

#wePHOENIX

Annual Report 2022/2023



With the largest acquisition in our company's history, we are setting the course for the future.

We use our strong position to make healthcare safe, reliable and future-oriented for the people of Europe.



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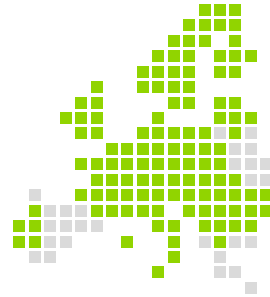
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WE DELIVER HEALTH.



_ The PHOENIX group, headquartered in Mannheim, Germany, is the European leader in pharmaceutical wholesale, pharmacy retail, and services for the pharmaceutical industry. With a presence in 29 healthcare markets, the company offers unique geographical coverage throughout Europe, making a vital contribution to comprehensive healthcare with more than 48,000 employees.

The PHOENIX group is active in the pharmaceutical wholesale and pre-wholesale business areas with 224 sites in 29 countries supplying pharmacies, doctors, and medical institutions with medicines and health products. Numerous other products and services for pharmacy customers complete the portfolio – from assistance in advising patients to modern goods management systems to pharmacy cooperation programmes. Around 17,000 pharmacies in 18 countries are members of one of the PHOENIX group's partnership and cooperation programmes. The company offers Healthcare Logistics and other services to the pharmaceutical industry along the entire supply chain. The PHOENIX group also operates over 3,200 of its own pharmacies in 17 European countries, in which around 185 million patients per year receive expert advice from pharmacists in addition to their medicines.

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OUR GROWTH AT A GLANCE

Presence
in Europe
strengthened

Pharmaceutical
wholesale and
pre-wholesale
expanded

Pharmacy
network
enlarged

Number
of employees
increased

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PHOENIX GROUP IN FIGURES

Key figures of the PHOENIX group		2021/22	2022/23
Total operating performance	in € m	39,612.8	45,901.2
Revenue	in € m	30,723.4	36,316.4
Total income	in € m	3,270.8	4,083.3
EBITDA	in € m	669.0	1,023.8
Profit before tax	in € m	298.0	299.8
Equity	in € m	3,168.2	3,286.3
Equity ratio	in %	29.5	24.1
Net debt	in € m	1,829.8	2,935.2
Company rating (Standard & Poor's)	BB+; credit watch negative		BB+; stable outlook
Employees (total)		39,773	48,435
Employees (full-time equivalents)		33,205	35,178

The PHOENIX group brought fiscal year 2022/23 to a successful close, with further increases in total operating performance, revenue, and adjusted EBITDA compared with the previous year. PHOENIX reached the most important milestone on 31 October with the successful closing of the acquisition of parts of McKesson Europe – the largest transaction in the company’s history. This marks a further expansion of the PHOENIX group’s position as Europe’s leading pharmaceutical wholesaler, pharmacy operator, and service provider for the pharmaceutical industry.

The strategic agenda WINGS continues to guide the way. With the PHOENIX Production System, for example, operational excellence in warehouse management and productivity was strengthened and net working capital at group level further reduced. The PHOENIX group continued to make targeted investments in its infrastructure. It also commenced and continued a number of international construction projects in the past year. The company has also expanded its range of own brands and continued to develop its partnerships with the pharmaceutical industry, as can be seen in its representation services, for example. The PHOENIX group is actively shaping its digital transformation and aims, in particular, to improve the company-wide availability of data and data analysis competence. One area of focus was the expansion of health platforms and apps that seamlessly link online and offline activities.

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LETTER FROM THE CHIEF EXECUTIVE OFFICER OF THE PHOENIX GROUP

Dear Ladies and Gentlemen,

#wePHOENIX on the front page of this year’s Annual Report, together with the map of Europe, is a symbol of where the PHOENIX group stands today. The acquisition of parts of McKesson Europe, which was successfully closed in the reporting year, has given us an even broader geographical base. In taking this step, we also strengthened our team, welcoming 8,500 new colleagues. For us, #wePHOENIX symbolises the performance capability and the togetherness that result from the union of two former competitors.

These strengths are invaluable in the current climate, with 2022 proving to be another challenging year. While the COVID-19 pandemic became less of a focus last year, the war in Ukraine shook the world. We have endeavoured to support the people of Ukraine with deliveries of pharmaceutical products and donations to local aid organisations. The war has also impacted other European societies and economic development as a whole. A shortage of raw materials has driven up the costs of energy and transport enormously, and our business has also been hit by disruptions in supply chains and a significant rise in inflation. In view of these challenges, the resilience of the PHOENIX group’s business model and our ability to continue producing robust key figures in this tense environment is particularly positive.



SVEN SEIDEL
Chief Executive Officer

Our business continued to grow across all regions. Revenue rose by 18.2 per cent to €36.3 billion. Even after adjusting for the share of revenue of the acquired McKesson companies, we are above the growth level of the European pharmaceutical markets, in line with last year’s forecast. Total operating performance also showed a clear upward trend, with an increase of 15.9 per cent to €45.9 billion. At €723.8 million, earnings before interest, taxes, depreciation, and amortisation adjusted for significant one-off effects were 2.6 per cent higher than in the previous year. At €299.8 million, profit before tax was at the previous year’s level.

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This performance was only made possible by the high level of commitment and dedication shown by all our employees. I would therefore like to express my special thanks to all colleagues in the PHOENIX group – both the existing ones and those who joined us as a result of the acquisition. #wePHOENIX also stands for their combined performance in 29 European countries.

The successful closing of the acquisition of parts of McKesson Europe was the outstanding milestone in the reporting year and marks the largest transaction in the company’s history. We are entering new healthcare markets in Belgium, Ireland, Portugal, and Slovenia while further expanding our activities in France and Italy. Today, we are a healthcare provider with a presence in 29 countries, more than 48,000 employees, 224 sites in the business areas pharmaceutical wholesale and pre-wholesale, as well as more than 3,200 own pharmacies and 17,000 partner pharmacies. This confirms our position as Europe’s leading pharmaceutical wholesaler, pharmacy operator, and service provider for the pharmaceutical industry. Our broad geographical base reduces the impact of changes in healthcare policy in individual markets on the group’s business development.

We will use our strengthened position to offer new products and services to all our customers, patients, and partners and to continue to provide reliable, high-quality healthcare. This is also made possible by the expertise of our many new employees. For example, McKesson Europe’s central IT organisation was part of the acquisition, and we will maintain the Stuttgart location as an IT hub. This additional know-how will strengthen our

IT organisation as a whole. We are also pleased to welcome new colleagues at the headquarters in Mannheim, Germany, who are being integrated into the teams of our central functions. Here and across Europe, we will operate as one in the spirit of #wePHOENIX.

But even beyond the acquisition, we have driven forward our core business activities and made investments in the future. For example, we started work on our new, state-of-the-art logistics site in Wakefield, UK. With additional capacity and thanks to new technologies, we will expand the wholesale and retail business in the United Kingdom and achieve economies of scale for new customer propositions. We are also working on a new distribution centre in Amsterdam, which will create additional capacity and, above all, advance our sustainability. A new warehouse for Healthcare Logistics is currently being built in Ede, also in the Netherlands, with a view to further improving our productivity, processes, and quality. Last year, the foundation stone was laid for Tamro Lithuania’s new logistics site for wholesale and Healthcare Logistics in Kaunas. This will replace the distribution centre there, which is already operating at maximum capacity.

Our strategic agenda WINGS, which we initiated in 2020, continues to guide the way. Through WINGS, we are aiming to continue to grow profitably and further expand our leading position in the market. We can achieve this by improving our operational excellence, adopting a more commercial mindset, and actively driving forward the digitalisation of the company.

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In fiscal year 2022/23, we made the following progress:

- We are strengthening our operational excellence primarily by means of the PHOENIX Production System (PPS). The PPS bundles all of our experience across the group in the key operating areas of infrastructure planning, process optimisation in the distribution centres, inventory management, and transportation. The PPS is constantly evolving through new ideas, tools, and methods as well as via the exchange of best practice. In the past year, we focused on warehouse management and productivity. At group level, for example, we again reduced the net working capital tied up in inventories by around one day, following a reduction of around three days in the previous year. The acquisition of the McKesson companies adds further leverage for the PPS to achieve synergies and increase efficiency.
- In expanding the range of the LIVSANE own brand, we have been closely guided by the needs of our customers and patients. We currently sell more than 500 products in pharmacies in 19 countries. In our cooperation with international pharmaceutical companies, we have expanded existing partnerships and entered into new ones. By means of our representation services, for example, we handle the exclusive distribution and sales of products in Central and Eastern Europe.
- The third strategic priority of WINGS is the digitalisation of our company. We want to actively shape the digital transformation of the PHOENIX group. A major element of this is improving the company-wide availability of data and data analysis competence. To this end, we have set up a central data and analysis platform and conducted initial use cases. We want to optimise current work processes using data and enable innovative business models by better analysing customer needs.

In addition, we are focusing on the expansion of health platforms and apps that seamlessly link online and offline activities. In Germany, this includes, for example, “gesund.de”, which connects end consumers and patients with local service providers. Our smart medication-dispensing robot, “Smila”, has now been officially launched onto the market in Finland and is currently being rolled out in Denmark. “Smila” enables people requiring care to lead a more independent life and reduces costs for healthcare systems. In most countries where we operate our own pharmacies, we provide e-commerce services for our customers. Prominent examples include Norway and our Central and Eastern European markets, which have established a strong e-commerce business. We are benefitting from cross-border exchange and, for example, are implementing the solution used very successfully in the Czech Republic in other countries. In Bulgaria, for example, we have opened a new BENU webshop.

- Another key element of WINGS is talent management. In an increasingly strained labour market, companies have to position themselves as an attractive employer and invest specifically in the education and training of their employees. For this reason, we have created the LIFT Talent Initiative for the ongoing development and advancement of selected employees, focusing in particular on the participants’ leadership skills and cross-functional competencies. Our aim is to fill management positions from within our own ranks as far as possible. One of the highlights of last year was the participation of the “LIFTees” in our PHOENIX International Management Meeting (PIMM). The purpose of the conference is to facilitate dialogue between the Executive Board of the PHOENIX group, the country boards, and senior management with international responsibility.

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Our strong positioning is also reflected in the capital market. In October 2022, we were able to place a promissory note of €300 million. Owing to the high demand, we doubled the originally targeted volume of €150 million. With this successful capital market measure, we were able to completely refinance the acquisition bridge financing facility of €1.0 billion agreed in July 2021 before being drawn. We have also further optimised our maturity profile.

When it comes to sustainability, we want to create added value for society and the environment that extends beyond healthcare. In 2021, we launched a sustainability agenda with five focus areas: climate protection, circular economy, responsible supply chain, diversity and equal opportunities, and social engagement. In the past fiscal year, we worked on the implementation of the German Supply Chain Due Diligence Act and established a Europe-wide due diligence process to ensure that we respect human rights and environmental standards in our supply chain. We also adopted a policy statement on respect for human rights and continued to work on reducing CO₂ emissions.

