

McKesson Europe AG

Annual Financial Statements

for the **2019 Fiscal Year** from
01 April 2018 to 31 March 2019

Statement of financial position as at 31 March 2019

Assets	Note No.	31/03/2018 thsd. EUR	31/03/2019 thsd. EUR
Non-current assets			
Intangible assets	1	42,482	48,080
Property, plant and equipment	2	4,969	8,200
Financial assets	3	3,002,428	2,784,289
		3,049,879	2,840,569
Current assets			
Receivables and other assets	4	653,302	410,017
Cash and cash equivalents	5	356,592	822,871
		1,009,894	1,232,888
Prepaid expenses	6	2,857	25,022
Total equity and liabilities		4,062,630	4,098,479
LIABILITIES			
Equity			
Issued capital	7	260,123	260,123
Capital reserves	7	1,762,627	1,762,627
Revenue reserves	7	1,102,781	1,102,781
Net retained profit	8	0	0
<i>Contingent capital</i>		21,773	21,773
		3,125,531	3,125,531
Provisions			
Provisions for pensions and similar obligations	9	26,432	31,223
Other provisions	10	45,028	36,716
		71,460	67,939
Liabilities	11	865,639	905,009
Prepaid expenses		0	0
Total equity and liabilities		4,062,630	4,098,479

Income statement for the 2019 fiscal year, from 01/04/2018 to 31/03/2019

	Note No.	2018 thsd. EUR	2019 thsd. EUR
Sales	15	90,674	102,180
Other own works capitalised	16	823	64
Other income	17	127,260	247,815
Service related expenses	18	28,879	43,199
Personnel expenses	19	38,658	47,630
Amortisation of intangible assets and depreciation of property, plant and equipment		47,572	10,848
Other expenses	20	149,665	68,185
Investment result	21	-308,659	-383,361
Financial result		0	0
Interest result	22	69,947	63,430
Income taxes	23	7,193	3,931
Earnings after income tax		-291,922	-143,665
Gain of loss assumption		-291,922	-143,665
Net profit for the year		0	0
Retained earnings from the previous year		0	0
Allocation to other revenue reserves		0	0
Net retained profit		0	0

Annex

General disclosures

The annual financial statements of McKesson Europe AG, Stuttgart, as at 31 March 2019, were compiled in euros (EUR) in accordance with Sections 242 et seqq. and Sections 264 et seqq. of the Handelsgesetzbuch (HGB, German Commercial Code) and the relevant provisions of the Aktiengesetz (AktG, German Stock Corporation Act). The requirements for major corporations apply. The income statement is prepared using the nature of expense method.

The stock corporation is headquartered in Stuttgart, Germany. The address is McKesson Europe AG, Stockholmer Platz 1, D-70173 Stuttgart, local court of Stuttgart, HRB 9517.

The annual financial statements of McKesson Europe AG reflect the activities of an executive management holding company, with the result that sales mainly include the services provided to subsidiaries. Income from investments and profit and loss transfer agreements are additional sources of the company's earnings. Furthermore, group financing represents a focus of operations.

In order to provide clearer presentation, we have also summarised individual items from the balance sheet as well as the income statement in accordance with Section 265 Paragraph 7 No. 2 HGB and have itemised and explained these separately in these notes. For the same reason, the information on inclusion with other items and “of which” sub-items is also provided in the relevant location.

As part of the domination and profit and loss transfer agreement, the net profit of McKesson Europe AG is adopted by McKesson Europe Holdings GmbH & Co. KGaA, Stuttgart. The annual financial statements and the management report of McKesson Europe AG for the 2019 fiscal year are published in the Federal Gazette. The management report of McKesson Europe AG is combined with the group management report, as it deals with McKesson Europe AG as the management holding company and the corresponding risks and opportunities of its subsidiaries.

Principles of accounting and evaluation

The methods of accounting and evaluating the assets and liabilities are stated in the explanations relating to the individual items in the statement of financial position.

Information on the statement of financial position

Trend in non-current assets in 2019

	Intangible assets			Property, plant and equipment		Financial assets	Total	
	Self-developed capitalised intangible assets	Purchased concessions and industrial rights	Payments on account	structures on third-party plots	Other equipment, furniture and fixtures			Payments on account
	thsd. EUR	thsd. EUR	thsd. EUR	thsd. EUR	thsd. EUR	thsd. EUR	thsd. EUR	
Accumulated historical cost as of 01/04/2018	81,172	90,992	0	1,510	6,076	0	3,672,360	3,852,110
Additions	- 101	14,343	0	0	5,434	0	259,821	279,497
Disposals	0	0	0	0	0	0	- 107,143	- 107,143
Accumulated historical cost as of 31/03/2019	81,071	105,335	0	1,510	11,510	0	3,825,038	4,024,464
Accumulated amortisation/ depreciation as of 01/04/2018	42,794	86,888	0	201	2,416	0	669,932	802,231
Additions	5,477	3,167	0	151	2,052	0	370,817	381,664
<i>of which unscheduled</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Accumulated amortisation/ depreciation as of 31/03/2019	48,271	90,055	0	352	4,468	0	1,040,749	1,183,895
Amortised costs as at 31/03/2019	32,800	15,280	0	1,158	7,042	0	2,784,289	2,840,569
Amortised costs as at 31/03/2018	38,378	4,104	0	1,309	3,660	0	3,002,428	3,049,879

Intangible assets are comprised of software and trademarks. Tenant fixtures, other equipment and furniture and fixtures are recorded under property, plant and equipment. The development of the financial assets is explained under (3) Financial assets.

(1) Intangible assets

The intangible assets acquired are accounted for at acquisition cost. They are amortised on a straight-line basis over three to five years. Additions mainly relates to software licenses including ancillary acquisition costs for their commissioning.

In addition, self-developed intangible assets were capitalised during the fiscal year, exercising the option provided in Section 248 Paragraph 2 HGB. This capitalisation was valued at development cost in accordance with Section 253 Paragraph 1 Sentence 1 and Section 255 Paragraph 2a HGB. The self-developed intangible assets are development expenses for the global ERP software. Costs include the directly attributable individual costs as well as appropriate percentages of the overheads, administration costs and social costs. Financing costs are not capitalised. In this context, in the 2019 financial year retroactive expenses for ERP software development of EUR 1,735 thsd. were capitalised. On 9 December 2017, the Norwegian group sister company NMD became the first to put the new ERP system into operation. The capitalised ERP development projects are to be amortised on a straight-line basis over seven years and the related expense passed on to the relevant companies.

Additionally the company received a credit note from a supplier of EUR 2,906 thsd. as reduction of the additions.

Due to the technological changes, it was decided in financial year 2019 to equip the other group companies with the SAP S4 HANA software. EUR 1,071 thsd. was capitalised for this purpose and additionally EUR 7,412 thsd. for necessary Software.

In accordance with Section 268 Paragraph 8 HGB, the amount of self-developed intangible assets of EUR 32,800 thsd. is subject to a profit distribution barrier, i.e. the profits may only be paid out if the reserves remaining freely available after payout plus retained earnings and minus loss carryforward are equal to or higher than the total amounts applied minus the deferred tax liabilities set aside for this.

In addition, the concessions and property rights acquired against payment include brand rights acquired from an English group company to the value of EUR 2,100 as, in the future, brand rights should be centralised in the management holding company.

(2) Property, plant and equipment

Additions to property, plant and equipment are capitalised at acquisition cost. Scheduled depreciation for furniture and fixtures takes place on a linear basis over 3 to 10 years. Tenant fixtures are depreciated over the performance period of the rental agreements. Additions came from office equipment, furniture and fixtures as well as tenant fixtures. Low-value assets up to a net individual value of EUR 250 have been fully depreciated in the year of receipt or recorded as expenses; their immediate derecognition has been assumed. For assets with a net individual value of between EUR 250 and EUR 1,000, the compound item to be formed each year for tax reasons has been included in the balance sheet prepared for commercial purposes. From the annual compound items, the amount of which is of subordinate importance overall, in each case 20% per year of the amount initially recognised is subjected to lump-sum depreciation upon formation and in the four subsequent years in accordance with tax requirements. Depreciation on additions to property, plant and equipment is applied on a pro rata basis in other respects.

