,315,547	370,923	12.6

¹⁾ Prior-year figures were restated due to the update of a preliminary purchase price allocation.

Trade payables increased by EUR 142.8 million to EUR 5,929.4 million.

Overall, the PHOENIX group was able to underline its position in the first half-year of 2023/24 as a leading healthcare provider in Europe.

RISKS AND OPPORTUNITIES

The PHOENIX group 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 2022/23.

www.phoenixgroup.eu/en/publications/financial-reports

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

FORECAST

For fiscal year 2023/24, the PHOENIX group expects to further expand its market position in Europe through organic growth, acquisitions and efficiency improvements and thereby increase revenue slightly above the level of growth of the European pharmaceutical markets. We expect revenue to grow in nearly all markets in which we are present.

For fiscal year 2023/24, we forecast profit before tax to be slightly below the level seen in 2022/23. In fiscal year 2023/24, we expect higher levels of amortisation and depreciation due to acquisitions and higher financing costs due to higher interest rates and higher net debt. In addition, the comparative year 2022/23 was impacted by non-recurring effects such as a gain on a first-time consolidation and impairment losses.

We expect a slight increase in the equity ratio.

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2023 / 2024

CONSOLIDATED INCOME STATEMENT

for the first half-year of 2023/24

EUR k	2nd quarter 2022/23	2nd quarter 2023/24	1st half-year 2022/23	1st half-year 2023/24
Revenue	8,188,628	11,815,955	16,178,589	23,209,123
Cost of purchased goods and services	-7,341,586	-10,669,912	-14,498,564	-20,932,173
Gross profit	847,042	1,146,043	1,680,025	2,276,950
Other operating income	9,147	13,471	15,815	29,809
Personnel expenses	-435,779	-602,115	-871,561	-1,191,351
Other operating expenses	-252,832	-346,530	-494,088	-702,432
Results from associates and joint ventures	-980	-686	-1,477	-1,496
Results from other investments	62	7	142	81
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	166,660	210,190	328,856	411,561
Amortisation of intangible assets and depreciation of property, plant and equipment	-72,606	-102,492	-146,123	-202,967
Earnings before interest and taxes (EBIT)	94,054	107,698	182,733	208,594
Interest income	2,464	3,330	4,500	7,928
Interest expenses	-24,948	-43,062	-44,672	-76,912
Other financial result	-5,766	-645	-7,534	-8,727
Financial result	-28,250	-40,377	-47,706	-77,711
Profit before tax	65,804	67,321	135,027	130,883
Income tax	-17,351	-22,497	-36,457	-44,108
Profit after tax	48,453	44,824	98,570	86,775
thereof attributable to non-controlling interests	8,876	4,311	16,742	8,633
thereof attributable to the shareholders of the parent company	39,577	40,513	81,828	78,142

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the first half-year of 2023/24

EUR k	2nd quarter 2022/23	2nd quarter 2023/24	1st half-year 2022/23	1st half-year 2023/24
Profit after tax	60,786	44,824	98,570	86,775
Items not reclassified to the income statement				
Remeasurement of defined benefit plans	8,806	-3,357	12,546	-3,116
Items that may subsequently be reclassified to the income statement				
Currency translation differences	-1,695	-4,144	-10,860	-9,826
Other comprehensive income, net of taxes	7,111	-7,501	1,686	-12,942
Total comprehensive income	67,897	37,323	100,256	73,833
thereof attributable to non-controlling interests	8,659	4,221	16,265	8,883
thereof attributable to owners of the parent company	59,238	33,102	83,991	64,950

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of 31 July 2023

ASSETS

EUR k	31 Jan 2023 ¹⁾	31 July 2023
Non-current assets		
Intangible assets	2,079,881	2,165,542
Property, plant and equipment	2,286,757	2,279,585
Investment property	3,989	3,729
Investments in associates and joint ventures	9,215	44,301
Trade receivables	4,824	4,303
Other financial assets	108,227	108,829
Deferred tax assets	150,972	145,951
Income tax receivables	2,500	2,566
	4,646,365	4,754,806
Current assets		
Inventories	3,574,811	3,865,076
Trade receivables	4,421,129	4,505,857
Income tax receivables	27,770	36,011
Other financial assets	92,618	90,260
Other assets	289,135	297,268
Cash and cash equivalents	430,402	143,004
	8,835,865	8,937,476
Non-current assets held for sale	145,982	508
Total assets	13,628,212	13,692,790