There were two changes in the PHOENIX group Executive Board in fiscal year 2022/23. With effect from 1 May 2022, the Supervisory Board appointed Dr Carsten Sauerland as the new Member of the Executive Board Finance. Dr Lorenz Näger, previously an interim Member of the Executive Board, resumed his dormant membership in the Supervisory Board on 1 June 2022. I would like to thank Dr Näger, also on behalf of my colleagues on the Executive Board, for his interim support of our work. As of 1 February 2023, we were also able to welcome Mr Leon Jankelevitsh to the Executive Board with responsibility for the new function Healthcare Logistics & Sustainable Supply Chain. He is a familiar face

to us as the long-time Managing Director of Tamro Baltics. We look forward to a close, trust-based collaboration in this expanded board so that together we can drive forward the sustainable development of the PHOENIX group in a targeted manner.

Even following the closing of the acquisition of parts of McKesson Europe, #wePHOENIX remains an important symbol. Across the group, we want to grow stronger together and strive to fulfil our mission. By combining all our efforts, we will promote future-oriented healthcare in Europe.

I would like to thank our customers and other business partners for their confidence in the PHOENIX group. My special thanks also go to the shareholders and the Supervisory Board for their trust-based and constructive cooperation. Let's continue this journey together!

Mannheim, May 2023
Sincerely,



Sven Seidel
Chief Executive Officer PHOENIX Pharma SE

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EXECUTIVE BOARD OF THE PHOENIX GROUP



DR CARSTEN SAUERLAND
Member of the Executive Board
Finance



SVEN SEIDEL
Chief Executive Officer



STEFAN HERFELD
Member of the Executive Board
Commercial & Marketing

MARCUS FREITAG
Member of the Executive Board
Customers & Channels



STEVE ANDERSON
Member of the Executive Board
Operations & Logistics



LEON JANKELEVITSH
Member of the Executive Board
Healthcare Logistics &
Sustainable Supply Chain



DR ROLAND SCHÜTZ
Member of the Executive Board
IT & Digital

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REPORT OF THE SUPERVISORY BOARD

Dear Ladies and Gentlemen,

The past fiscal year was another year of ups and downs. At the beginning of 2022, the COVID-19 pandemic was still dominating the world scene. Subsequently, the world was shaken by the war in Ukraine, which also had an impact on European and global economic affairs. The shortage of raw materials and associated increase in energy prices, as well as disruptions to global supply chains, have also impacted the PHOENIX group. Nevertheless, the company was able to present solid business figures for total operating performance, revenue, and earnings before interest, taxes, depreciation, and amortisation (EBITDA) adjusted for significant one-off effects. It is encouraging that, even in the face of these challenges, the business model of the PHOENIX group is proving to be robust.

In fiscal year 2022/23, the PHOENIX group confirmed and expanded its position as the leading healthcare provider in Europe. A key milestone was the acquisition of parts of McKesson Europe, which was announced in the previous fiscal year and successfully completed in the reporting year. This opens up new healthcare markets for the company while sustainably strengthening its position in existing markets.

The acquisition is also remarkable from a historical point of view: After the company was founded from four regional German wholesalers in 1994, PHOENIX expanded significantly in several stages as a result of acquisitions and is now active in 29 country markets. By 1995, the company had expanded its pharmaceutical wholesale business to include Italy, the Netherlands, and Hungary. In 1998, the company entered the pharmacy retail market in the United Kingdom. By 2001, further acquisitions of companies in Switzerland, Scandinavia, and the Baltic states had been successfully completed. This was followed by expansion into Eastern, Central, and Southern Europe.



DR BERND SCHEIFELE
Chairman of the Supervisory Board

The recent acquisition of parts of McKesson Europe is not only the largest transaction in the company’s history but also one of the most extensive acquisitions in European wholesale and retail in recent years. Together with the owner and the Executive Board of the company, the Supervisory Board sees the acquisition as essential for the successful positioning of the PHOENIX group in the long term.

The basis for this remains the stable shareholder structure, which gives the company a high degree of planning security. The Merckle family, as the sole owner, considers the PHOENIX group an important asset of its group of companies and intends to work with the Executive Board to further develop the company and seize growth opportunities in Europe, wherever they may present themselves.

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Significant business developments

In fiscal year 2022/23, the PHOENIX group continued its proven strategy of organic growth as well as growth through targeted acquisitions. The PHOENIX group has also reinforced its strong basis for further profitable growth by making targeted investments in infrastructure and digitalisation. In the past year, particular focus was placed on the following business activities:

- In October 2022, the PHOENIX group successfully closed the acquisition of parts of McKesson’s European business activities. This significantly expands the company’s position in Europe with a presence in 29 healthcare markets. Since then, customers of both companies have been able to benefit from the combined expertise as well as additional products and services.
- The company continues to invest extensively in the modernisation of its infrastructure throughout Europe. In the past year, this included a new logistics site in Wakefield, UK, as well as two construction projects in the Netherlands: a distribution centre in Amsterdam and a healthcare logistics warehouse in Ede. In addition, the foundation stone was laid for a new logistics site in Kaunas, Lithuania.
- The WINGS strategic agenda focuses on further improving operational excellence, adopting a more commercial mindset, and driving forward digitalisation. Digitalisation focuses on health platforms and apps that combine online and offline offers. In fiscal year 2022/23, the company expanded or launched its e-commerce business in several countries.
- The PHOENIX Production System (PPS) was also continued and optimised in the reporting year. The PPS is continuously improving the operational processes of the logistics network. At group level, for example, the net working capital tied up in inventories was significantly reduced.

On the basis of the activities and strategic measures presented, the Supervisory Board is confident that the company is well-positioned for the future and for the changes anticipated in its markets.

Trust-based cooperation between the Executive Board and Supervisory Board

During the reporting year, the Supervisory Board of PHOENIX Pharma SE diligently fulfilled the auditing and supervisory duties incumbent upon it in accordance with the Articles of Association and Rules of Procedure. It regularly advised the Executive Board in its management of the company and closely supported and supervised its activities. The two bodies always worked together openly and constructively. In addition, the Chief Executive Officer and the Chairman of the Supervisory Board maintained a continuous dialogue on all significant business proceedings.

The Executive Board informed the Supervisory Board promptly, continually, and in detail, both orally and in writing, about the development of all relevant key figures relating to the company’s economic position. During the reporting period, it kept the Supervisory Board continually informed on all relevant issues relating to corporate planning, including revenue, finance, investment, and personnel planning. The Executive Board coordinated with the Supervisory Board on significant business processes relating to profitability, risk management, and the strategic orientation of the company.

The Supervisory Board was involved directly and at an early stage in all decisions that were of strategic importance to the company. After close examination of the submitted documentation and the oral report, the Supervisory Board adopted its resolutions. The Chairman of the Supervisory Board and the Chief Executive Officer, Sven Seidel, visited various subsidiaries of the PHOENIX group, including those in Germany, the United Kingdom, Italy, and France, as well as in the newly added countries Belgium, Ireland, Portugal, and Slovenia, over the course of fiscal year 2022/23. On these occasions, they discussed business activities in the areas of wholesale, retail, and services for the pharmaceutical industry.

Key areas of advisory and monitoring activity in 2022/23

In fiscal year 2022/23, the Supervisory Board discussed the Executive Board’s reports about the PHOENIX group’s business development, important individual transactions, and transactions requiring approval in three meetings – with some members joining virtually due to the pandemic – and two telephone conferences. Following a thorough examination and detailed discussion, the Supervisory Board issued the requested approvals at the relevant meetings, where necessary. In addition to the current development of revenue and result, as well as the financial and asset situations, the Supervisory Board’s discussions focused specifically on the challenges faced in the respective individual markets as well as on the acquisition of parts of McKesson Europe.

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The Supervisory Board’s meetings during fiscal year 2022/23 centred on the following topics:

- In its meeting in May 2022 in Mannheim, Germany, the Supervisory Board dealt primarily with the company’s annual financial statements, which were subsequently audited and approved.
- The Supervisory Board gathered information on and discussed current business developments during a telephone conference in July 2022.
- In October 2022, the Supervisory Board met for two days in Paris, where it discussed the company’s strategic orientation in detail. The main topics were the strategic areas of growth, the acquisition of parts of McKesson Europe, and digitalisation.
- The telephone conference in December 2022 focused on current business developments.
- In February 2023, the Supervisory Board met in Mannheim to adopt the corporate plan as well as the budgets for the subsidiaries and the corporate departments for fiscal year 2023/24.

Audit and approval of the annual financial statements 2022/23

The auditing firm Ernst & Young GmbH, Stuttgart, Germany, was appointed by the Supervisory Board to carry out the audit for fiscal year 2022/23. Together with the auditor, the Supervisory Board defined the key areas to be reviewed. The Executive Board presented the provisional, unaudited key figures for the fiscal year and the status of preparations for the final report to the Supervisory Board in advance. The auditing firm audited the annual financial statements of the company as well as the consolidated financial statements and consolidated management report of the group. These were certified without qualification. All documentation relating to the financial statements was submitted to the Supervisory Board on time and reviewed in detail in the presence of the auditor. There were no objections. The Supervisory Board approved the annual financial statements and the consolidated financial statements. The Supervisory Board consented to the Executive Board’s proposal regarding the appropriation of retained earnings.

Composition of the Executive Board

With effect from 1 May 2022, the Supervisory Board appointed Dr Carsten Sauerland as the new Member of the Executive Board Finance of PHOENIX Pharma SE. Dr Sauerland was previously CEO of HC Trading, the globally operating trading company of HeidelbergCement. In Dr Sauerland, the Supervisory Board is pleased to have gained a competent financial expert with extensive experience in Germany and abroad. Dr Lorenz Näger, who had previously been delegated from the Supervisory Board to the Executive Board on an interim basis, left the Executive Board on 1 June 2022 and resumed his dormant membership in the Supervisory Board of PHOENIX Pharma SE. The Supervisory Board would like to thank Dr Näger for serving on the company’s Executive Board on an interim basis.

With effect from 1 February 2023, the Supervisory Board has also appointed Mr Leon Jankelevitsh as an additional Member of the Executive Board. Mr Jankelevitsh was previously Managing Director of Tamro Baltics, a PHOENIX subsidiary active in pharmaceutical wholesale and pharmacy retail. He assumes responsibility for the newly created Board function Healthcare Logistics & Sustainable Supply Chain, which focuses on the diversification of the core business, logistics services, and the sustainable development of the company’s activities. He will continue in his position as Managing Director of the Baltic subsidiaries. The Supervisory Board looks forward to a trusting cooperation with Mr Jankelevitsh.

Together, the Executive Board and the Supervisory Board are very committed to the common goal of strengthening the PHOENIX group’s leading position in Europe and expanding it in the long term. My colleagues on the Supervisory Board and I would like to thank the members of the Executive Board, as well as all employees, for their strong commitment in these challenging times and their performance during fiscal year 2022/23.