(3) Financial assets

	Shares in affiliates thsd. EUR	Loans to affiliates thsd. EUR	Shares in associates thsd. EUR	Other loans thsd. EUR	Securities in the non- current assets thsd. EUR	Total thsd. EUR
Accumulated historical cost as of 01/04/2018	2,090,062	1,449,282	133,016	0	0	3,672,360
Additions	244,785	15,036	0	0	0	259,821
Disposals	-79,800	-27,343	0	0	0	-107,143
Reclassifications	-423	423	0	0	0	0
Accumulated historical cost as of 31/03/2019	2,254,624	1,437,398	133,016	0	0	3,825,038
Accumulated amortisation/ depreciation as of 01/04/2018	669,932	0	0	0	0	669,932
Additions	370,817	0	0	0	0	370,817
Accumulated amortisation/ depreciation as of 31/03/2019	1,040,749	0	0	0	0	1,040,749
Amortised costs as at 31/03/2019	1,213,875	1,437,398	133,016	0	0	2,784,289
Amortised costs as at 31/03/2018	1,420,130	1,449,282	133,016	0	0	3,002,428

Financial assets are recorded at acquisition cost or at the lower fair value. The additions in investments are the outcome of an income statement-related swap of the remaining shares of a company with the subsidiary McKesson France Holding for

new shares. Interest-bearing loans are in principle recorded at their nominal value. Provisions for not recoverability loans will be added, insofar no letter of comfort from the shareholder company exist.

(4) Receivables and other assets

	31/03/2018 thsd. EUR	31/03/2019 thsd. EUR
Receivables from affiliates	355,430	257,874
Receivables from shareholders	296,543	143,665
<i>of which due in more than one year</i>	(0)	(0)
Receivables from other investors and investees	0	0
<i>of which due in more than one year</i>	(0)	(0)
Other assets	1,329	8,478
<i>of which due in more than one year</i>	(0)	(0)
Total	653,302	410,017

Receivables and other assets are recorded at their nominal value. All items that carry risk must be taken into account through the formation of appropriate specific provisions. Receivables from affiliates mainly relate to short-term loans from the cash pool agreement. Receivables from shareholders and simultaneously to affiliated companies include primarily the offsetting of losses under the profit transfer agreement in the amount of EUR 143,665 thsd.

Receivables in foreign currency have in principle been converted using the average spot exchange rate on the balance sheet date. In the event of a remaining term of more than one year, the realisation principle (Section 252 Paragraph 1 No. 4 Clause 2, HGB) and the cost method (Section 253 Paragraph 1 Sentence 1 HGB) were considered.

(5) Cash and cash equivalents

	31/03/2018 thsd. EUR	31/03/2019 thsd. EUR
Cash on hand	0	1
Cash at banks	356,592	822,870
Total	356,592	822,871

The increase in cash and cash equivalents is mainly due to the loss transfer for the fiscal year 2018 of EUR 291,922 thsd. and the positive cash-flow generation by the subsidiaries.

(6) Prepaid expenses

Prepaid expenses primarily concern prepaid expenses for IT services.

(7) Subscribed capital and reserves

The subscribed capital of McKesson Europe AG is subdivided into 203,220,932 (previous year 203,220,932) no-par-value registered shares, which are fully paid up.

There is authorised capital of EUR 130,100 thsd. that has been authorised up until 10 August 2020 (authorised capital 2015).

Capital and revenue reserves are unchanged since the start of the domination and profit and loss transfer agreement on 01 January 2015.

Revenue reserves in the amount of EUR 1,102,781 thsd exclusively concern other revenue reserves. Overall, there is a payout block of EUR 40,469 thsd. This concerns items in self-developed assets of EUR 32,800 thsd. and interest rates adjustment to the pension provisions of EUR 7,669 thsd.

(8) Net retained profit

On the basis of the domination and profit and loss transfer agreement of 22 May 2014, the net loss is transferred to McKesson Europe Holdings GmbH & Co. KGaA. Therefore, the net retained profit for McKesson Europe AG is EUR 0 thsd (previous year EUR 0 thsd).

On the basis of the domination and profit and loss transfer agreement, McKesson Europe Holdings GmbH & Co. KGaA undertakes to pay external shareholders of McKesson Europe AG a compensatory payment of EUR 0.83 per no-par-value share. The external shareholders of McKesson Europe AG therefore received the compensatory payment of EUR 0.83 per no-par-value share for the 2018 fiscal year. This compensatory payment of EUR 0.83 per no-par-value share for the 2019 fiscal year from 01 April 2018 to 31 March 2019 will be also payable by McKesson Europe Holdings GmbH & Co. KGaA, due after the Annual General Meeting on 02 August 2019.

(9) Provisions for pensions and early retirement obligations

The pension provisions have been calculated by the actuarial projected unit credit method, using the 2018 G mortality tables issued by Prof Dr Klaus Heubeck. The option pursuant to Section 253 Paragraph 2 Sentence 2 HGB has been exercised for discounting, and the average market interest rate over the past 10 years of 3.07% has been applied, assuming a remaining term of 15 years. Forecast salary increases of 2.75% and forecast pension increases of 1.75% for employees as well as a contribution increase of 2.75% for Management Board members have been taken into account. Employee turnover has been taken into consideration through turnover assumptions phased according to age, length of service and gender. It includes the probability of mortality, as well as the likelihood of becoming disabled and being married, which are used in the calculation of company old age pension schemes in Germany. It has become clear that both the mortality and the morbidity rate fell over the past few years. In particular, a decline in the mortality rate, i.e. an increase in life expectancy leads to an increase in the cost of company old age pension schemes (bAV).

As at the reporting date 31 March 2019, the difference to the 7-year average market rate, pursuant to Section 253 Paragraph 6 HGB was EUR 7,669 thsd. This amount is subject to a payout block in accordance with Section 253 Paragraph 6 Sentence 1 HGB.

Pursuant to Section 246 Paragraph 2 Sentence 2 HGB, assets of EUR 18,345 thsd, access to which has been withdrawn from all other creditors and which are used exclusively to meet the liabilities arising from pension benefit obligations or similar long-term obligations, have been offset against these obligations. Procurement costs for the offset assets are EUR 19,361 thsd., the fair value of the assets amounts to EUR 18,345 thsd., the fulfilment amount of the offset liabilities comes to EUR 22,043 thsd.

In connection with the offsetting of plan assets, interest expenses amounting to EUR 1,921 thsd. and interest income amounting to EUR 434 thsd have been offset.

The anniversary provisions have been calculated by the actuarial projected unit credit method, using the 2018 G mortality tables issued by Prof Dr Klaus Heubeck.

The salary increase was 2.75%, the interest rate 2.24% and the expected pension increase 1.75% p.a.

(10) Other provisions

	31/03/2018 thsd. EUR	31/03/2019 thsd. EUR
Tax provisions	18,019	14,435
Sundry other provisions	27,009	22,281
Total	45,028	36,716

Alongside sundry other provisions, other provisions also include tax provisions.

Other provisions take into account all uncertain liabilities and imminent losses from pending transactions; the amount of these is recorded in accordance with a reasonable commercial assessment of the required fulfilment amount (i.e. in principle including future increases in costs and prices). Provisions with a remaining term of more than twelve months are discounted.

From 01 January 2015, McKesson Europe AG has been included in the McKesson Europe Holdings GmbH & Co. KGaA group of companies (income tax group) as a subsidiary company. All tax consequences, whether for current or deferred taxes, are recorded with the parent company. This does not relate to the periods up to 31 December 2014, which pre-date this group organisation. There is no tax burden distribution agreement.

The decrease year-on-year is primarily the result of reversal of a reserve for tax audit risks, which will be no longer used, due to new perceptions.