EQUITY AND LIABILITIES

EUR k	31 Jan 2023 ¹⁾	31 July 2023
Equity		
Issued capital	2,786	2,786
Capital reserves	961,106	961,106
Revenue reserves	2,493,442	2,577,572
Accumulated other comprehensive income	-291,845	-309,547
Equity attributable to the shareholders of the parent company	3,165,489	3,231,917
Non-controlling interests	112,682	111,584
	3,278,171	3,343,501
Non-current liabilities		
Financial liabilities	1,913,269	1,937,351
Trade payables	633	15
Provisions for pensions and similar obligations	305,756	310,231
Other non-current provisions	17,787	15,350
Deferred tax liabilities	240,234	236,970
Income tax liabilities	5	5
Other non-current liabilities	887	1,265
	2,478,571	2,501,187
Current liabilities		
Financial liabilities	1,205,614	1,272,898
Trade payables	5,785,976	5,929,399
Other provisions	101,918	97,448
Income tax liabilities	72,341	63,439
Other liabilities	548,391	484,918
	7,714,240	7,848,102
Liabilities directly associated with assets held for sale	157,230	0
Total equity and liabilities	13,628,212	13,692,790

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CONSOLIDATED STATEMENT OF CASH FLOWS

for the first half-year of 2023/24

EUR k	31 July 2022	31 July 2023
Profit after tax	98,570	86,775
Income taxes	36,541	44,108
Profit before income taxes	135,111	130,883
Adjustments for:		
Interest expenses and interest income	40,172	68,984
Amortisation/depreciation/impairment/write-ups of intangible assets, property, plant and equipment and investment property	146,123	202,967
Result from associates and other investments	1,335	1,415
Net result from the disposal of assets related to investing activities	-1,088	6,830
Other non-cash expense and income	122,496	110,546
	444,149	521,625
Interest paid	-27,381	-57,643
Interest received	4,358	7,393
Income taxes paid	-47,732	-60,048
Dividends received	3,783	245
Cash flow before change in assets and liabilities	377,177	411,572
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	-18,784	-15,607
Cash flow before change in operating assets and liabilities	358,393	395,965
Change inventories	-91,769	-286,513
Change in trade receivables	-342,491	-130,405
Change in trade payables	330,267	209,449
	-103,993	-207,469
Change in other assets and liabilities not related to investing or financing activities	-128,899	-240,780
Change in operating assets and liabilities	-232,892	-448,249
Cash flow from operating activities	125,501	-52,284
Acquisition of consolidated companies and business units, net of cash acquired	-42,652	-76,936
Capital expenditures for intangible assets, property, plant and equipment, and investment property	-79,103	-92,314
Investment in other financial assets and non-current assets	-4,008	-36,470
Cash outflows for investments	-125,763	-205,720

EUR k	31 July 2022	31 July 2023
Cash received from the sale of consolidated companies and business units, net of cash disposed	241	177
Cash received from disposal of intangible assets, property, plant and equipment and investment property	7,131	18,884
Proceeds from other financial assets and non-current assets	1,099	288
Cash inflows from realised investments and divestments	8,471	19,349
Cash flow from investing activities	-117,292	-186,371
Cash available for financing activities	8,209	-238,655
Capital contribution from/repayment to non-controlling interests	-736	-339
Acquisition of additional shares in already consolidated subsidiaries	-1,251	-26
Proceeds from disposal of interests in subsidiaries without loss of control	95	0
Dividends paid to non-controlling interests	-15,164	-6,322
Proceeds from bond issuance and bank loans	5,470	7,220
Repayment of bonds and bank loans	-206,258	-72,884
Change in bank loans which have a maturity period of 3 months or less	82,311	384,668
Repayment of loans from related parties	-45,000	0
Change in ABS/Factoring	-63,952	-48,094
Change in finance lease	-71,330	-84,047
Change in other financial liabilities	2,220	-229,545
Cash flow from financing activities	-313,595	-49,369
Changes in cash and cash equivalents	-305,386	-288,024
Effect of exchange rate changes on cash and cash equivalents	456	626
Cash and cash equivalents at the beginning of the period	964,985	430,402
Cash and cash equivalents at the end of the period	660,055	143,004
Less cash and cash equivalents included in assets held for sale	-144	0
Cash and cash equivalents presented in the balance sheet at the end of the period	659,911	143,004