On behalf of the Supervisory Board
Mannheim, May 2023



Dr Bernd Scheifele
Chairman of the Supervisory Board

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MEMBERS OF THE SUPERVISORY BOARD

Dr Bernd Scheifele

Chairman of the Supervisory Board,
Chairman of the Supervisory Board
HeidelbergCement AG, Heidelberg, Germany,
Chairman of the Supervisory Board
Publishing Group Georg von Holtzbrinck GmbH,
Stuttgart, Germany,
Member of the Supervisory Board
Springer Nature AG & Co. KGaA

Dr Ralf Belusa

Managing Director
Digital Business & Transformation
Hapag-Lloyd AG, Hamburg, Germany

Dr Peter Maag

Director
BluLake Capital LLC, USA

Ludwig Merckle

Company Shareholder,
Managing Director
Merckle Service GmbH, Ulm, Germany

Dr Lorenz Näger

Member of the Executive Board
PHOENIX Pharma SE, on an interim basis
until 31 May 2022,
Membership in the Supervisory Board
of PHOENIX Pharma SE
dormant for the duration of the mandate,
Member of the Supervisory Board
MVV Energie AG, Mannheim, Germany,
Member of the Board of Commissioners
PT Indocement Tungal Prakarsa Tbk.,
Jakarta, Indonesia,
Member of the Board of Directors
Blanc & Fischer Familienholding GmbH,
Oberderdingen, Germany, since May 2022,
Member of the Supervisory Board
University of Mannheim, Mannheim, Germany,
since October 2022

Nils Seebach

Founder Spryker Systems GmbH, Berlin, Germany,
Founder & CFO
Etribes Group GmbH, Hamburg, Germany

Bernhard Simon

Chairman of the Supervisory Board
Dachser Group SE & Co. KG, Kempten, Germany

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PHOENIX GROUP IN THE CAPITAL MARKET

- Company rating of PHOENIX Pharmahandel GmbH & Co KG and bond rating confirmed at “BB+” by Standard & Poor’s and outlook raised to “stable”
- Successful placement of €300 million promissory notes

Represented on the capital market with a bond and promissory notes

Although unlisted, the PHOENIX group considers itself to be closely linked to the capital market. Following the placement of €300 million promissory notes in October 2022, the PHOENIX group was represented on the capital market with a €400 million bond, due in August 2025, and four promissory note issuances as at the end of fiscal year 2022/23. One important objective of using capital market financing is to diversify the sources of financing in order to guarantee the liquidity supply at any time and in the long term. In addition to a €1.25 billion long-term credit facility provided by an international bank consortium and a broadly diversified portfolio of ABS and factoring programmes, financing via the capital market is an integral part of our refinancing measures and thus contributes to our good, balanced maturity structure. Since issuing our inaugural bond in 2010, we have been guided by the requirements of the capital market with regard to transparency and publicity.

PHOENIX group again successfully active on the capital market

To partially finance the acquisition of parts of McKesson’s European business activities at the end of October 2022, PHOENIX Pharmahandel GmbH & Co KG placed €300 million promissory notes in October 2022. Due to the strong demand, we decided to double the originally targeted €150 million volume to €300 million. This volume is divided into six tranches: €200.5 million three-year tranches with fixed and floating coupons, €82 million five-year tranches with fixed and floating coupons, and €17.5 million seven-year tranches with fixed and floating coupons. The high demand and associated oversubscription made it possible to set the credit margins at the lower end of the respective reoffer spread range. The documentation of the promissory notes guaranteed by PHOENIX International Beteiligungs GmbH is based on the documentation of the outstanding promissory notes and bond. Following the placements of promissory notes in 2016, 2019, and 2020, the PHOENIX group is now represented on the capital market with a total of four promissory note issuances.

With the capital market measure carried out in fiscal year 2022/23, the €1.0 billion acquisition bridge financing facility agreed in July 2021 was completely refinanced before being drawn. This also served to further optimise the PHOENIX group’s maturity profile.

Bond performs in line with the market and according to its residual term

During the reporting period, the outstanding bond performed in line with the market for comparable bonds in terms of maturity and rating. The bond issued by PHOENIX PIB Dutch Finance B.V. and outstanding as at the end of fiscal year 2022/23 is unsecured and guaranteed by PHOENIX Pharmahandel GmbH & Co KG and PHOENIX International Beteiligungs GmbH. As at the reporting date of 31 January 2023, the bond was listed at 94.496 per cent (€400 million, due in August 2025).

Transparent capital market communication strengthens trust in our company

Our creditor relations activities aim to strengthen confidence in the PHOENIX group and foster a better understanding of our business. We are achieving this through the provision of transparent, consistent, and timely information about developments in our company and in our market environment as well as through the clear definition and communication of our strategy and goals. Our capital market communication has a long-term orientation and is considered part of our sustainable strategy for value enhancement. We regularly make relevant information available to capital market participants on the PHOENIX group website. In addition to its annual reports, the PHOENIX group has been publishing quarterly information on its business performance since 2010. Personal meetings and quarterly conference calls with members of the Executive Board also serve as important measures for ensuring continuous and active communication with existing and potential investors.

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Ratings confirm the PHOENIX group’s leading position in its markets

The PHOENIX group has its creditworthiness assessed by the external rating agency Standard & Poor’s and its ratings published. As part of this assessment, the agency issues both a company rating that represents an independent opinion on the company’s general financial power and a bond rating that first and foremost values the respective bond.

Thanks to the robust operational performance and cash generation, resulting in lower debt financing for the acquisition of parts of McKesson Europe than originally expected by Standard & Poor’s, the rating assessment was updated in November 2022: The ratings of PHOENIX Pharmahandel GmbH & Co KG and the outstanding corporate bond were confirmed at “BB+”, and the outlook was raised from “credit watch negative” to “stable outlook”.

Brief overview of the currently outstanding bonds of the PHOENIX group	
Issuer	PHOENIX PIB Dutch Finance B.V.
Guarantors	PHOENIX Pharmahandel GmbH & Co KG PHOENIX International Beteiligungs GmbH
Bond type	Unsecured eurobond
Issue volume	€400,000,000
Coupon	2.3750%
Interest payment dates	Annually on 5 August
Denomination	€100,000
Due date	5 August 2025
Stock exchange listing	Luxembourg Stock Exchange
ISIN	XS2212959352
Bond rating at reporting date	Standard & Poor’s: BB+
Company rating at reporting date	Standard & Poor’s: BB+; stable outlook

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FUNDAMENTAL INFORMATION ABOUT THE GROUP

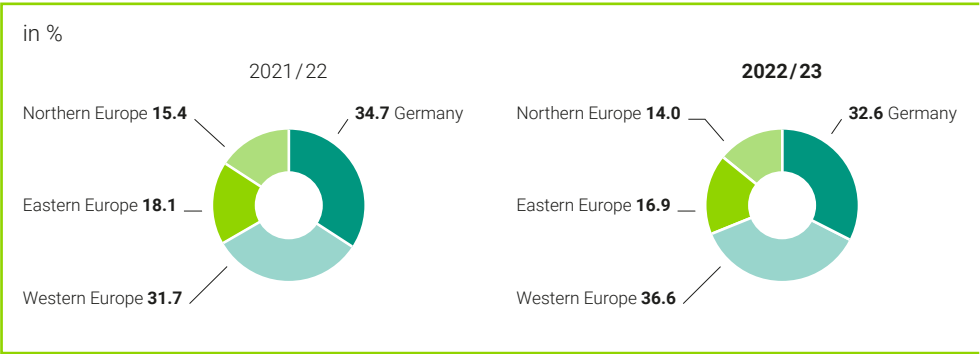
- European leader in pharmaceutical wholesale, pharmacy retail and services for the pharmaceutical industry
- Integrated range of services an important competitive advantage
- Focus on market leadership, customer satisfaction and efficiency
- Rigorous strengthening of digital competence

THE PHOENIX GROUP

Leading European healthcare provider

The PHOENIX group, with its headquarters in Mannheim, Germany, and more than 48,000 employees, is the European leader in pharmaceutical wholesale, pharmacy retail, and services for the pharmaceutical industry. The PHOENIX group is one of the largest family businesses in both Germany and Europe. Its core business is pharmaceutical wholesale and pharmacy retail. Subsidiaries also operate in related business areas whose activities include services for the pharmaceutical industry, pharmacy goods management systems for pharmacies and logistics solutions.

REVENUE PER REGION



As a family business, the PHOENIX group makes decisions independently and pursues a long-term strategy. The company's mission, "We deliver health", can only be achieved with motivated and loyal employees. Therefore, the PHOENIX group's employees and their motivation are always a priority.

The PHOENIX group was active in 29 European healthcare markets in fiscal year 2022/23 and therefore has a very diversified geographic portfolio. At the end of the reporting year, the company operated 224 sites in the business areas of pharmaceutical wholesale and pre-wholesale and supplied pharmacies, doctors and medical facilities with medicines and healthcare products.

In pharmaceutical wholesale, the PHOENIX group is number one in 15 countries. The company currently has more than 3,200 of its own pharmacies – over 1,500 of which operate under the BENU brand – in 17 European countries and is thus Europe's leading pharmacy operator. In pharmacy retail, it mainly operates in the following countries: Belgium, Ireland, Italy, Lithuania, Montenegro, Netherlands, Norway, Romania, Switzerland, Serbia, Slovakia, Czech Republic, Hungary, and the UK. At present, the PHOENIX group already has a strong proximity to its customers thanks to around 185 million customer contacts in its own pharmacies. In addition to wholesale and retail, it offers its competencies to the pharmaceutical industry as a service provider.

Differentiation from the competition

The PHOENIX group sets itself apart in the marketplace using the following competitive advantages:

- Unique geographical coverage thanks to our presence in 29 European healthcare markets.
- Our integrated range of services in wholesale and retail in 17 European countries.
- Our pharmacy brands spread across all of Europe: BENU in 9 countries, Apotek 1 in Norway, Rowlands Pharmacy in the UK, Help Net in Romania and Lloyds in Belgium, Ireland, and Italy.
- A pharmacy network with around 17,000 pharmacies in 18 countries in the PHOENIX group's cooperation and partnership programmes.
- Services offered to the pharmaceutical industry along the entire supply chain.

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PHOENIX GROUP WITH A PRESENCE IN 29 EUROPEAN COUNTRIES

Wholesale



As of 31/01/2023

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STRATEGY AND GROUP MANAGEMENT

Strategic agenda for long-term success


The PHOENIX group’s overarching goal is to create sustainable value through a corporate culture geared to customers, high cost efficiency and profit-oriented growth. We therefore give top priority to market leadership, customer satisfaction and efficiency.