Other provisions primarily comprise provisions for personnel expenses amounting to EUR 6,312 thsd., provisions for outstanding invoices amounting to EUR 7,680 thsd., anniversary provisions amounting to EUR 1,152 thsd., and provisions for severance packages and restructuring amounting to EUR 4,209 thsd. The decline in other provisions is mainly due to utilisation of the restructuring provision and outstanding invoices.

(11) Liabilities

Liabilities	31/03/2018 Due in				31/03/2019 Due in			
	up to 1 year, thsd. EUR	more than 1 year EUR k	of which more than 5 years EUR k	Carrying amount thsd. EUR	up to 1 year, thsd. EUR	more than 1 year EUR k	of which more than 5 years EUR k	Carrying amount thsd. EUR
Bonds	0	0	0	0	0	0	0	0
Liabilities to banks	0	0	0	0	0	0	0	0
Liabilities to shareholders	0	0	0	0	0	0	0	0
Trade payables	2,484	0	0	2,484	6,701	0	0	6,701
Liabilities to affiliates	337,438	0	522,159	859,597	373,685	0	522,159	895,844
Liabilities to other investors and investees	0	0	0	0	0	0	0	0
Other liabilities	1,405	1,619	534	3,558	1,217	1,247	0	2,464
<i>of which taxes</i>	1,786	(0)	(0)	1,786	942	(0)	(0)	942
<i>of which for social security</i>	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Total	342,056	712	522,871	865,639	381,603	1,247	522,159	905,009

The loan agreement concluded on 1 October 2015 between McKesson Europe AG and McKesson Europe Holdings GmbH & Co. KGaA concerning a credit line to the value of EUR 1,000,000 thsd., was, by means of the amendment dated 8 December 2017, reduced to EUR 250,000 thsd., and has not been drawn down to date. The liabilities to affiliates includes mainly liabilities from the cash pool to the value of EUR 323,039 thsd. and loan liabilities to the value of EUR 522,159 thsd. All the loan liabilities are due to the McKesson UK Finance II Ltd.

Liabilities are recorded at the fulfilment amount. Liabilities in foreign currency have in principle been converted using the average spot exchange rate on the balance sheet date. In the event of a remaining term of more than one year, the realisation principle (Section 252 Paragraph 1 No. 4 Clause 2, HGB) and the cost method (Section 253 Paragraph 1 Sentence 1 HGB) has been observed.

(12) Contingent liabilities

Contingent liabilities	31/03/2018 thsd. EUR	31/03/2019 thsd. EUR
From guarantees, bill and cheque guarantees	163,250	110,530
<i>of which to affiliates</i>	55,686	66,397
Total	163,250	110,530

The warranty obligations primarily relate to litigation warranties in Brazil (EUR 44,130 thsd. [previous year EUR 107,561 thsd.] for Panpharma Distribuidora de Medicamentos Ltda., Brazil) and warranties to affiliates (EUR 28,576 thsd. [previous year EUR 25,231 thsd.] in respect of Lloyds Pharmacy Limited, Ireland) and EUR 15,000 thsd. [previous year EUR 15,000 thsd.] for PCA S.A. Belgium. Due to legal risks in Brazil a usage of warranty obligations will be possible but not expected yet. The risk associated with the other warranties for subsidiaries is regarded as low due to the net assets, financial position and results of operations of those subsidiaries concerned.

(13) Other financial obligations and off-balance-sheet transactions

In addition to contingent liabilities, there is EUR 38,334 thsd. (previous year EUR 46,148 thsd.) in other financial obligations. Specifically, these obligations concern the following matters:

Due to the outsourcing of all the group's IT infrastructure by virtue of an agreement concluded in February 2009 and effective 1 April 2009, the group has a financial obligation to pay service fees and future lease obligations over a period ending 30 April 2021, expected to amount to EUR 694 thsd. (previous year EUR 2,150 thsd.). The agreement was extended on 1 May 2018 and was reported as a purchase commitment last year.

Additional other financial obligations concern lease obligations, obligations from future leasing expenses for business vehicles belonging to the company, and for furniture and fixtures and data and telephony services in the amount of EUR 37,536 thsd. (previous year EUR 15,771 thsd.) and end within one to eight years. Furthermore, there is a purchase commitment from issued investment orders for lease vehicles amounting to EUR 104 thsd. (previous year EUR 28,227 thsd.). The decrease belongs to a cancelled IT Service contract.

Alongside standardising the IT infrastructure in the group, the purpose of the contracts specified above is to improve liquidity and ensure a financial advantage.

Due to the existing profit and loss pooling agreements with the subsidiaries, the company expected for the future loss assumptions in the same dimension as in the current year.

No significant risks have been identified.

As a result of the sale of shares in Admenta France S.A., Saint-Ouen, France in 2014, there is a long-term interest-bearing loan receivable of EUR 630,000 thsd. Due that in line with the latest version of IDW [Institute of Public Auditors in Germany] standard ERS HFA 13, the conditions for fully transferring the risks arising from the sold shares apply are not fulfilled in prior years, there was also no transfer of economic ownership, no realisation of revenue and the loan receivable was not reported in the balance sheet. As a result of another capital increase at McKesson France, the remaining amount of this legally existing loan receivable was paid in, so that the loan does no longer exist at the year end. Within the framework of the capital increase, shares of McKesson France Holding are guaranteed and swapped income statement-related with the present value against the remaining shares of Admenta France S.A.

The income of EUR 164.985 thsd. is reported under other income (sect. 17).

(14) Derivative financial instruments and valuation units

Derivative financial instrument	Nominal volume		Market value		Carrying amount	
	31/03/2018 thsd. EUR	31/03/2019 thsd. EUR	31/03/2018 thsd. EUR	31/03/2019 thsd. EUR	31/03/2018 thsd. EUR	31/03/2019 thsd. EUR
Currency instruments (positive market value)	10,739	12,535	85	72	0	0
Currency instruments (negative market value)	12,407	12,018	-88	-228	0	-177
Total	23,146	24,553	-3	-156	0	-177

The fair values of derivative financial instruments are determined by reference to capital market data at the end of the reporting period and by use of suitable valuation methods (e.g. the discounted cash flow method) and other generally accepted option pricing models. Insofar as interest rates are required for their calculation, market interest rates applicable for the remaining term of the derivatives are used. Derivative currency instruments solely comprise forward exchange contracts in the following currencies: pound sterling, US dollar, Swiss franc, Polish zloty, and Norwegian krone.

As regards assets, liabilities and forecast transactions, McKesson Europe AG is exposed to risks resulting from changes in exchange rates and interest rates, among other things. Based on a risk appraisal, selected hedging instruments are used to limit these risks.

The use of derivatives is subject to uniform group guidelines set by the Management Board, compliance with which is continuously monitored. These include the functional segregation of trading, handling and posting, and the authorisation of just a few qualified employees to enter into derivative financial instruments. We only enter into derivatives for hedging purposes and then only with banks with good credit ratings.

Currency risks refer to the possible writedown of items in the statement of financial position and any forward transactions due to fluctuations in exchange rates.

Currency risks are primarily countered using micro-hedges. This involves a direct hedge of the underlying transaction by means of a foreign exchange derivative. Currency derivatives are primarily used to hedge forecast transactions in foreign currency. This involves selecting the currency derivative (or a combination of several derivatives) which best reflects the likelihood of occurrence and timing of the forecast transaction.

Forward exchange contracts were also used in the 2019 fiscal year to hedge foreign exchange transactions.

If valuation units are recorded pursuant to Section 254 HGB, the following principles of accounting and evaluation apply:

Economic hedge relationships are reflected in the balance sheet through the formation of valuation units. If positive and negative value changes or cash flows from underlying transactions and hedging instruments based on the hedged risk for this period are fully balanced, they are essentially offset and recorded neither in the carrying amounts of the underlying transactions or hedging instruments nor in the income statement ("compensatory valuation"). If negative value changes outweigh positive value changes based on the hedged risk (currently ineffective), this difference is transferred into a valuation unit provision as an unrealised loss, recorded as expenses in accordance with the imparity principle.