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the first half-year of 2023/24

EUR k	Issued capital	Capital reserves	Revenue reserves	Currency translation differences	Remeasurement of defined benefit plans	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
1 February 2022	2,786	961,106	2,201,480	-99,902	-209,872	2,855,598	312,588	3,168,186
Profit after tax			81,828			81,828	16,742	98,570
Accumulated other comprehensive income				-10,182	12,345	2,163	-477	1,686
Total comprehensive income, net of tax			81,828	-10,182	12,345	83,991	16,265	100,256
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	2,786	961,106	2,283,238	-110,084	-197,527	2,939,519	310,138	3,249,657
1 February 2023	2,786	961,106	2,501,563	-106,883	-184,962	3,173,610	112,703	3,286,313
Adjustment due to the update of a preliminary purchase price allocation			-8,121			-8,121	-21	-8,142
1 February 2023 adjusted	2,786	961,106	2,493,442	-106,883	-184,962	3,165,489	112,682	3,278,171
Profit after tax			78,142			78,142	8,633	86,775
Accumulated other comprehensive income				-10,076	-3,116	-13,192	250	-12,942
Total comprehensive income, net of tax			78,142	-10,076	-3,116	64,950	8,883	73,833
Changes in the basis of consolidation			4,510		-4,510	0	-16	-16
Changes in the interest of consolidated companies			-5			-5	-7	-12
Dividends						0	-9,943	-9,943
Other changes in equity			1,483			1,483	-15	1,468
31 July 2023	2,786	961,106	2,577,572	-116,959	-192,588	3,231,917	111,584	3,343,501

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as of 31 July 2023

The company

PHOENIX Pharma SE, Mannheim, ("PHOENIX group") is a European healthcare provider and pharmaceuticals distribution group. The PHOENIX group has business activities in 29 European countries. In several countries, the PHOENIX group also operates its own pharmacy chains. The registered office is located in Mannheim, Germany.

Basis of presentation

The interim condensed consolidated financial statements of the PHOENIX group as of 31 July 2023 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 2023, as well as all mandatory interpretations of the International Financial Reporting Standards Interpretation Committee (IFRIC).

The interim condensed consolidated financial statements as of 31 July 2023 of the PHOENIX group were released for publication by the Executive Board of PHOENIX Pharma SE on 8 September 2023.

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 2023/24 – essentially consistent with those used in the consolidated financial statements as of 31 January 2023.

In fiscal year 2023/24, the PHOENIX group applied the following standards and interpretations that are mandatory for fiscal year 2023/24 for the first time:

Standard/Interpretation	Title	Effects on the interim condensed consolidated financial statements
IFRS 17, including amendments to IFRS 17	Insurance Contracts	No effects
Amendments IFRS 17	Initial application of IFRS 17 and IFRS 9 – Comparative Information	No effects
Amendments to IAS 1	Disclosure of accounting policies	No effects on the interim condensed consolidated financial statements
Amendments to IAS 8	Definition of accounting estimates	No significant effects
Amendments to IAS 12	Deferred taxes related to assets and liabilities arising from a single transaction	No effects as already taken into account

Business combinations

The business combinations carried out in the first six months of 2023/24 are explained below. Purchase accounting is performed in accordance with the acquisition method pursuant to IFRS 3 "Business Combinations".