Our activities as a company are guided by the strategic agenda WINGS, which we launched in fiscal year 2020/21. It will help us to continue to grow profitably in the future and further expand our leading position in the market. WINGS sets three main strategic priorities:


- 1. We want to improve our operational excellence. The reliable and high-quality supply of medicines and health products to our customers is the basis for our success. Among other things, this is why we continued an initiative targeted at optimising warehousing structures and stock levels.
- 2. We want to put our customers even more at the centre of our activities. For example, this means that we promote the entrepreneurial spirit in our organisation so that we are able to offer new services and products to our customers from the pharmaceutical industry.
- 3. We also want to take advantage of the opportunities provided to us by digitalisation. We want to discover trends at an early stage and actively drive forward innovations in the healthcare sector.

We continued to drive forward our strategic agenda on all three pillars in the past fiscal year. The PHOENIX Production System (PPS), which bundles all of our experience in the key operating areas of infrastructure planning, process optimisation in the distribution centres, inventory management and transportation, is optimised on an ongoing basis. The focus in the reporting year was on warehouse management and productivity. **More information can be found under “Processes and organisation” on  p. 21.**

We also expanded our range of own brands and developed high-quality products in different segments, including in the food supplement, medical products and diagnostics segments. We further expanded our partnerships with international pharmaceutical companies in the fiscal year, taking over, for example, the exclusive distribution of products in Central and Eastern Europe.

Digitalisation is increasingly becoming a key success factor going forward. We embrace this with our DIGITAL WINGS initiative, through which we are actively shaping the digital transformation of our company. Our online offerings for customers are also continuously enhanced. **More information can be found under “Processes and organisation” on  p. 21.**

Our strategy is to grow both organically and through targeted acquisitions. We also strive to continuously expand our position in the areas pharmacy retail and pharmaceutical wholesale as well as our services and products for the pharmaceutical industry. The acquisition of parts of McKesson Europe in the fiscal year marked a key milestone – the largest acquisition in the company’s history. **More information can be found under “Business development at a glance” on  p. 22.**

Another focus is on investments in infrastructure and automation in order to further increase our efficiency and productivity. **More information can be found under “Processes and organisation” on  p. 21.**

In pharmaceutical wholesale, many pharmacies are part of the PHOENIX group’s pharmacy network. With around 17,000 independent pharmacies in PHOENIX’s cooperation and partner programmes in 18 countries, it is the largest of its kind in Europe. We offer franchise systems for independent pharmacies in some countries. We want to further expand and purposefully strengthen the pharmacy retail business.

With PXG Pharma GmbH, we have a vehicle for the ongoing development of our trade activities with our own brands such as LIVSANE. As a subsidiary of the PHOENIX group, PXG Pharma is responsible for central product development and sales as well as quality and regulatory affairs and strives to continuously expand its range of products. We are expanding the business with LIVSANE and other brands on an ongoing basis, partly by means of third-party business, and partly by adding medicines to its portfolio as well as by introducing the brand in more countries. We successfully launched an OTC medicine (paracetamol) from our own brand on the market in Hungary for the first time in fiscal year 2022/23. More than 500 products are currently sold in pharmacies in 19 European countries.

Furthermore, we offer the pharmaceutical industry comprehensive services along the entire pharmaceutical supply chain. The portfolio comprises logistics solutions in Healthcare Logistics, with hubs across Europe, as well as awareness and digital B2C campaigns via the pharmacy channel. We have also built up an extensive range of representation services, which includes sales and marketing, medical affairs, and market access activities across Central and Eastern Europe.

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By providing these service solutions, we help our strategic partners to reduce complexity. We also entered into new partnerships and expanded existing ones in the past fiscal year. Our joint commercial programme is also growing, with ramped-up cooperation with pharmaceutical companies, for example, in procurement and our channels in terms of access to our own pharmacies and pharmacies in the PHOENIX cooperation and partner programmes.

Using key financial indicators in management

Corporate management is primarily based on the key financial indicators of the income statement and the statement of financial position. The key figures in the income statement are revenue and profit before tax; in the statement of financial position, it is the equity ratio.

PROCESSES AND ORGANISATION

Targeted optimisation of all processes and structures

By continuously reviewing our processes and structures, we are able to ensure the PHOENIX group’s efficiency and flexibility to act and respond at short notice to changes in the market.

We safeguard our market leadership by optimising and harmonising processes and structures in Germany and Europe-wide on an ongoing basis. We pursue a policy of active cost management in order to limit sharply rising costs, for example, energy and transportation costs. In addition to long-term supply agreements, key instruments that contribute to reducing consumption include measures such as route optimisation. In reporting year 2022/23, we also launched an ambitious programme to analyse and improve operating processes and staffing in our more than 3,200 pharmacies. We combined cross-border best practices with country-specific approaches in order to find the best solution. The programme thus contributes to sustainably increasing productivity in pharmacies.

We are also continuing to work on initiatives to optimise the operational processes of our logistics network. At the beginning of fiscal year 2021/22, our established initiatives, such as Warehouse Excellence, were incorporated into the wide-ranging PHOENIX Production System (PPS), which bundles our cross-border experience in the areas of operations and logistics. The PPS is a living

concept that grows through ideas and the sharing of best practices. This has already produced significant results for us, such as reducing the amount of capital tied up in inventories. We are developing tools and methods, for example, to streamline inventories while also avoiding any negative impact on the service level we offer to our customers. Following the successful completion of projects carried out in two large pilot countries, these tools are now also being customised and gradually rolled out in smaller subsidiaries as well. These measures are making the supply chain more efficient and reducing the net working capital it ties up, which is being used to finance maintenance and growth. The acquisition of parts of McKesson Europe will add leverage to the PPS, enabling us to generate further synergies and increase efficiency.

Actively shaping digital business transformation

Strengthening digital competence is a key component of our company-wide strategic agenda WINGS. We have a number of ongoing initiatives as part of DIGITAL WINGS. The aim is to actively shape the digital transformation of the PHOENIX group. An element of this is improving the company-wide availability of data and data analysis competence. To this end, we set up a central data and analysis platform and conducted some initial use cases. The aim is to use data to optimise current work processes and to enable innovative business models by better analysing customers’ needs.

With the digitalisation of healthcare, we have a responsibility as a European healthcare service provider to ensure the integrity of our technical infrastructure and sensitive data. In the past year we therefore further optimised our technical security measures and invested in the training of our employees. In addition, with the “Data Academy”, we have also rolled out a comprehensive international programme, which supports the use of data in a way that brings benefit in a needs-based manner and across all organisations. Alongside expanding opportunities for digital collaboration, with “COLAB” at the Mannheim location, we have also invested in physical infrastructure and created a modern working environment that aims to support activity-based working. To this end, we have also put in place the requirements for this in terms of IT. We have targeted access to IT talent through our new IT Hub in Sofia, Bulgaria, which we opened in fiscal year 2022/23. In addition, we are also benefitting from the expertise of staff who joined the PHOENIX group as part of the acquisition of parts of McKesson Europe. The central IT organisation of McKesson Europe was part of the takeover.

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Furthermore, we also want to strengthen the digital channels to end customers and patients and create a cross-channel shopping experience that seamlessly links the online and offline areas. In order to do this, we are expanding our e-commerce activities in a targeted manner. In doing so, we will benefit from cross-border exchange and, for example, will also implement the solution which was used very successfully in the Czech Republic in other countries. In Bulgaria, for example, we have opened a new BENU online shop. In Germany, the PHOENIX group, together with its partners, introduced “gesund.de” – a central health platform and app, which is targeted at end users and patients as well as pharmacies and all other service providers in the healthcare sector. It can be used to order over 100,000 prescription-only and over-the-counter medicines, usually with same-day delivery. Currently, one in three pharmacies in Germany are already registered on “gesund.de”, and since 2022, medical supply stores have also been represented on the platform.

We are offering a further important innovation with the smart, cloud-based medication system “Smila”, which was launched on the market by our subsidiary JDM. The smart medication-dispensing robot enables people requiring care to lead a more independent life and reduces costs for health insurance funds. The robot was developed by JDM as part of a German-Finnish collaboration and has the potential to improve the healthcare of patients in different countries and offer them a more independent, healthier life. Following an initial pilot phase, “Smila” has since been officially launched onto the market in Finland. The innovative medication system is currently being rolled out in Denmark. Market entry in other countries is currently being prepared. We plan to add further telemedicine services to “Smila” in the future.

In addition, the PHOENIX group is investing in the harmonisation of its merchandise management systems and the optimisation and modernisation of its IT architecture, for example, by way of the pilot project to introduce SAP S/4HANA in Austria. The application landscape for merchandise management in Denmark is also currently being harmonised and modernised using SAP S/4HANA.

ECONOMIC REPORT

- Economic development hampered by the war in Ukraine
- The largest acquisition in the company’s history concluded
- 18.2% increase in revenue
- Profit before tax at the prior-year level
- Continuous dialogue with our employees

ECONOMIC ENVIRONMENT

The war in Ukraine hampers economic development

In 2022, the European economy was shaped by the continued recovery from the COVID-19 pandemic and the war between Russia and Ukraine. On the whole, the gross domestic product of the eurozone rose by 3.5% year-on-year (prior year: 5.2%). Economic development in Germany in 2022 was also shaped by the consequences of the war in Ukraine, such as extreme rises in energy prices. Nevertheless, real GDP was up 2.0% year-on-year (prior year: 2.7%).

Development in the European pharmaceutical markets was varied. The German pharmaceutical wholesale market increased 7.0% in 2022 compared to the prior year. This was primarily attributable to a noticeable increase in revenue from prescription-only drugs. The German market continued to be shaped by fierce competition.

BUSINESS DEVELOPMENT AT A GLANCE

The largest acquisition in the company’s history successfully concluded

Our objective is to expand our position in the areas of pharmaceutical wholesale and pharmacy retail and continuously extend our range of services and products for the pharmaceutical industry. We were once again able to achieve this in the past fiscal year, also thanks to our strategic agenda WINGS. We achieved major milestones in all areas and once again significantly reinforced the PHOENIX group’s market position, primarily due to the completed acquisition of parts of McKesson Europe.

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We successfully completed the acquisition of several subsidiaries of McKesson Europe as of 31 October 2022. The transaction included the business activities of McKesson in Belgium, France, Ireland, Italy, Portugal, and Slovenia agreed in the purchase agreement from July 2021, along with a shared service centre in Lithuania, deutsche recucare GmbH, McKesson’s European headquarters in Stuttgart and the minority interest in our subsidiary Brocacef Groep in the Netherlands. In our home market Germany, we plan to maintain the Stuttgart location as a further IT hub and integrate other central functions from an organisational perspective into the Mannheim headquarters. The acquisition will allow us to tap new healthcare markets in Belgium, Ireland, Portugal, and Slovenia, while significantly ramping up our activities in France and Italy. In this way, we are further strengthening our position as a leading Europe-wide pharmaceutical wholesaler, pharmacy operator and service provider for the pharmaceutical industry. Our broader geographical and operational footprint brings us even closer to our customers and partners. Thanks to the bundled expertise of both companies, all customer groups are able to benefit from additional products and services in line with their local needs. On account of the new size of the company, we will also be able to benefit from economies of scale in procurement. We also gained additional expertise through the acquisition and strengthened our IT.