At the inception of a hedge relationship, the risk management strategy with regard to the hedged risk, the planned hedging period, the hedging instrument, the underlying transaction, and the method for testing the hedge effectiveness is formally determined and documented.

The following valuation units have been formed:

	Transaction/ Hedging instrument	Risk/ Type of valuation unit	covered amount	Volume	Amount of hedged risk	Hedging period
(1)	Currency derivative/ Currency derivative	Currency risk/ micro hedge	EUR – 25 thsd.	GBP 10,864 thsd.	EUR – 25 thsd.	up to 6 months
(2)	Currency derivative/ Currency derivative	Currency risk/ micro hedge	EUR – 38 thsd.	EUR 2,298 thsd.	EUR – 38 thsd.	up to 9 months
(3)	Currency derivative/ Currency derivative	Currency risk/ micro hedge	EUR – 0 thsd.	NOK 18,288 thsd.	EUR – 0 thsd.	up to 10 months

on (1–3): McKesson Europe AG concludes currency hedging transactions on behalf of subsidiaries and passes them on internally to the subsidiaries under the same terms. A valuation unit here consists of the externally and internally forwarded transaction, whereby the cash flows are offset in full up to the financial statement date.

This will be perfect micro hedges due that the hedged item and the hedging instrument are the same regarding currency, nominal amount and duration. Therefore the prospective measurement of effectiveness regarding the critical term match-method. The same for the retrospective measurement of effectiveness.

Information on the income statement

(15) Sales

	2018 thsd. EUR	2019 thsd. EUR
Sales	90,674	102,180
Total	90,674	102,180

The year-on-year rise in sales is chiefly due to the higher burdens towards subsidiaries.

(16) Other own works capitalised

	2018 thsd. EUR	2019 thsd. EUR
Other own works capitalised	823	64
Total	823	64

Since the development costs for the ERP software mainly comprise third-party services, the third-party services are directly recorded as increase in non-current assets by use of the net method. Consequently, the income statement only reflects own works of EUR 64 thsd. by McKesson Europe AG employees in own works capitalised.

(17) Other income

	2018 thsd. EUR	2019 thsd. EUR
Income from previous periods	2,953	4,849
Sundry income	124,307	242,966
<i>of which exchange rate gains</i>	<i>47,793</i>	<i>17,400</i>
Total	127,260	247,815

Income from previous periods results primarily from the release of provisions. Other income mainly comprises realization of profit regarding the recapitalization of McKesson France Holdings of EUR 164.985 thsd., cost allocations to affiliated companies amounting to EUR 40,466 thsd., and the ultimate parent company, McKesson Corporate, amounting to EUR 17,601 thsd. and currency effects EUR 17,400 thsd.

(18) Service-related expenses

	2018 thsd. EUR	2019 thsd. EUR
Service related expenses	28,879	43,199
Total	28,879	43,199

In the financial statements of 31 March 2019, the company recorded costs for purchased services of EUR 43,199 thsd. (previous year EUR 28,879 thsd.), which consists exclusively of services received.

(19) Personnel expenses / employees

	2018 thsd. EUR	2019 thsd. EUR
Wages and salaries	34,713	42,171
Social security and pension cost	3,945	5,459
<i>of which pension benefits</i>	353	946
Total	38,658	47,630

The average number of employees in the 2019 fiscal year was 355 (previous year 350).

The increase in personnel expenses is primarily due to allowances for restructuring measures

(20) Other expenses

	2018 thsd. EUR	2019 thsd. EUR
Other taxes	117	114
Sundry expenses	149,548	68,071
<i>of which exchange rate losses</i>	72,356	1,904
Total	149,665	68,185

Sundry expenses includes expenses from currency translation, as well as IT costs, legal and consulting costs, costs for services from affiliated companies, travel costs, as well as sundry rental costs and incidental costs.

(21) Investment result

	2018 thsd. EUR	2019 thsd. EUR
Income from profit transfer agreements	509	304
Income from investments	12,085	22,579
<i>Of which received from affiliates</i>	9,502	17,462
Expenses from loss absorption	-23,191	-35,427
Write-ups of financial assets	11,534	0
Impairment of financial assets	-309,596	-370,817
Total	-308,659	-383,361

Impairment of financial assets relates primarily to shares in affiliates in Great Britain but also in Denmark, Ireland and Belgium.

This impairment relates to permanent declines in value. The valuation has been carried out using the discounted cash flow method on the basis of corporate planning.

(22) Interest result

	2018 thsd. EUR	2019 thsd. EUR
Income from long-term loans	92,157	81,743
<i>of which received from affiliates</i>	92,157	81,743
Other interest and similar income	515	371
<i>of which received from affiliates</i>	113	3
Interest and similar expenses	-22,725	-18,684
<i>of which to affiliates</i>	-17,684	-12,501
<i>of which expense from discounting</i>	-4,131	-5,421
Total	69,947	63,430

The decrease in interest income from loans is mainly due to lower loans to group companies.

(23) Income taxes

	2018 thsd. EUR	2019 thsd. EUR
Corporate income tax/trade tax for fiscal year	7,218	7,218
Corporate income tax/trade tax for previous years	-25	-3,287
Total	7,193	3,931

The income tax expenditure for the current year results from the tax implications of the payable compensatory payment for the remaining minority shareholders.

Other notes

Audit fees

The annual financial statements of McKesson Europe AG, the German subsidiaries subject to statutory audit, and the consolidated financial statements have been audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart. Disclosure of the Auditor's fee is omitted pursuant to Section 285 Paragraph 1 No. 17 HGB. The disclosure of total fees to Deloitte GmbH is included in the consolidated financial statements of McKesson Europe AG.

Group companies and list of shareholdings

The consolidated financial statements of McKesson Europe AG and its subsidiaries as of 31 March 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, UK, as endorsed by the European Union and applicable at the end of the reporting period, and supplemented by the provisions of Section 315e Paragraph 1 HGB. These are the consolidated financial statements for the smallest group of companies, which can be viewed at the business premises of McKesson Europe AG, Stuttgart, and are published in the Federal Gazette.

McKesson Europe Holdings GmbH & Co. KGaA, Stuttgart is the German parent company of McKesson Europe AG, and hold round about 77% of the shares as announced.

McKesson Europe AG and McKesson Europe Holdings GmbH & Co. KGaA are indirectly owned by the McKesson Corporation, Irving, USA, as the ultimate parent, and are incorporated into the consolidated financial statements of 31 March 2019 according to the US Generally Accepted Accounting Principles. These are the consolidated financial statements for the largest group of companies, which can be viewed at the business premises of the McKesson Corporation, Irving, USA, or on the website of the Securities Exchange Commission.

The list of shareholdings of McKesson Europe AG is attached as an appendix to these notes.

Disclosures pursuant to Section 285 Paragraphs 9 and 21 HGB

The total remuneration of the Management Board in terms of Sec. 285 no. 9a HGB in the 2019 fiscal year came to EUR 2,773 thsd. (previous year EUR 2,686 thsd.). The total remuneration of the Management Board includes income of EUR 432 thsd. regarding Sec. 285 no. 9a S. 4 for shares. The company committed 3.463 subscription rights with a present value of EUR 432. As of 1 November 2018, Kevin Kettler succeeded Brian Tyler as Chairman of the McKesson Europe AG Management Board. Apart from this, the composition of the Management Board for the past fiscal year is unchanged. No advances, loans or similar benefits were granted to members of the Management Board or Supervisory Board in the reporting period or in the previous year. Former members of the Management Board and their surviving dependants received remuneration in the reporting period of EUR EUR 234 thsd. (previous year EUR 241 thsd.). McKesson Europe AG has set aside pension provisions of EUR thsd. EUR 22,043 thsd. (previous year EUR 20,531) for this group.