In fiscal year 2023/24, the cumulative profit after tax of the acquirees came to EUR 137k and revenue to EUR 13,142k. 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 43,249k. 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 2,790k.

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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	76,231
Acquisition-date fair value of previously held equity interest	0
Total cost	76,231
Intangible assets	52,476
Other non-current assets	809
Inventories	4,064
Trade receivables	983
Cash and cash equivalents	501
Other current assets	776
Provisions for pensions and similar obligations	0
Other non-current provisions	386
Financial liabilities	0
Deferred tax liabilities	2
Other non-current liabilities	756
Other provisions	118
Financial liabilities	158
Trade payables	1,352
Income tax liabilities	0
Other liabilities	1,532
Net assets	55,305
Non-controlling interests	0
Net assets acquired	55,305
Bargain purchase	0
Goodwill	20,926

Other business combinations

In the first six months of 2023/24, the group acquired further pharmacies that are individually immaterial.

The goodwill arising on those acquisitions was allocated to the cash-generating units Switzerland (EUR 13,919k), Slovakia (EUR 2,966k), Norway (EUR 2,511k), Czech Republic (EUR 836k), Serbia (EUR 584k) and Belgium (EUR 110k) and is recorded in the local functional currencies (CHF, EUR, NOK, CZK and RSD).

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

A total of EUR 1,711k of the recognised goodwill from business acquisitions is expected to be tax-deductible.

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 2023/24	Trade revenue	Revenue from commissions	Distribution fees and consignment warehouse fees	Other logistic services	Other services	Other revenue	Revenue within the meaning of IFRS 15
EUR k							
Gross revenue	23,577,982	65,429	62,460	30,906	266,854	206,740	24,210,371
Sales deductions	- 1,010,476	0	- 21	0	0	- 1	- 1,010,498
Revenue	22,567,506	65,429	62,439	30,906	266,854	206,739	23,199,873
thereof satisfaction of performance obligation at a point in time	22,567,506	61,294	57,064	29,878	255,003	163,993	23,134,738
thereof satisfaction of performance obligation over time	0	4,135	5,375	1,028	11,851	42,746	65,135

Total revenue for the first six months in fiscal year 2023/24 amounts to EUR 23,209,123k and includes revenue from leases of EUR 9,250k.

1st half-year 2022/23	Trade revenue	Revenue from commissions	Distribution fees and consignment warehouse fees	Other logistic services	Other services	Other revenue	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

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Other operating expenses

Other operating expenses contain expenses in connection with ABS and factoring programmes of EUR 831k (comparative period: EUR 872k).

Financial result

EUR k	1st half-year 2022/23	1st half-year 2023/24
Interest income	4,500	7,928
Interest expenses	-44,672	-76,912
Other financial result	-7,534	-8,727
Financial result	-47,706	-77,711

Interest income includes interest from customers of EUR 4,529k (comparative period: EUR 3,099k).

The other financial result includes exchange rate gains of EUR 9,545k (comparative period: EUR 15,595k) and exchange rate losses of EUR 7,585k (comparative period: EUR 12,626k). Changes in the market value of derivatives gave rise to income of EUR 32,990k (comparative period: EUR 31,572k) and expenses of EUR 37,511k (comparative period: EUR 41,205k).

Other assets and other liabilities

EUR k	31 Jan 2023	31 July 2023
Prepayments	80,398	112,333
Tax claims – VAT and other taxes	107,444	106,924
Sundry other assets	101,293	120,888
Other assets	289,135	340,145

EUR k	31 Jan 2023	31 July 2023
VAT and other tax liabilities	173,297	134,034
Personnel liabilities	261,901	243,274
Liabilities relating to social security/similar charges	68,083	61,089
Contract liabilities (IFRS 15)	24,870	23,908
Sundry other liabilities	20,240	22,613
Other liabilities	548,391	484,918

Other financial assets and other financial liabilities

The table below presents the non-current financial assets:

EUR k	31 Jan 2023	31 July 2023
Trade receivables	4,824	4,303
Other financial assets		
Equity and debt instruments	66,720	68,560
Other loans	8,737	9,807
Lease receivables	31,454	28,870
Other financial assets	1,316	1,592
	108,227	108,829

The table below presents the current financial assets:

EUR k	31 Jan 2023 ¹⁾	31 July 2023
Trade receivables	4,421,129	4,505,857
Other financial assets		
Loans to and receivables from associates	1,609	1,014
Other loans	24,573	25,024
Derivative financial instruments	2,450	3,928
Lease receivables	13,574	12,626
ABS/Factoring receivables	26,201	25,684
Other current financial assets	24,211	21,984
	92,618	90,260

¹⁾ Prior-year figures were restated due to the update of a preliminary purchase price allocation.

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The receivables from ABS and factoring transactions as of 31 July 2023 are presented below:

EUR k	31 Jan 2023	31 July 2023
Transferred but only partly derecognised receivables		
Receivables not derecognised in accordance with IFRS 9		
Volume of receivables	406,909	361,816
Financial liabilities	272,207	268,014
Continuing involvement		
Volume of receivables	171,285	165,049
Continuing involvement	8,857	8,309
Financial liabilities	9,320	8,844
Transferred and fully derecognised receivables		
Volume of receivables	125,643	119,576
Retentions of title	26,201	25,684

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

EUR k	31 Jan 2023	31 July 2023
Financial liabilities (non-current)		
Liabilities to banks	469,636	469,826
Bonds	397,507	397,987
Loans	37	35
Liabilities to associates and related parties	240,000	240,000
Lease liabilities	792,288	820,577
Other financial liabilities	13,801	8,926
	1,913,269	1,937,351

EUR k	31 Jan 2023 ¹⁾	31 July 2023
Financial liabilities (current)		
Liabilities to banks	185,520	504,006
Loans	254,800	229,821
Liabilities to associates and related parties	56,037	58,735
ABS and factoring liabilities	281,527	276,858
Lease liabilities	161,235	162,841
Other financial liabilities	266,495	40,637
	1,205,614	1,272,898

¹⁾ Prior-year figures were restated due to the update of a preliminary purchase price allocation.

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 2023/24.

Other financial liabilities (non-current) contain non-current derivative financial instruments of EUR 1k (31 January 2023: EUR 0k).

Other financial liabilities (current) contain current derivative financial instruments of EUR 2,329k (31 January 2023: EUR 5,727k).

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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 2023	Category pursuant to IFRS 9			Carrying amount	Fair value
	At amortised cost	At fair value through profit and loss	No category according to IFRS 9		
EUR k					
Assets					
Equity and debt instruments	0	68,560	0	68,560	68,560
Trade receivables	4,148,344	361,816	0	4,510,160	4,510,160
Loans to and receivables from associates or related parties	1,014	0	0	1,014	1,014
Other loans	34,831	0	0	34,831	34,883
Derivative financial assets without hedge accounting	0	3,928	0	3,928	3,928
Other financial assets	49,260	0	0	49,260	49,260
Lease receivables	0	0	41,496	41,496	41,496
Cash and cash equivalents	143,004	0	0	143,004	143,004

31 January 2023	Category pursuant to IFRS 9			Carrying amount	Fair value
	At amortised cost	At fair value through profit and loss	No category according to IFRS 9		
EUR k					
Assets					
Equity and debt instruments	0	66,720	0	66,720	66,720
Trade receivables	4,019,044	406,909	0	4,425,953	4,425,953
Loans to and receivables from associates or related parties	1,609	0	0	1,609	1,609
Other loans	33,310	0	0	33,310	33,222
Derivative financial assets without hedge accounting	0	2,450	0	2,450	2,450
Other financial assets	51,812	0	0	51,812	51,812
Lease receivables	0	0	45,028	45,028	45,028
Cash and cash equivalents	430,402	0	0	430,402	430,402

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 0.70 and 1.10 (31 January 2023: between 0.70 and 1.10). A 10% increase in the multipliers would increase the value by EUR 6,921k (31 January 2023: EUR 6,921k); a 10% decrease in the multipliers would decrease the value by EUR 6,885k (31 January 2023: EUR 6,885k).