In pharmacy retail, we worked in particular on the strategic expansion of our portfolio and pushed ahead with the further integration of pharmacies acquired in previous years. The number of our own pharmacies has risen sharply during the last years, particularly in Romania, the Netherlands, the Czech Republic and Serbia. In addition, in the reporting year, a further 410 pharmacies were also acquired as part of the acquisition of parts of McKesson Europe. At the end of the fiscal year, we thus had a total of 3,261 pharmacies.

Strengthening digital channels

We have also expanded our activities in the area of digitalisation through DIGITAL WINGS. We have strengthened our sales channels by further interlinking offline and digital offerings in pharmacies. The subsidiaries of the PHOENIX group further enhanced their digital and e-commerce activities in the context of their respective local market. The company already has its own e-commerce solutions in most countries where it has its own pharmacies. Norway and our Central and Eastern European markets are particularly noteworthy in this regard on account of their strong e-commerce business activities. **More information can be found under “Processes and organisation” on  p. 21.**

Investment in the future

The PHOENIX group is addressing future requirements by making substantial investments in intangible assets and property, plant and equipment. In past years, we have invested to a particularly large degree in expanding and modernising the pharmacy network and distribution centres, in automation technology and in extending logistics services for the pharmaceutical industry. Investments primarily relate to replacement and restructuring investments. In fiscal year 2022/23, investments amounted to EUR 229.1m (prior year: EUR 180.2m).

In the reporting year, we commenced and continued numerous construction projects. These include, for example, construction and fitting work for our new, sophisticated logistics location in Wakefield, UK. The construction work is progressing according to plan. With additional capacity and thanks to our new technology at the location, we will drive forward the wholesale and retail business in the UK and achieve economies of scale for new distribution models. Further construction projects include the establishment of a new replacement distribution centre in Amsterdam, the Netherlands, in order to create additional capacity. Good progress was made on this project in fiscal year 2022/23. We are also developing a new healthcare logistics warehouse in Ede, the Netherlands. This is intended to significantly improve productivity, processes and quality. Moreover, the foundations have been laid for the new logistics location for wholesale and healthcare logistics of Tamro Lithuania, in Kaunas, Lithuania. This will replace the distribution centre at the current location in Kaunas, which is already working at maximum capacity.

Executive Board’s overall assessment of the situation

The PHOENIX group was able to successfully further strengthen its market position in fiscal year 2022/23 as a leading healthcare provider in Europe and expand its wholesale and retail activities. Despite the fact that the underlying conditions remained challenging, the PHOENIX group was once again able to increase its total operating performance and revenue and grow at a faster pace than the market in general, thereby achieving our forecast for the past fiscal year.

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FINANCIAL PERFORMANCE

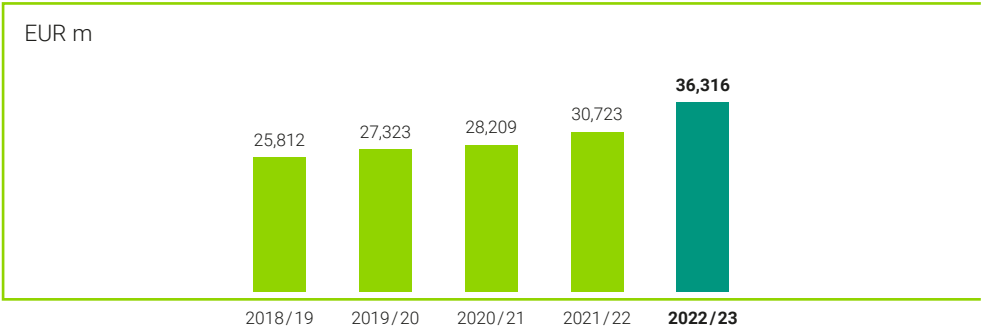
Key figures of the PHOENIX group	2021/22 in EUR m	2022/23 in EUR m	Change in EUR m	Change in %
Total operating performance	39,612.8	45,901.2	6,288.4	15.9
Revenue	30,723.4	36,316.4	5,593.0	18.2
EBITDA before significant one-off effects	705.7	723.8	18.1	2.6
EBITDA	669.0	1,023.8	354.8	53.0
EBIT	356.3	392.6	36.3	10.2
Financial result	-58.3	-92.8	-34.5	59.2
Profit before tax before significant one-off effects	334.7	307.1	-27.6	-8.2
Profit before tax	298.0	299.8	1.8	0.6
Profit after tax	211.6	269.8	58.2	27.5
Equity	3,168.2	3,286.3	118.1	3.7
Equity ratio (%)	29.5	24.1	-5.4	-18.3
Net debt	1,829.8	2,935.2	1,105.4	60.4

Increase in total operating performance and revenue

The PHOENIX group again recorded growth in fiscal year 2022/23. Total operating performance rose by 15.9% to EUR 45,901.2m in a year-on-year comparison. This comprises revenue and distribution services for a service fee. Adjusted for foreign exchange rate effects, the growth amounts to 16.2%.

Revenue increased by 18.2% to EUR 36,316.4m in fiscal year 2022/23 (prior year: EUR 30,723.4m). Growth was recorded in all regions. Adjusted for foreign exchange rate effects, the increase in revenue came to 18.4%, of which 9.7% stemmed from changes in the basis of consolidation. This development – adjusted for the share of revenue of the acquired McKesson companies – is consistent with the statement made in the forecast report of the group management report 2021/22, according to which we expected an increase in revenue (excluding the effect from the McKesson acquisition) slightly above the level of growth of the European pharmaceutical market.

REVENUE DEVELOPMENT



Revenue by region (before consolidation) breaks down as follows:

	2021/22 in EUR m	2022/23 in EUR m	Change in EUR m	Change in %
Germany	10,697.8	11,861.7	1,163.9	10.9
Western Europe	9,763.6	13,317.2	3,553.6	36.4
Eastern Europe	5,585.5	6,153.0	567.5	10.2
Northern Europe	4,753.8	5,083.8	330.0	6.9

Adjusted EBITDA higher than in the prior year

Gross profit increased by EUR 513.3m in the reporting year to EUR 3,743.4m. The gross profit margin, calculated as gross profit in relation to revenue, fell from 10.51% in the prior year to 10.31%. This can mainly be attributed to an increased cost-of-sales ratio.

In the reporting year, other operating income included a gain from the first-time consolidation of parts of McKesson Europe in the amount of EUR 300.0m.

Personnel expenses rose from EUR 1,658.3m to EUR 1,937.1m. Adjusted for currency effects, personnel expenses increased by 16.7% on the prior year. This was primarily attributable to acquisitions, collectively bargained wage increases and an increase in headcount due to the business expansion.

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Other expenses increased by EUR 182.1m to EUR 1,127.0m. This is largely due to higher transport costs, energy costs, IT costs and other taxes. In relation to revenue, other expenses came to 3.1% (prior year: 3.1%).

Overall, this caused earnings before interest, taxes, depreciation and amortisation (EBITDA) to rise from EUR 669.0m to EUR 1,023.8m. In fiscal year 2021/22, expenses of EUR 36.7m relating to the inventory valuation were incurred in connection with COVID-19. Adjusted for the gain from the first-time consolidation and the expenses relating to the inventory valuation in the prior year, EBITDA increased by 2.6% or EUR 18.1m compared to the comparable prior-year period and now stands at EUR 723.8m.

Profit before tax at the prior-year level

Amortisation of intangible assets and depreciation of property, plant and equipment amounted to EUR 326.0m (prior year: EUR 290.9m). Amortisation, depreciation and impairment included depreciation of right-of-use assets under IFRS 16 of EUR 151.0m (prior year: EUR 135.9m). Acquisitions and investments also contributed to this increase.

In fiscal year 2022/23, impairment losses were recognised on intangible assets and property, plant and equipment in the amount of EUR 307.3m (prior year: EUR 23.9m). This mainly related to impairment of pharmacy licenses of EUR 166.1m (prior year: EUR 12.6m); impairment of goodwill for the cash-generating units Denmark, Germany and the UK of EUR 67.5m (prior year: EUR 0.0m); and impairment of right-of-use assets of EUR 58.9m (prior year: EUR 8.1m). The impairment losses had to be recognised, primarily due to increased interest rates and partly due to declining earnings expectations. Impairment losses on pharmacy licenses were reversed, mainly on pharmacy licenses, in the amount of EUR 2.2m in fiscal year 2022/23 (prior year: EUR 2.1m).

The effects described resulted in earnings before interest and taxes (EBIT) of EUR 392.6m overall (prior year: EUR 356.3m).

The financial result fell by EUR 34.5m to EUR –92.8m. This includes interest expenses on lease liabilities of EUR 24.5m (prior year: EUR 22.8m). The change largely results from an increase in net interest expenses in connection with the increase in net debt due to the acquisition.

Profit before tax amounted to EUR 299.8m (prior year: EUR 298.0m). After adjusting for significant, non-recurring effects, profit before tax decreased by 8.2%. It fell by EUR 27.6m to EUR 307.1m. In contrast to our forecast in the 2021/22 management report for a profit before tax (excluding the effect of the McKesson acquisition) at the fiscal year 2021/22 level, the fiscal year 2022/23 profit before tax, adjusted for factors related to the acquisition of parts of McKesson Europe, was significantly lower year-on-year. The deviation is due in particular to impairment losses. Excluding impairment losses, profit before tax (excluding the effect from the McKesson acquisition) would have been higher than in the prior year.

Income taxes of EUR 30.0m (prior year: EUR 86.4m) were recorded, which corresponds to a tax rate of 10.0% (prior year: 29.0%). The significant decline in the tax rate is mainly due to the non-taxable gain recognised in the reporting year from the first-time consolidation in connection with the acquisition of parts of McKesson Europe. Income taxes contain expenses from current taxes in the fiscal year of EUR 77.8m (prior year: EUR 65.6m) as well as deferred tax income of EUR 47.7m (prior year: deferred tax expenses of EUR 20.8m).

Profit after tax came to EUR 269.8m (prior year: EUR 211.6m).

ASSETS AND LIABILITIES

The group's total assets increased by 26.6% compared to 31 January 2022 to EUR 13,615.5m. The increase in total assets and the change in the items of the statement of financial position compared to the prior year is largely due to the acquisition of parts of McKesson Europe. The currency translation difference on total assets, which is presented in the statement of changes in equity, amounted to EUR –106.9m (prior year: EUR –99.9m).

Intangible assets increased due to acquisitions by EUR 204.3m to EUR 2,080.8m. As of 31 January 2023, intangible assets essentially comprised goodwill (EUR 1,394.6m; prior year: EUR 1,440.4m) and pharmacy licenses (EUR 313.5m; prior year: EUR 280.8m).