Remuneration for serving on McKesson Europe AG's Supervisory Board came to EUR thsd. EUR 615 thsd. (previous year EUR 623 thsd.) in the past fiscal year, including attendance fees, and comprises short-term benefits. In addition, the McKesson Europe Group employee representatives, sitting on the Supervisory Board received the customary market salaries for their services. No remuneration was paid to members of the Supervisory Board for services rendered individually, nor were transactions requiring disclosure conducted between members of the Supervisory Board or Management Board and other persons of the management, where such persons hold key positions. Likewise, no transactions were made between members of the Supervisory Board or Management Board and any other entities where such persons sit on the respective Management or Supervisory Boards. This also applies to close family members of these persons.

Proposal of the Management Board for the appropriation of profits

The net retained profit for McKesson Europe AG is EUR 0 thsd. (previous year EUR 0 thsd.) and corresponds to that of the previous year due to profit distributions.

On the basis of the domination and profit and loss transfer agreement of 22 May 2014, McKesson Europe Holdings GmbH & Co. KGaA guarantees and pays external shareholders of McKesson Europe AG a compensatory payment for the 2019 fiscal year of EUR 0,83 per no-par-value share. The compensatory payment of EUR 0.83 per no-par value share is expected to be payable from 02 August 2019.

Events after the reporting period

None.

Members of the Management Board in the 2019 fiscal year

Name	Occupation and company	Disclosure of transactions with affiliated companies and people in the McKesson Group
Kevin Kettler (since 01/11/2018)	Chairman of the Management Board of McKesson Europe AG Human Resources Director	none
Brian S. Tyler (until 02/08/2018)	Chairman of the Management Board of McKesson Europe AG Human Resources Director	none
Tilo Köster (speaker from 03/08 until 31/10/2018)	Member of the Management Board of McKesson Europe AG Legal Affairs and Compliance	none
Alain Vachon	Member of the Management Board of McKesson Europe AG Finance	none

Members of the Supervisory Board in the 2019 fiscal year

Name	Occupation and company	Disclosure of transactions with affiliated companies and people in the McKesson Europe AG, Stuttgart as well as the McKesson Group
Brian S. Tyler (Chairman since 09/08/2018)	Chief Executive Officer, McKesson Corporation, Irving (USA) since 01/04/2019	none
John H. Hambergren (Chairman until 09/08/2018)	Chairman, President and Chief Executive Officer, McKesson Corporation, Irving (USA) until 31/03/2019	none
Ihno Goldenstein (Deputy Chairman)	Goods receiving staff, GEHE Pharma Handel GmbH, Delmenhorst branch Chairman of the European Works Council of McKesson Europe AG, Chairman of the General Works Council of GEHE Pharma Handel GmbH	none
Detlef Bernhardt	Logistics employee, GEHE Pharma Handel GmbH Kassel branch	none
Jörg Lauenroth-Mago	Trade Union Secretary responsible for the trade division in Saxony, Saxony-Anhalt and Thuringia, ver.di – Vereinte Dienstleistungsgewerkschaft	none
Dennis Both	Branch manager, GEHE Pharma Handel GmbH, Delmenhorst branch	none
Pauline Lindwall	Senior Advisor and Independent Board Director, Zürich, (CH)	none
Susan Naumann	Head of the legal and accounting division in Hamburg, ver.di – Vereinte Dienstleistungsgewerkschaft	none
Kathy McElligott	Executive Vice President, Chief Information Officer and Chief Technology Officer, McKesson Corporation, Scottsdale (USA)	none
Ulrich Neumeister	Logistics employee of GEHE Pharma Handel GmbH, Stuttgart administration centre	none
W.M. Henning Rehder (Deputy Chairman)	Former Member of the Management Board (CFO) of Siemens Enterprise Communications GmbH & Co. KG (SEN Group), Munich	none
Lori A. Schechter	Executive Vice President, General Counsel and Chief Compliance Officer McKesson Corporation, San Francisco (USA)	none
Britt Vitalone	Executive Vice President, Chief Financial Officer, McKesson Corporation, Irving (USA)	none

Stuttgart, 28 May 2019

The Management Board



Kevin Kettler
Chief Executive Officer



Alain Vachon
Member of the Management Board



Tilo Köster
Member of the Management Board

List of shareholdings of the McKesson Europe AG, Stuttgart as at 31/03/2018 pursuant to Section 285 Paragraph 2 HGB

Lfd. Nr.	NAME UND SITZ DER GESELLSCHAFT	Anteil ¹⁾ (in %)	Eigen- kapital ²⁾ in Tsd	Jahres- ergebnis ²⁾ in Tsd
I. Unternehmen, an denen die McKesson Europe AG einen Kapitalanteil von mindestens 20% besitzt				
1	"Aewige" ärztliche Wirtschaftsgesellschaft m.b.H., Wien, AT	100,00	1.396	123
2	2012 DREAM LIMITED, Coventry, GB	100,00	9	0
3	28CVR LIMITED, Coventry, GB	100,00	275	0
4	30MC LIMITED, Coventry, GB	100,00	-796	0
5	A C FERGUSON (CHEMIST) LIMITED, Coventry, GB	100,00	4	0
6	A. SUTHRELL (HAULAGE) LIMITED, Coventry, GB	100,00	10	0
7	AAH BUILDERS SUPPLIES LIMITED, Coventry, GB	100,00	9.685	0
8	AAH FURB PENSION TRUSTEE LIMITED, Coventry, GB	100,00	1	0
9	AAH Glass & Windows Limited, Coventry, GB	100,00	3	0
10	AAH Ireland, Dublin, IE	100,00	22.893	0
11	AAH LIMITED, Coventry, GB	100,00	2.029.586	0
12	AAH Lloyds Insurance (IoM) Limited, Douglas, GB	100,00	4.537	144
13	AAH LLOYDS PENSION TRUSTEES LIMITED, Coventry, GB	100,00	0	0
14	AAH NOMINEES LIMITED, Coventry, GB	100,00	0	0
15	AAH ONE LIMITED, Glasgow, GB	100,00	0	0
16	AAH PHARMACEUTICALS LIMITED, Coventry, GB	100,00	396.212	112.899
17	AAH TWENTY FOUR LIMITED, Glasgow, GB	100,00	1.259	0
18	AAH TWENTY LIMITED, Coventry, GB	100,00	441	0
19	AAH TWENTY SIX LIMITED, Coventry, GB	100,00	236	0
20	ABG Apotheken-Beratungsgesellschaft mbH, Stuttgart, DE	³⁾ 100,00	-5.938	0
21	ACME DRUG CO. LIMITED, Glasgow, GB	100,00	-703	0
22	ADDED MARKETING LIMITED, Coventry, GB	100,00	50	0
23	Admenta Beteiligungs GmbH, Wien, AT	100,00	295.545	27.355
24	Admenta Denmark ApS, Rodovre, DK	100,00	346.415	-11.566
25	Admenta Deutschland GmbH, Stuttgart, DE	³⁾ 100,00	286.879	0
26	ADMENTA HOLDINGS LIMITED, Coventry, GB	100,00	2.187.411	10.813
27	ADMENTA ITALIA S.P.A., Bentivoglio, IT	100,00	213.131	75.147
28	ADMENTA PENSION TRUSTEES LIMITED, Coventry, GB	100,00	0	0
29	ADMENTA UK LIMITED, Coventry, GB	100,00	1.542.599	-49.267
30	Admenta Verwaltungs GmbH, Wien, AT	100,00	9.602	1.250
31	AFM - S.P.A., Bentivoglio, IT	79,97	120.436	-109
32	AHLP PHARMACY LIMITED, Coventry, GB	100,00	83	0
33	ALCHEM (SOUTHERN) LIMITED, Coventry, GB	100,00	92	0
34	ALPE-ADRIA PHARMA farmacevtsko podjetje d.o.o., Ljubljana, SI	100,00	210	2
35	Alphar Ayeneux, Soumange, BE	51,61	52	3
36	Alphar Gilly DL, Charleroi, BE	51,22	94	1
37	Alphar Monceau sur Sambre, Charleroi, BE	51,61	85	-3
38	Alphar Partners SA, Seneffe, BE	100,00	3.570	250
39	Ancavion GmbH, Weiterstadt, DE	100,00	105	57
40	ATLAS Travel Clinic Limited, Coventry, GB	100,00	0	0