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 2023	Category pursuant to IFRS 9			Carrying amount	Fair value
	At amortised cost	At fair value through profit and loss	No category according to IFRS 9		
EUR k					
Financial liabilities					
Liabilities to banks	973,832	0	0	973,832	973,352
Bonds	397,987	0	0	397,987	380,292
Loans	229,856	0	0	229,856	229,856
Trade payables	5,972,291	0	0	5,972,291	5,972,291
Liabilities to associates and related parties	298,735	0	0	298,735	298,735
ABS and factoring liabilities	276,858	0	0	276,858	276,858
Other financial liabilities	45,808	1,425	0	47,233	47,233
Lease liabilities	0	0	983,418	983,418	n/a
Derivative financial liabilities without hedge accounting	0	2,330	0	2,330	2,330

31 January 2023	Category pursuant to IFRS 9			Carrying amount	Fair value
	At amortised cost	At fair value through profit and loss	No category according to IFRS 9		
EUR k					
Financial liabilities					
Liabilities to banks	655,156	0	0	655,156	654,725
Bonds	397,507	0	0	397,507	377,984
Loans	254,837	0	0	254,837	254,837
Trade payables	5,786,055	0	0	5,786,055	5,786,055
Liabilities to associates and related parties	296,037	0	0	296,037	296,037
ABS and factoring liabilities	281,527	0	0	281,527	281,527
Other financial liabilities	30,977	234,198	0	265,175	265,175
Lease liabilities	0	0	953,523	953,523	n/a
Derivative financial liabilities without hedge accounting	0	5,727	0	5,727	5,727

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

The PHOENIX group 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 2023				
Equity and debt instruments	0	0	68,560	68,560
Trade receivables	0	361,816	0	361,816
Derivative financial assets without hedge accounting	0	3,928	0	3,928
Derivative financial liabilities without hedge accounting	0	2,330	0	2,330
Other financial liabilities	0	0	1,425	1,425
31 January 2023				
Equity and debt instruments	0	0	66,720	66,720
Trade receivables	0	406,909	0	406,909
Derivative financial assets without hedge accounting	0	2,450	0	2,450
Derivative financial liabilities without hedge accounting	0	5,727	0	5,727
Other financial liabilities	0	0	234,198	234,198

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 23	66,720	234,198
Purchase	0	0
Sale of shares	- 428	0
Acquisitions	0	606
Remeasurement (through profit or loss)	0	0
Remeasurement of contingent purchase price obligations (through profit or loss)	0	13,272
Payments due to acquisitions	0	- 246,651
Other	2,268	0
31 July 2023	68,560	1,425

Notes to the statement of cash flows

EUR k	31 Jan 2023	31 July 2023
Restricted cash		
Cash and cash equivalents at the end of the period	430,402	143,004
thereof restricted		
due to security deposits	2,445	3,497
due to restrictions placed upon foreign subsidiaries	31,883	31,158

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Related party disclosures

As of 30 April 2023, the wholesale activities in Switzerland were contributed to a joint venture. During the reporting period, goods with a purchasing volume of EUR 91,484k were received from this joint venture.

Furthermore, the business relationships with related parties presented in the consolidated financial statements as of 31 January 2023 remained essentially unchanged in the first half-year of 2023/24.

Mannheim, 8 September 2023

The Executive Board of PHOENIX Pharma SE

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Publisher

Maren Holoda
Director Corporate Communications

PHOENIX Pharma SE
Corporate Communications
Pfungstweidstrasse 10–12
68199 Mannheim
Germany
Phone +49 (0)621 8505 8502
Fax +49 (0)621 8505 8501
media@phoenixgroup.eu
www.phoenixgroup.eu

Investor Relations

Karsten Loges
Director Corporate Finance
and Asset Management
Phone +49 (0)621 8505 741
k.loges@phoenixgroup.eu

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