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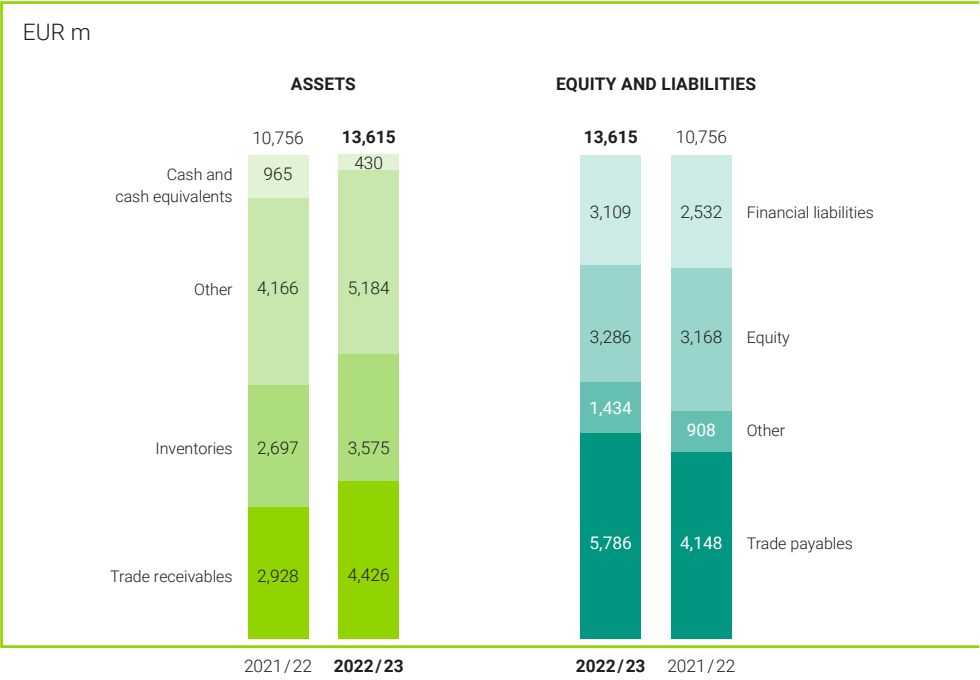
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STRUCTURE OF THE STATEMENT OF FINANCIAL POSITION



Property, plant and equipment increased from EUR 1,779.8m in the prior year to EUR 2,274.0m. In addition to current investments, the increase largely reflects the McKesson acquisition. As of 31 January 2023, property, plant and equipment include right-of-use assets amounting to EUR 868.1m (prior year: EUR 745.7m).

As a result of acquisitions, inventories increased by EUR 878.0m on the prior year to EUR 3,574.8m. The average number of days sales of inventory (excluding effects from the McKesson acquisition) was reduced from 32.1 to 30.1 days.

Trade receivables increased from EUR 2,928.2m in the prior year to EUR 4,426.0m as of the reporting date, largely due to effects from acquisitions. The average number of days sales outstanding (excluding effects from the McKesson acquisition) was reduced from 39.6 in the prior year to 38.9.

Receivables amounting to EUR 125.6m had been sold as of 31 January 2023 (prior year: EUR 125.6m) under off-balance-sheet ABS and factoring programmes. Under ABS and factoring programmes that are recognised only to the extent of the continuing involvement, receivables of EUR 171.3m had been sold as of 31 January 2023 (prior year: EUR 174.6m). The group's continuing involvement came to EUR 8.9m (prior year: EUR 7.7m).

Other current financial assets fell by EUR 4.9m to EUR 92.7m.

FINANCIAL POSITION

The objective of financial management is to ensure a sound capital structure to finance operating business.

In fiscal year 2022/23, the PHOENIX group issued promissory notes with a nominal volume of EUR 300.0m and terms of up to seven years.

Further increase in equity

Equity increased from EUR 3,168.2m as of 31 January 2022 to EUR 3,286.3m as of 31 January 2023. The equity ratio declined from 29.5% in the prior year to 24.1% due to the increase in total assets due to the acquisition of parts of McKesson Europe. Adjusted for the effects from the McKesson acquisition, and in contrast to the statement we made in the management report for the prior fiscal year, which forecast a slight increase, the equity ratio declined. The deviation is due in particular to the lower earnings due to unexpected impairment losses (excluding effects from the McKesson acquisition).

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	2021/22 in EUR m	2022/23 in EUR m	Change in EUR m	Change in %
Cash flow from operating activities	390.1	455.1	65.0	16.7
Cash flow from investing activities	- 179.4	- 654.5	- 475.1	264.8
Free cash flow	210.7	- 199.4	- 410.1	- 194.6

Cash flow from operating activities came to EUR 455.1m (prior year: EUR 390.1m). The increase is largely due to higher earnings after taxes.

Cash flow from investing activities came to EUR - 654.5m compared to EUR - 179.4m in the prior year. Business acquisitions in fiscal year 2022/23 led to a cash outflow of EUR 437.0m (prior year: EUR 19.6m) and largely included the payment of the provisional purchase price for the acquired McKesson companies (less cash acquired) of EUR - 377.0m. The associated indirect acquisition of 45.0% of the shares in Brocacef Groep NV at EUR - 196.4m is included in cash flows from financing activities as an acquisition of further shares in an entity that has already been consolidated. Cash received from divestitures amounted to EUR 0.3m (prior year: EUR 0.5m).

Free cash flow decreased from EUR 210.7m in the prior year to EUR - 199.4m due to high levels of cash outflow from investing activities. For the change in free cash flow and cash and cash equivalents, please refer to the statement of cash flows.

Provisions for pensions increased - largely due to acquisition effects - from EUR 300.5m in the prior year to EUR 305.8m in the reporting year. Actuarial gains of EUR 29.8m had an offsetting effect.

Non-current financial liabilities came to EUR 1,913.3m (prior year: EUR 1,795.4m). These include lease liabilities pursuant to IFRS 16 of EUR 792.3m (prior year: EUR 658.6m). In addition, this item contains bonds amounting to EUR 397.5m (prior year: EUR 396.6m) and promissory notes amounting to EUR 709.6m (prior year: EUR 494.1m).

Current financial liabilities came to EUR 1,196.2m (prior year: EUR 736.9m) as of the reporting date. These include lease liabilities pursuant to IFRS 16 of EUR 161.2m (prior year: EUR 132.3m). This item also includes liabilities to banks of EUR 185.5m (prior year: EUR 113.4m), liabilities from ABS and factoring agreements of EUR 281.5m (prior year: EUR 345.0m) and other loans of EUR 254.8m (prior year: EUR 121.8m).

Net debt increased primarily due to acquisitions by EUR 1,105.4m compared to 31 January 2022 to EUR 2,935.2m, according to the calculation below.

	31 January 2022 in EUR k	31 January 2023 in EUR k	Change in EUR k	Change in %
+ Financial liabilities (non-current)	1,795,412	1,913,269	117,857	6.6
./ Derivative financial instruments (non-current)	- 43	0	43	- 100.0
+ Financial liabilities (current)	736,935	1,196,220	459,285	62.3
./ Derivative financial instruments (current)	- 1,303	- 5,727	- 4,424	339.5
./ Cash and cash equivalents	- 964,985	- 430,402	534,583	- 55.4
+ Receivables sold in the course of ABS and factoring transactions	292,470	288,071	- 4,399	- 1.5
./ Factoring receivables	- 24,697	- 25,341	- 644	2.6
./ Receivables from ABS programmes	- 3,974	- 860	3,114	- 78.4
Net debt	1,829,815	2,935,230	1,105,415	60.4

Trade payables increased due to acquisitions by EUR 1,638.0m on the prior year to EUR 5,786.1m.

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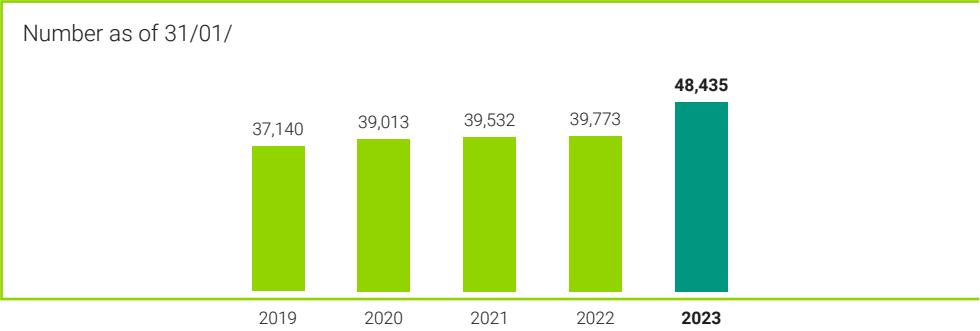
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EMPLOYEES

At the end of fiscal year 2022/23, the PHOENIX group had 48,435 employees across Europe. Headcount was thus up 21.8% compared to the prior year. The sharp increase in headcount largely reflects the acquisition of parts of McKesson Europe as of 31 October 2022. The number of full-time equivalents increased by 5.94% to 35,178.

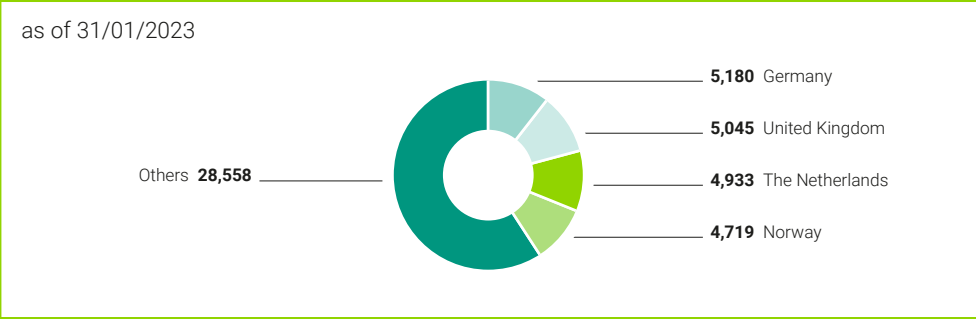
DEVELOPMENT OF EMPLOYEES



Continuous dialogue with our employees

Our employees’ commitment and motivation are key factors for our organisation’s performance. That is why we have been conducting group-wide employee surveys since 2015 in order to be able to respond in a targeted manner to feedback from our employees. In 2021 and 2022, a new concept for surveying employees was rolled out in eleven countries. The average participation rate of 76% shows that there is high level of acceptance and this is seen as a priority in these countries. Employees provided positive feedback in particular in the areas of job, teamwork, work organisation, and direct leadership. Since 2022, we have also been focusing more on flexible pulse surveys that can be tailored even more readily to the situation in our different countries while also taking account of group-wide indicators.

EMPLOYEES BY COUNTRY



A well-functioning digital infrastructure forms the basis for our cooperation across different divisions and countries. Therefore, as part of DIGITAL WINGS, the IT & Digital competence centre has initiated a series of programmes, including the “Digital Workplace Programme”. The project involves the creation of standardised digital workplaces within the PHOENIX group in order to meet the new requirements of the modern world of work. With the “Data Academy”, we also rolled out a further extensive, international programme in the past year. This supports employees in analysing and handling data in order to be able to use this based on the required needs and across the organisation.