Lfd. Nr.	NAME UND SITZ DER GESELLSCHAFT	Anteil ¹⁾ (in %)	Eigen- kapital ²⁾ in Tsd	Jahres- ergebnis ²⁾ in Tsd
41	AYRSHIRE PHARMACEUTICALS LIMITED, Glasgow, GB	100,00	507	0
42	AZIENDA FARMACEUTICA MUNICIPALE di Cremona S.p.A., Cremona, IT	77,84	4.571	1.388
43	Azienda Farmacie Milanesi - A.F.M. S.p.A., Mailand, IT	80,00	3.935	14.592
44	Babbingore Limited, Dublin, IE	100,00	33.012	0
45	BAILLIESTON HEALTH CENTRE PHARMACY LIMITED, Bailieston, GB	64,00	43	17
46	Ballycane Pharmacy Limited, Dublin, IE	50,00	71	88
47	BANNISTER & THATCHER LIMITED, Coventry, GB	100,00	1.996	0
48	BARCLAY PHARMACEUTICALS (ATHERSTONE) LIMITED, Coventry, GB	100,00	5.072	0
49	BARCLAY PHARMACEUTICALS LIMITED, Coventry, GB	100,00	96.147	-617
50	BARLEY CHEMISTS HOLDINGS LIMITED, Coventry, GB	100,00	401	0
51	BARRY SHOOTER (ROMFORD) LIMITED, Coventry, GB	100,00	757	0
52	BEAUTY CARE DRUGSTORES LIMITED, Coventry, GB	100,00	-64	0
53	BERKSHIRE MEDICAL SUPPLIES LIMITED, Coventry, GB	100,00	1.646	0
54	BETTERLIFEHEALTHCARE LIMITED, Coventry, GB	100,00	-1.009	-4.156
55	BIG PHARMA LIMITED, Glasgow, GB	100,00	-983	0
56	Blackstaff Pharmaceuticals Limited, Coventry, GB	100,00	1	0
57	Breamor Pharmacy Limited, Dublin, IE	100,00	390	0
58	BRIDPORT MEDICAL CENTRE SERVICES LIMITED, Coventry, GB	100,00	-634	0
59	Brocacef Groep N.V., Maarssen, NL	45,00	134.388	510
60	BRUGEFI INVEST S.A.S., Saint Quen, FR	100,00	13.400	-11
61	CAHILL MAY ROBERTS GROUP LIMITED, Dublin, IE	100,00	74	0
62	Camic Pharmacies Limited, Dublin, IE	100,00	720	120
63	CARONET TRADING LIMITED, Coventry, GB	100,00	0	0
64	Celesio Business Services Ltd., Dublin, IE	100,00	0	0
65	CENTRALE D' ADMINISTRATION DE BIENS IMMOBILIERS, Saint Quen, FR	100,00	62.090	12.905
66	Chem Labs Limited, Dublin, IE	100,00	0	0
67	CLARK CARE GROUP LIMITED, Coventry, GB	100,00	1.380	0
68	CLARK MUNRO LIMITED, Glasgow, GB	100,00	40	0
69	CMR Holdings Ltd, Dublin, IE	100,00	0	0
70	Coleham, Dublin, IE	100,00	4.778	0
71	COMPANY CHEMISTS ASSOCIATION LIMITED, Milton Keynes, GB	27,09	-1	0
72	COMPTOIR MONEGASQUE DE BIOCHIMIE, Monaco	100,00	12.866	356
73	COMPTOIR PHARMACEUTIQUE MEDITERRANEEN, Monaco	99,40	11.550	-1.005
74	Cophana SA, La Louviere, BE	100,00	1.292	-182
75	CROSS AND HERBERT (DEVON) LIMITED, Coventry, GB	100,00	2.005	0
76	CROSS AND HERBERT (HOLDINGS) LIMITED, Coventry, GB	100,00	1.001	0
77	CROSS AND HERBERT LIMITED, Coventry, GB	100,00	8.733	0
78	Crowley`s Blackrock Limited, Dublin, IE	100,00	383	0
79	D.F. O'Neill (Chemists) Ltd, Dublin, IE	100,00	0	0
80	Dargle Pharmacies Holdings Limited, Dublin, IE	100,00	536	124
81	DATA CARE Datenpflege des Pharmagroßhandels Ges.m.b.H., Wien, AT	36,67	0	0
82	DATAPHARM, Paris, FR	38,89	104	64
83	DEPOTRADE, Saint Quen, FR	100,00	1.159	509
84	Dix Bulles Pharma, Charleroi, BE	100,00	221	52
85	DOL Pharmacy Limited, Dublin, IE	100,00	385	0

Lfd. Nr.	NAME UND SITZ DER GESELLSCHAFT	Anteil ¹⁾ (in %)	Eigen- kapital ²⁾ in Tsd	Jahres- ergebnis ²⁾ in Tsd
86	Donnybrook Pharmacy Limited, Dublin, IE	100,00	7.735	0
87	ECLIPSE HEALTHCARE LIMITED, Coventry, GB	100,00	0	0
88	ESCON (ST NEOTS) LIMITED, Coventry, GB	100,00	34	0
89	Espafarmed, Barcelona, ES	100,00	862	17
90	Evesland Limited, Dublin, IE	100,00	516	0
91	EVOLUTION HOMECARE SERVICES LIMITED, Coventry, GB	100,00	-21.017	-313
92	EXPERT HEALTH LIMITED, Coventry, GB	100,00	6.227	4.654
93	FAR.CO.SAN S.p.A., San Giovanni Valdarno, IT	80,00	2.137	187
94	FARILLON LIMITED, Coventry, GB	100,00	2.001	0
95	Farmacie di Parma S.p.A., Parma, IT	80,00	649	-33
96	Farmacie Pratesi Pratoфарма S.p.A., Prato, IT	80,00	5.983	778
97	FARMALVARION S.R.L. SOCIO UNICO, Bentivoglio, IT	100,00	7.832	6.622
98	Felview Limited, Dublin, IE	100,00	13	0
99	FIRTH & PILLING LIMITED, Coventry, GB	100,00	482	0
100	FOSTER & PLUMPTON GROUP LIMITED, Coventry, GB	100,00	-34	0
101	FOSTER & PLUMPTON LIMITED, Coventry, GB	100,00	6	0
102	G J MALEY LIMITED, Doulgas, GB	100,00	3.591	1.104
103	G K CHEMISTS (GLOS) LIMITED, Coventry, GB	100,00	40	0
104	G K CHEMISTS LIMITED, Coventry, GB	100,00	920	0
105	GEHE Immobilien GmbH & Co. KG, Stuttgart, DE	100,00	1.748	303
106	GEHE Immobilien Verwaltungs-GmbH, Stuttgart, DE	100,00	246	188
107	GEHE Pharma Handel GmbH, Stuttgart, DE	³⁾ 100,00	260.940	0
108	GEORGE STAPLES (STOKE) LIMITED, Coventry, GB	100,00	2.314	0
109	Gerard Ryan Pharmacy (Clonmel) Limited, Dublin, IE	100,00	251	0
110	Gorrys Pharmacy Limited, Dublin, IE	100,00	1.578	274
111	Goviltown Limited, Dublin, IE	100,00	46.018	0
112	GPL 2007 LIMITED, Coventry, GB	100,00	2	0
113	GRAEME PHARMACY (STIRLING) LIMITED, Glasgow, GB	100,00	1.278	0
114	GREENS PHARMACEUTICAL (HOLDINGS) LIMITED, Coventry, GB	100,00	492	0
115	Greystones Pharmacy Limited, Dublin, IE	100,00	1.268	0
116	Groupe PHR SAS, Boulogne-Billancourt, FR	100,00	12.960	1.195
117	H H THATCHER LIMITED, Coventry, GB	100,00	19	0
118	Haleston Enterprises Limited, Dublin, IE	100,00	1.998	0
119	HC Beteiligungsgesellschaft mbH, Wien, AT	100,00	11.931	3.319
120	HEALTH NEEDS LIMITED, Coventry, GB	100,00	142	0
121	HEALTHCLASS LIMITED, Coventry, GB	100,00	641	0
122	Helmard Holdings Limited, Dublin, IE	100,00	1.518	0
123	Herba Chemosan Apotheker-AG, Wien, AT	99,06	259.058	17.510
124	HERBERT FERRYMAN LIMITED, Coventry, GB	100,00	645	0
125	HIGGINS & SON (CHEMISTS) LIMITED, Coventry, GB	100,00	26	0
126	HILL-SMITH (WARRINGTON) LIMITED, Coventry, GB	100,00	5	0
127	HOLLYFAR - Marcas e Comunicação, Maia, PT	100,00	101	-45
128	HOLMSCROFT HC LIMITED, Greenock, GB	20,00	367	0
129	HOLON, Maia, PT	100,00	7.733	-8.221
130	HOUGHTON & LAPPIN LIMITED, Coventry, GB	100,00	6	0

Lfd. Nr.	NAME UND SITZ DER GESELLSCHAFT	Anteil ¹⁾ (in %)	Eigen- kapital ²⁾ in Tsd	Jahres- ergebnis ²⁾ in Tsd
131	HYWEL DAVIES (CAERPHILLY) LIMITED, Coventry, GB	100,00	1	0
132	INDEPENDENT PHARMACY CARE CENTRES (2008) LIMITED, Coventry, GB	100,00	7.521	0
133	INSPIRON DISTRIBUTION LIMITED, Coventry, GB	100,00	20	0
134	Inten GmbH, Stuttgart, DE	³⁾ 100,00	1.345	0
135	IPCC LIMITED, Coventry, GB	100,00	0	0
136	J S DENT LIMITED, Coventry, GB	100,00	314	0
137	J. Bradbury (Surgical) Limited, Belfast, GB	100,00	0	0
138	J.G. Crowley Pharmacy Limited, Dublin, IE	100,00	951	0
139	JOHN BELL & CROYDEN LIMITED, Coventry, GB	100,00	4.058	700
140	JOHN HAMILTON (PHARMACEUTICALS) LIMITED, Glasgow, GB	100,00	-322	0
141	Kairnburry, Dublin, IE	100,00	1.233	0
142	Kemofarmacija, Ljubljana, SI	98,04	54.380	4.919
143	Kilshallow Limited, Dublin, IE	100,00	982	0
144	KINGSWOOD CHEMISTS LIMITED, Coventry, GB	100,00	1	0
145	KINGSWOOD GK LIMITED, Coventry, GB	100,00	12.924	0
146	KYLE & CARRICK HOLDINGS LIMITED, Glasgow, GB	100,00	2.273	0
147	La Pharmacie du Moulin d'En Haut, Mons, BE	100,00	-376	-14
148	Laboratoria Flandria NV, Brüssel, BE	100,00	15.934	397
149	LEVELCROWN LIMITED, Coventry, GB	100,00	1.627	0
150	LINFORD PHARMACIES LIMITED, Coventry, GB	100,00	982	0
151	Lissone Farmacie S.p.A., Lissone, IT	80,00	-19	502
152	LIVINGSTON HEALTH CENTRE (P.D) CO. LIMITED, Glasgow, GB	100,00	281	0
153	LLOYDS CHEMISTS LIMITED, Coventry, GB	100,00	167.007	0
154	LLOYDS CHEMISTS RETAIL (NORTHERN) LIMITED, Coventry, GB	100,00	5.522	0
155	LLOYDS CHEMISTS RETAIL LIMITED, Coventry, GB	100,00	907	0
156	LLOYDS GROUP PROPERTIES LIMITED, Coventry, GB	100,00	0	0
157	Lloyds Pharmacy Clinical Homecare Limited, Coventry, GB	100,00	37.096	5.506
158	LLOYDS PHARMACY LIMITED, Coventry, GB	100,00	226.842	-8.787
159	LLOYDS PROPERTIES LIMITED, Coventry, GB	100,00	-3.759	-71
160	LLOYDS Property Management Company Belgium S.A., Wavre, BE	99,99	1.934	36
161	LLOYDS RETAIL CHEMISTS LIMITED, Coventry, GB	100,00	5.000	0
162	Lloyds Retail S.r.l., Bologna, IT	100,00	-745	1.887
163	LloydsFarmacia Guizza di Lloyds Retail S.r.l., società unipersonale - S.a.s., Bentivoglio, IT	100,00	155	-2.504
164	Lloydspharma Group S.A., Wavre, BE	100,00	-8.547	12.522
165	Lloydspharma S.A., Wavre, BE	100,00	83.069	-786
166	Lloydspharmacy Ireland Limited, Dublin, IE	100,00	-6.693	-25.761
167	LP Clinical Homecare Group Limited, Coventry, GB	100,00	0	0
168	LPL ONE LIMITED, Coventry, GB	100,00	10.717	0
169	M H GILL LIMITED, Coventry, GB	100,00	2	0
170	M PAYNE & CO LIMITED, Coventry, GB	100,00	68	0
171	MASTA Limited, Coventry, GB	100,00	7.335	5.234
172	MATIS Immobilien OHG, Stuttgart, DE	100,00	3.665	2.651
173	Maurice F. Dougan Limited, Dublin, IE	100,00	0	0
174	May Roberts Ltd, Dublin, IE	100,00	343	0

Lfd. Nr.	NAME UND SITZ DER GESELLSCHAFT	Anteil ¹⁾ (in %)	Eigen- kapital ²⁾ in Tsd	Jahres- ergebnis ²⁾ in Tsd
175	McKesson Belgium Holdings SPRL, Brüssel, BE	100,00	37.981	-28.541
176	McKESSON FRANCE HOLDINGS, Saint Quen, FR	100,00	1.002.863	-5.624
177	McSweeney Dispensers 10 Limited, Dublin, IE	100,00	1.080	0
178	McSweeney Dispensers 23 Limited, Dublin, IE	100,00	377	0
179	MDD pharma N.V., Kortrijk, BE	100,00	4.929	-5.852
180	Medical Advisory Services for Travellers Abroad Limited, Coventry, GB	100,00	2.900	-12.446
181	MEDIMART LIMITED, Coventry, GB	100,00	-11.246	0
182	MeMed CZ s.r.o., Chomutov, CZ	100,00	8.594	612
183	Menges Medizintechnik Schweiz AG, Rüthi, AT	100,00	875	105
184	MOUNT PHARMACY LIMITED, Coventry, GB	100,00	0	0
185	MUNRO PHARMACY LIMITED, Glasgow, GB	100,00	585	0
186	Natureline, Dublin, IE	100,00	-387	2
187	Nensi d.o.o., Ljubljana, SI	35,00	8	-11
188	NEW KIRK PHARMACY LIMITED, Glasgow, GB	100,00	1.482	0
189	O'Leary Pharmacy (Lucan) Limited, Dublin, IE	100,00	0	0
190	OCP, Saint Quen, FR	99,85	400.045	13.737
191	OCP FORMATION, Saint Quen, FR	100,00	58	34
192	OCP PORTUGAL, Maia, PT	100,00	93.825	6.659
193	OCP REPARTITION, Saint Quen, FR	100,00	452.157	-31.639
194	Optimed Health Limited, Shipley, GB	100,00	4.024	-86
195	P C Cahill & Company Limited, Dublin, IE	100,00	63.499	-451
196	PALEMODA LIMITED, Coventry, GB	100,00	25	0
197	PAUL WHEELER LIMITED, Coventry, GB	100,00	1	0
198	PCB SA, Brüssel, BE	96,00	98.937	-390
199	PEEL STREET PHARMACY LIMITED, Coventry, GB	100,00	-7.899	0
200	PERILLA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Stuttgart, DE	95,00	17	10
201	Pharma Belgium SA, Woluwe-Saint-Lambert, BE	100,00	53.501	-6.606
202	PHARMA PARTNERS, Ostende, BE	100,00	14.169	-8
203	Pharma Services (NI) Limited, Belfast, GB	50,00	0	0
204	Pharmacie Ananga-Talom, Charleroi, BE	100,00	183	28
205	Pharmacie de la Bascule, Molenbeek-Saint-Jean, BE	100,00	155	23
206	Pharmacie Karreveld, Molenbeek-Saint-Jean, BE	51,00	-373	-8
207	PHARMACTIV DISTRIBUTION, Saint Quen, FR	97,45	14.016	4.224
208	Pharmacy O`Riada Holdings Limited, Dublin, IE	100,00	0	0
209	PHARMAGEN LIMITED, Coventry, GB	100,00	849	0
210	Pharmecomed, Brüssel, BE	100,00	453	169
211	PHILIP GOODMAN LIMITED, Coventry, GB	100,00	269	0
212	PHR Antilles, Le Lamentin, Martinique	89,79	1.839	130
213	PHR Lab, Boulogne-Billancourt, FR	100,00	140	33
214	Prescribing Support Services Limited, Shipley, GB	100,00	1.091	-3.019
215	Prima Brands Limited, Belfast, GB	100,00	984	75
216	PRIMELIGHT LIMITED, Coventry, GB	100,00	400	0
217	Pro-AvO GmbH, München, DE	20,00	1.000	0
218	R F FOSKETT & SON LIMITED, Coventry, GB	100,00	1.320	0
219	R GORDON DRUMMOND LIMITED, Coventry, GB	100,00	1	0