We launched the project “Workspace 2022” in order to strengthen cooperation and on-site dialogue and combined this with the ability to work remotely. Following a site survey of employees in December 2021, the project team developed measures to respond to new requirements. These relate to closer collaboration between departments, the efficient use of our office space and the consideration of the individual needs of the departments depending on the different work procedures. The growing campus in Mannheim was also taken into account in this regard. The opening of “COLAB” in November 2022 created a modern working environment that offers space for creative, collaborative and interdisciplinary cooperation. We focus on activity-based working and working on shared desks.

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Solid basic and advanced training

Our objective is to cover the growing demand for professionals and executives from our own ranks. We therefore attach high importance to the training and development of our employees. We want to enable our employees to continuously develop their professional skills and further their personal development. To this end, we have set up an efficient training system across all countries. In fiscal year 2022/23, for example, employees and executives in Germany took part in a total of 77 internal training activities.

With “PHOENIX LERNWELT” in Germany, we have a valuable tool in the area of training. It brings together our entire range of trainings online in accordance with the principle of managing your own learning. In the past year, the focus remained on expanding LERNWELT. For example, in 2022, we introduced the new “discovery day” category, which includes the discovery days offered within the company. This is designed to help employees gain a better understanding of the work carried out by different departments, to support cross-functional cooperation and strengthen connections between departments. In addition, for our trainees, we have also developed the “AzubiSTARK!” initiative, which offers virtual training sessions on a diverse range of topics with internal trainers.

Moreover, in the prior fiscal year 2021/22, we introduced a Europe-wide e-learning management system. This comprises mandatory training sessions for all employees in all countries and languages in an efficient and transparent manner and facilitates collaborative learning on individual specialist topics across national borders. For example, we introduced two e-learning courses as part of the “Data Academy”, an introductory course on data analysis, and an in-depth course that trains employees to be citizen data scientists. There are also local e-learning management systems in the individual countries in order to respond to individual, country-specific requirements. In-person training is also still being provided, all PHOENIX group employees attend induction programmes and training in line with their functions. Our excellence programmes also strengthen international collaboration and the exchange of best practices within the PHOENIX group.

We have made targeted investments in the next generation of executives and have set ourselves the goal of filling executive positions internally wherever possible. To this end, we set up the LIFT Talent Initiative as part of the strategic agenda WINGS in the prior fiscal year 2021/22. This is aimed at developing and promoting high potentials at our company. With a strong co-creation approach, innovative formats and interdisciplinary work on current as well as relevant operating issues, the programme strengthens participants’ leadership skills. It also prepares them to take on prominent management functions within the PHOENIX group. One highlight in the past year was the participation of the “LIFTees” in the PHOENIX International Management Meeting (PIMM). This is our platform for intensive dialogue between the Executive Board of the PHOENIX group, the management of the subsidiaries, and upper management with international responsibility.

The PHOENIX group offers young people a diverse range of opportunities to join the firm, such as internships, apprenticeships and combined courses of study. In fiscal year 2022/23, in Germany, we employed 76 trainees and 17 students in a work-study programme. The traineeships available at our company include programmes for wholesale and foreign trade management clerk, office management clerk, electronics technician for devices and systems, warehouse logistics specialist, and IT specialist (specialising in application development and system integration), as well as bachelor’s degrees in business administration (digital commerce management, commerce, international business) and business informatics.

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RISK AND OPPORTUNITY REPORT

- Efficient risk management system to identify, monitor and manage risks
- Stable situation in terms of opportunities and risks due to only limited economic fluctuations in the pharmaceutical market
- No identifiable risks to the group’s ability to continue as a going concern
- Taking advantage of the opportunities that present themselves to build on the group’s position as market leader

RISK MANAGEMENT

The risk management system within the PHOENIX group consists of planning, approval and reporting structures and an early warning system. The internal audit department examines this system regularly for adequacy, operability and efficiency. The Executive Board regularly receives reports on the audit findings of the internal audit.

RISKS

The PHOENIX group is subject to market risks. As a rule, the pharmaceutical market is less affected by cyclical swings than other industries, but the loss of purchasing power and cost-saving measures in government spending on healthcare can have a negative impact on the market and our business activities.

The earnings situation in the pharmaceutical wholesale business is also influenced by the terms and conditions granted to customers and by suppliers. These depend, in particular, on the level of competition in individual countries, which is why they are continually monitored on both the sales and purchasing side.

In the operating business, the quality and stability of the operating processes are decisive. An IT systems failure could disrupt key business procedures and processes. Furthermore, external attacks could result in a loss of confidential and sensitive data. In many areas, there are contingency plans for maintaining operations, even in the event of unforeseen interruptions. The standardisation, regular review and maintenance of the IT systems also helps ensure the continuity of the operating procedures.

With advancing digitalisation, new competitors are seeking to establish themselves on the market with online offerings, in competition with traditional pharmacies, and in the wholesale business. We are monitoring these activities and are reviewing in which areas it is expedient and admissible to set up or expand our own online offering.

Global pandemics, such as the COVID-19 pandemic, could have a negative impact on the economy and potentially also impact our business activities.

Ongoing geopolitical crises, such as the conflict in Ukraine, pose a risk to general economic growth. It is difficult to estimate the further consequences of the military conflict and the sanctions that have already been imposed at present. We conduct almost no direct business activities in Ukraine or Russia. However, there could be indirect effects on the PHOENIX group’s assets, liabilities, financial position and financial performance. Transportation and energy costs are a significant cost factor, making up around 15% of our total costs. The significant increase in fuel and energy prices in fiscal year 2022/23 caused this cost item to rise sharply. There continues to be the risk of high fuel and energy costs. The PHOENIX group will use mitigation measures to attempt to reduce the resulting negative effects on its assets, liabilities, financial position and financial performance.

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Credit risk and accounts receivable management

The credit risk for the PHOENIX group, measured as total receivables, is comparatively low. Regardless of this, payment terms in the public healthcare system tend to vary from one country to another, with longer payment terms customary in Southern and Eastern Europe. In our experience, the risk is also distributed over a large number of customer relationships. In the course of liberalisation of the pharmacy markets in Europe, however, pharmacy chains and new sales channels are increasingly emerging, creating a large number of major customers with a higher level of receivables outstanding.

A group-wide guideline for accounts receivable management aims to systematically monitor receivables risks.

Acquisition projects

The PHOENIX group's strategy is to acquire pharmacies and wholesale companies in order to expand its own market position. As a result, the group is exposed to legal, fiscal, financial and operational risks from acquisitions. The central Mergers & Acquisitions department therefore analyses and reviews acquisition projects before they are approved by the Executive Board. It may, however, happen that developments anticipated at the date of acquisition do not eventuate. This can, in turn, lead to recognising an impairment loss on goodwill in the course of impairment testing.

Legal risks

The PHOENIX group is active in 29 countries in Europe. In light of its strong market position, there is a risk that competition authorities will occasionally rule in a way that is unfavourable for us. Trade with pharmaceutical products requires compliance with certain legal requirements in the different countries. Infringements of these requirements may result in corresponding penalties by the authorities.

Financial risks

In a financing context, the PHOENIX group is exposed to various risks.

As part of our syndicated loan agreement, certain financial covenants were agreed, the breach of which presents a risk to financing. The development of liabilities and covenants is monitored regularly as a result. In fiscal year 2022/23, we complied with the agreed covenants comfortably.

Derivatives are used to hedge against interest rate and currency risks. Their use is monitored intensively on a timely basis. Derivative financial instruments are only used for hedging purposes, and counterparty risks are minimised by the careful selection of trading partners.

The agreements underlying our corporate bonds contain restrictions and obligations for the PHOENIX group, as issuer, that are customary in the market. Failure to comply with these restrictions and obligations could result in the amount of the bond plus the interest accrued falling due.

As regards the currency translation risk, the exchange rates of the pound sterling, the Norwegian krone and the Hungarian forint are of relevance for the PHOENIX group. Currency transaction risks are relevant in some eastern European countries where deliveries by the pharmaceutical manufacturers are sometimes invoiced in euros and sometimes in US dollars. For the group, however, these are not material. Fluctuations on the financial markets may also lead to shortfalls in the pension funds and the inherent risk of an unplanned increase in personnel expenses.

Tax risks

The companies of the PHOENIX group based in Germany are subject to tax field audits. Foreign subsidiaries are subject to the audit requirements of their local tax authorities. Tax backpayments cannot be ruled out as a result of tax audits performed at German and foreign companies.

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OPPORTUNITIES

The PHOENIX group is active in 29 countries in Europe. The broad geographic diversification reduces the impact of changes in healthcare policy in individual markets on the group’s business development. In addition, thanks to its broad geographical coverage, the PHOENIX group can also offer the pharmaceutical industry services across Europe.

Strong market position in wholesale

The PHOENIX group holds a leading market position in pharmaceutical wholesale in almost all countries in which it operates. It is the market leader in a large number of countries and has a particularly strong position in Northern and Eastern Europe and in Germany. No competitor has a comparable geographic coverage or market position in these regions.


Many of our pharmacy customers take part in the company’s cooperation programmes. In some countries, the PHOENIX group also offers franchise systems for independent pharmacies.

Expansion of presence in Europe

Against the backdrop of strong competition, increasing pressure on margins in the European healthcare sector and rising demand for in-patient and digital health services, the PHOENIX group intends to reinforce and build up its position in Europe. The acquisition of McKesson Europe was an important step in achieving this. This will increase the range of products and services offered by the PHOENIX group in France and Italy and open up its presence in Belgium, Ireland, Portugal and Slovenia. This also opens up new opportunities for playing an active role in the digital transformation of the European healthcare sector.

Financial prerequisites for future growth established

The integration of the wholesale and retail pharmaceutical business also offers opportunities.

In the logistics business unit, the PHOENIX group continuously implements process improvements across Europe. **More information can be found under “Processes and organisation” on  p. 21.** Process optimisation measures that are successful in one country serve as a starting point for improvement measures in other countries and can help to reduce costs there.

The sound financing structure, with an equity ratio of around 30%, and long-term financing have established the financial prerequisites for the future growth of the PHOENIX group. This applies to both organic growth and appropriate acquisitions.

EXECUTIVE BOARD’S OVERALL ASSESSMENT OF THE RISKS AND OPPORTUNITIES

On the whole, the PHOENIX group operates in a stable market and is well equipped to conduct activities in the areas of wholesale, retail, and pre-wholesale. This allows it to take advantage of any opportunities that present themselves in order to build on its strong market position in the future. The risks and opportunities in the pharmaceutical retail business are not subject to any major changes over time. There are currently no discernible risks that could jeopardise the company’s ability to continue as a going concern.