Lfd. Nr.	NAME UND SITZ DER GESELLSCHAFT	Anteil ¹⁾ (in %)	Eigen- kapital ²⁾ in Tsd	Jahres- ergebnis ²⁾ in Tsd
220	recucare GmbH, Stuttgart, DE	100,00	2.917	-859
221	recusana GmbH, Stuttgart, DE	100,00	-135	7.274
222	Reseau Santé, Brest, FR	100,00	4.775	864
223	Ryle and De Lacy Pharmacies Limited, Dublin, IE	100,00	1.017	148
224	Sangers (Northern Ireland) Limited, Belfast, GB	100,00	-10.835	1.987
225	SANOVA Pharma GesmbH, Wien, AT	100,00	7.394	4.278
226	SAVORY & MOORE (JERSEY) LIMITED, St. Helier, GB	90,00	2.187	981
227	SAVORY & MOORE LIMITED, Glasgow, GB	100,00	10.486	0
228	SCHOLES (CHEMISTS) LIMITED, Coventry, GB	100,00	23.083	0
229	SERVICE DE LA REPARTITION PHARMACEUTIQUE, Paris, FR	39,50	178	125
230	Sheridan Distribution Services Ltd, Antrim, IE	100,00	22	0
231	SOCIETE D'ETUDES ET DE REALISATIONS INFORMATIQUES, Monaco	100,00	533	357
232	Sofarmex BVBA, Gent BE	100,00	3.650	2.690
233	Sofiadis SCRL, Brüssel, BE	90,96	1.602	-30
234	SOLUSOFT, Saint Quen, FR	100,00	617	-4
235	SOPI The Lough Limited, Dublin, IE	100,00	1.174	258
236	SOPI Youghal Limited, Dublin, IE	100,00	56	-21
237	SPRINGBURN DISPENSARY LIMITED, Glasgow, GB	25,00	-89	0
238	STATIM FINANCE LIMITED, Coventry, GB	100,00	1.000	0
239	STEPHEN SMITH LIMITED, St. Peter Port, GB	57,14	1.856	539
240	SUPERFIELD LIMITED, Coventry, GB	100,00	185	0
241	T AND I WHITE LIMITED, Coventry, GB	100,00	7	0
242	T. Sheridan Sales & Marketing, Dublin, IE	100,00	361	0
243	THURNBY ROSE LIMITED, Coventry, GB	100,00	1	0
244	Tjellesen Max Jenne A/S, Rodovre, DK	100,00	667.795	-41.775
245	Todin A/S, Rodovre, DK	100,00	50.355	7.227
246	Unicare Dispensers 16 Limited, Dublin, IE	100,00	0	0
247	Unicare Dispensers 27 Limited, Dublin, IE	100,00	0	0
248	Unicare Dispensers 5 Limited, Dublin, IE	100,00	0	0
249	Unicare Pharmacy Group Limited, Dublin, IE	100,00	0	0
250	USCITA LIMITED, Coventry, GB	100,00	0	0
251	Vitapharm, Murska sobota, SI	100,00	50	32
252	W H CHANTER LIMITED, Coventry, GB	100,00	56	0
253	W H GREEN (CHEMISTS) LIMITED, Coventry, GB	100,00	457	0
254	W JAMIESON (CHEMISTS) LIMITED, Coventry, GB	100,00	8	0
255	WESTCLOSE LIMITED, Coventry, GB	100,00	147	0
256	WOODSIDE PHARMACY (GLASGOW) LIMITED, Glasgow, GB	75,00	249	236
257	WZ-WundZentren GmbH, Stuttgart, DE	³⁾ 100,00	11.163	0

Lfd. Nr.	NAME UND SITZ DER GESELLSCHAFT	Anteil ¹⁾ (in %)	Eigen- kapital ²⁾ in Tsd	Jahres- ergebnis ²⁾ in Tsd
II. Beteiligungen an Kapitalgesellschaften, an denen die McKesson Europe AG einen Stimmrechtsanteil von mehr als 5% besitzt				
258	ASHLEY HOUSE PLC, High Wycombe, GB	9,42	3.769	75
259	GALEN PHARMACY LIMITED, South Shields, GB	18,00	32	0
260	GOVANHILL PHARMACY LIMITED, Glasgow, GB	13,40	2	0
261	My MHealth Limited, Bournemouth, GB	7,95	1.037	705
262	Swindon Health Centre (Pd) Limited, Swindon, GB	14,83	382	0
263	VICTORIA PHARMACY LIMITED, Hartlepool, GB	7,32	102	0
264	W.H.C.P. (DUNDEE) LIMITED, Dundee, GB	13,70	259	0

¹⁾ Berechnung berücksichtigt die von abhängigen Unternehmen gehaltenen Anteile vollständig, auch wenn der Anteil an diesem Unternehmen unter 100% liegt.

²⁾ Angaben nach US-GAAP in Landeswährung

³⁾ Ergebnisabführungsvertrag mit der McKesson Europe AG (direkt oder indirekt)

In addition, there are also 53 further European pharmacy holdings.

Independent Auditors' Report

To McKesson Europe AG, Stuttgart/Germany

Audit Opinions

We have audited the annual financial statements of McKesson Europe AG, Stuttgart/Germany, which comprise the balance sheet as at 31 March 2019, and the statement of profit and loss for the financial year from 1 April 2018 to 31 March 2019, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the combined management report of McKesson Europe AG, Stuttgart/Germany, for the financial year from 1 April 2018 to 31 March 2019. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to § [Article] 289f Abs. [paragraph] 4 HGB [Handelsgesetzbuch: German Commercial Code] (disclosures on the quota for women on executive boards).

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 March 2019 and of its financial performance for the financial year from 1 April 2018 to 31 March 2019 in compliance with German Legally Required Accounting Principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the statement on corporate governance referred to above.
- Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the combined management report.

Other Information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f Abs. 4 HGB (disclosures on the quota for women on executive boards) included in the combined management report.

Our audit opinions on the annual financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the combined management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stuttgart/Germany, 3 June 2019

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

(Dr. Buhleier)
Auditor
German Public Auditor

(Froese-Hasenmaier)
Auditor
German Public Auditor

McKesson Europe AG
Local court of Stuttgart, HRB 9517
Stockholmer Platz 1
70173 Stuttgart
Germany
Phone +49(0)711.5001 00 (switchboard)
Fax +49(0)711.5001 1260
service@mckesson.eu
www.mckesson.eu