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FORECAST

- Future economic development continues to be fraught with uncertainty
- Growth of the PHOENIX group’s revenue in fiscal year 2023/24 expected to slightly outpace the growth of Europe’s pharmaceutical markets

FUTURE ECONOMIC ENVIRONMENT

For 2023, the IMF expects the global economy to grow by 2.9%. However, there continue to be risks that could lead to a deterioration in the situation such as a further intensification of the COVID-19 situation in China, an escalation of the Russian war of aggression in Ukraine and a debt crisis due to the strict monetary policy imposed by central banks. For the eurozone, experts from the IMF are forecasting a 0.7% increase in GDP and growth of 0.1% for Germany. Although we conduct almost no business activities in Ukraine or Russia, there continues to be an indirect negative impact on the PHOENIX group’s assets, liabilities, financial position and financial performance due to the high fuel and energy prices.

We expect the pharmaceutical markets in Europe to record market growth of around 5.0% overall in 2023. In Germany, our largest market, we anticipate market growth of approximately 4.5%.

FUTURE DEVELOPMENT OF THE PHOENIX GROUP

For fiscal year 2023/24, the PHOENIX group 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 2023/24, we forecast profit before tax to be significantly 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 a 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 also expect a slight increase in the equity ratio.

EXECUTIVE BOARD’S ASSESSMENT OF THE GROUP’S FUTURE POSITION

The Executive Board is confident that, with its presence in 29 European countries and its sound financing structure, the PHOENIX group is well equipped to also achieve positive business development over the medium and long term. In addition to the organic and acquisition-related growth, increasing cost efficiency should also be an important contributing factor.

Mannheim, 18 April 2023

The Executive Board

Sven Seidel (Chair)	Stephen Anderson	Marcus Freitag	Stefan Herfeld
Leon Jankelevitsh	Dr Carsten Sauerland	Dr Roland Schütz	

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EXTRACT FROM THE CONSOLIDATED FINANCIAL STATEMENTS

2022/2023

CONSOLIDATED INCOME STATEMENT

for fiscal year 2022/23



EUR k	Note	2021/22	2022/23
Revenue	1	30,723,448	36,316,362
Cost of purchased goods and services		– 27,493,329	– 32,572,975
Gross profit		3,230,119	3,743,387
Other operating income	2	40,665	339,930
Personnel expenses	3	– 1,658,266	– 1,937,075
Other operating expenses	4	– 944,897	– 1,126,992
Results from associates and joint ventures	5, 12	– 1,012	– 3,982
Result from other investments	5	2,371	8,538
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		668,980	1,023,806
Amortisation of intangible assets and depreciation of property, plant and equipment	6	– 290,916	– 325,999
Impairment of intangible assets and property, plant and equipment	6	– 21,777	– 305,164
Earnings before interest and taxes (EBIT)		356,287	392,643
Interest income		18,946	12,204
Interest expenses		– 82,015	– 101,574
Other financial result		4,756	– 3,463
Financial result	7	– 58,313	– 92,833
Profit before tax		297,974	299,810
Income taxes	8	– 86,373	– 30,049
Profit after tax		211,601	269,761
thereof attributable to non-controlling interests		34,612	29,163
thereof attributable to the shareholders of the parent company		176,989	240,598

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for fiscal year 2022/23



EUR k	2021/22	2022/23
Profit after tax	211,601	269,761
Items not reclassified to the income statement		
Remeasurement of defined benefit plans	– 18,227	25,105
Items that may subsequently be reclassified to the income statement		
Currency translation differences	32,575	– 7,618
Other comprehensive income, net of taxes	14,348	17,487
Total comprehensive income	225,949	287,248
thereof attributable to non-controlling interests	34,624	28,721
thereof attributable to owners of the parent company	191,325	258,527

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION as of 31 January 2023

ASSETS

EUR k	Note	31 Jan 2022	31 Jan 2023
Non-current assets			
Intangible assets	9	1,876,485	2,080,825
Property, plant and equipment	10	1,779,804	2,274,027
Investment property	10, 11	5,083	3,989
Investments in associates and joint ventures	12	17,724	9,215
Trade receivables	13	72	4,824
Other financial assets	13	96,512	108,227
Deferred tax assets	8	106,339	149,972
Income tax receivables		4,192	2,500
		3,886,211	4,633,579
Current assets			
Inventories	14	2,696,791	3,574,811
Trade receivables	15	2,928,140	4,421,129
Income tax receivables		18,681	27,770
Other financial assets	15	97,620	92,702
Other assets	16	159,745	289,135
Cash and cash equivalents	17	964,985	430,402
		6,865,962	8,835,949
Non-current assets held for sale	24	3,905	145,982
Total assets		10,756,078	13,615,510

EQUITY AND LIABILITIES

EUR k	Note	31 Jan 2022	31 Jan 2023
Equity			
Issued capital	18	2,786	2,786
Capital reserves	18	961,106	961,106
Revenue reserves	18	2,201,480	2,501,563
Accumulated other comprehensive income	18	– 309,774	– 291,845
Equity attributable to the shareholders of the parent company		2,855,598	3,173,610
Non-controlling interests	12, 18	312,588	112,703
		3,168,186	3,286,313
Non-current liabilities			
Financial liabilities	21	1,795,412	1,913,269
Trade payables	22	144	633
Provisions for pensions and similar obligations	19	300,502	305,756
Other non-current provisions	20	2,509	17,787
Deferred tax liabilities	8	154,368	235,719
Income tax liabilities		0	5
Other non-current liabilities		1,115	887
		2,254,050	2,474,056
Current liabilities			
Financial liabilities	21	736,935	1,196,220
Trade payables	22	4,147,890	5,785,422
Other provisions	20	36,968	95,537
Income tax liabilities		53,487	72,341
Other liabilities	23	358,269	548,391
		5,333,549	7,697,911
Liabilities directly associated with assets held for sale	24	293	157,230
Total equity and liabilities		10,756,078	13,615,510



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CONSOLIDATED STATEMENT OF CASH FLOWS for fiscal year 2022/23



EUR k	31 Jan 2022	31 Jan 2023
Profit after tax	211,601	269,761
Income taxes	86,373	30,049
Profit before income taxes	297,974	299,810
Adjustments for:		
Interest expenses and interest income	63,069	89,370
Amortisation/depreciation/impairment/write-ups of intangible assets, property, plant and equipment and investment property	312,693	631,163
Result from associates and other investments	- 1,359	- 4,556
Net result from the disposal of assets related to investing activities	- 728	- 8
Other non-cash expense and income	207,022 ¹⁾	- 40,505
	878,671	975,274
Interest paid	- 90,989	- 79,804
Interest received	9,851	13,417
Income taxes paid	- 56,588	- 89,594
Dividends received	2,548	12,180
Cash flow before change in assets and liabilities	743,493	831,473
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	- 43,031	- 50,985
Cash flow before change in operating assets and liabilities	700,462	780,488
Change in inventories	62,767	- 120,050
Change in trade receivables	- 211,783	- 509,436
Change in trade payables	53,162 ¹⁾	464,767
	- 95,854	- 164,719
Change in other assets and liabilities not related to investing or financing activities	- 214,501 ¹⁾	- 160,676
Change in operating assets and liabilities	- 310,355	- 325,395
Cash flow from operating activities	390,107	455,093
Acquisition of consolidated companies and business units, net of cash acquired	- 19,556	- 437,012
Capital expenditures for intangible assets, property, plant and equipment, and investment property	- 180,216	- 229,053
Investment in other financial assets and non-current assets	- 8,198	- 6,360
Cash outflows for investments	- 207,970	- 672,425

EUR k	31 Jan 2022	31 Jan 2023
Cash received from the sale of consolidated companies and business units, net of cash disposed	480	311
Cash received from disposal of intangible assets, property, plant and equipment, and investment property	23,227	13,729
Proceeds from other financial assets and non-current assets	4,831	3,839
Cash inflows from realised investments and divestments	28,538	17,879
Cash flow from investing activities	- 179,432	- 654,546
Cash available for financing activities	210,675	- 199,453
Capital contribution from/repayment to non-controlling interests	0	- 1,277
Acquisition of additional shares in already consolidated subsidiaries	- 331	- 198,749
Proceeds from disposal of interests in subsidiaries without loss of control	14	95
Dividends paid to non-controlling interests	- 19,361	- 17,925
Proceeds from bond issuance and bank loans	143,652	463,317
Repayment of bonds and bank loans	- 382,684	- 413,752
Change in bank loans which have a maturity period of 3 months or less	76,071	71,556
Proceeds from the issue of loans from related parties	100,197	20,000
Repayment of loans from related parties	- 212	- 45,000
Change in ABS/Factoring	149,786	- 21,879 ²⁾
Change in finance lease	- 134,846	- 155,752
Change in other financial liabilities	981	- 2,786
Cash flow from financing activities	- 66,733	- 302,152
Changes in cash and cash equivalents	143,942	- 501,605
Effect of exchange rate changes on cash and cash equivalents	2,477	636
Cash and cash equivalents at the beginning of the period	818,843	964,985
Cash and cash equivalents at the end of the period	965,262	464,016
Less cash and cash equivalents included in assets held for sale	- 277	- 33,614
Cash and cash equivalents presented in the balance sheet at the end of the period	964,985	430,402

¹⁾ Previous year adjusted.

²⁾ In fiscal year 2022/23, an ABS programme was terminated and rolled out with a new partner. In connection with this, cash receipts of EUR 133,078k and cash payments of EUR 137,054k are recorded.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for fiscal year 2022/23



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 2021	2,786	961,106	2,023,903	-132,471	-191,639	2,663,685	295,969	2,959,654
Profit after tax			176,989			176,989	34,612	211,601
Accumulated other comprehensive income				32,569	-18,233	14,336	12	14,348
Total comprehensive income, net of tax			176,989	32,569	-18,233	191,325	34,624	225,949
Changes in the interest of consolidated companies			-818			-818	-914	-1,732
Dividends						0	-17,602	-17,602
Other transactions with owners			561			561	0	561
Other changes in equity			845			845	511	1,356
31 January 2022	2,786	961,106	2,201,480	-99,902	-209,872	2,855,598	312,588	3,168,186
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			240,598			240,598	29,163	269,761
Accumulated other comprehensive income				-6,981	24,910	17,929	-442	17,487
Total comprehensive income, net of tax			240,598	-6,981	24,910	258,527	28,721	287,248
Changes in the basis of consolidation			9			9	48,057	48,066
Changes in the interest of consolidated companies			60,075			60,075	-258,835	-198,760
Dividends						0	-17,867	-17,867
Other transactions with owners			30			30	52	82
Other changes in equity			-629			-629	-13	-642
31 January 2023	2,786	961,106	2,501,563	-106,883	-184,962	3,173,610	112,703	3,286,313

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FINANCIAL CALENDAR 2023

Please consult our calendar for the most important announcement dates:

27 June	Quarterly statement February to April 2023
25 September	Half-year report February to July 2023
20 December	Quarterly statement February to October 2023

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