Uniphar plc
2020 Preliminary Results

Uniphar plc, an international diversified healthcare services business, announces its full year results for the year ended 31 December 2020. Delivering a strong performance and exceeding expectations.

FINANCIAL HIGHLIGHTS

			Growth	
Year ended 31 December	**2020 €'000**	2019 €'000	Reported %	Constant Currency[2] %
Revenue	**1,823,854**	1,665,283	9.5%	9.7%
Gross profit	**217,252**	180,602	20.3%	20.6%
Commercial & Clinical	**92,193**	76,754	20.1%	20.6%
Product Access	**30,423**	17,199	76.9%	78.5%
Supply Chain & Retail	**94,636**	86,649	9.2%	9.2%
Gross profit margin (Group)	**11.9%**	10.8%		
EBITDA[1]	**66,713**	58,555	13.9%	14.3%
Operating profit	**39,944**	28,207	41.6%	42.2%
Profit before tax excluding exceptional items	**38,367**	31,770	20.8%	21.2%
Net bank (debt)/cash[1]	**(34,419)**	26,622		
Basic EPS (cent)	**10.6**	11.5		
Like for like adjusted EPS (cent)[1]	**12.6**	10.0		

- Strong full year 2020 results, with ROCE increasing to 18.9% from 17.3% in 2019.
- Outperformance in the Commercial & Clinical and Product Access divisions, delivering overall 20.3% growth in gross profit (6.7% organic gross profit growth).
- EBITDA growth of 13.9%, €66.7m (2019: €58.6m).
- Adjusted EPS 12.6 cent, growth of 26% on a like for like basis.
- Robust capital structure, with strong liquidity. Net bank debt of €34.4m as at 31 December 2020 (2019: net bank cash of €26.6m).
- Dividend of €4.2m proposed in respect of the year ended 31 December 2020, subject to approval at the AGM.

1. *Additional information in relation to Alternative Performance Measures (APMs) are set out on pages 44 to 48.*
2. *Constant currency growth is calculated by applying the prior year's actual exchange rate to the current year's result.*

STRATEGIC AND OPERATIONAL HIGHLIGHTS

- The health, safety, and wellbeing of our teams remains the key priority during these unprecedented times.
- Critical role played during the Covid-19 pandemic ensuring continuity in the supply of medicines, medical devices, and related services to the healthcare sector.
- Gross profit growth across all trading divisions.
- Integrated Uniphar / Durbin value proposition driving 76.9% increase in Product Access gross profit.
- Increase in gross margin to 11.9% from 10.8%, driven by continued focus on higher margin services.
- Successfully completed four acquisitions, increasing US capabilities, retail pharmacy market share and further strengthening our digital infrastructure:

    - *Supply Chain & Retail* - Acquisition of the Hickey's Pharmacy Group further strengthening Uniphar's market share and giving real scale in the Irish pharmacy market;

    - *Product Access* - Acquisition of RRD International a US-based advisory business providing outsourced drug development services, enhancing our regulatory expertise in targeting exclusive access programmes (EAPs);

    - *Commercial & Clinical* - Acquisition of Diligent Health Solutions a US-based healthcare communications company which provides enhanced call centre services supporting our ability to implement EAPs globally; and

    - *Product Access* - Acquisition of Innerstrength a healthcare technology company further enhances our digital offering and accelerates Uniphar's ability to deliver patient centric EAPs on a global basis.

- Continued strong cashflow performance with reported free cash flow conversion of 111.0%, and a modest leverage of 0.6x.
- New five-year bank facility, providing a strong base to support our growth strategy.
- Sustainability: Implementation of sustainability framework and governance structure, and first submission to Carbon Disclosure Project (CDP).

Ger Rabbette, Uniphar Group Chief Executive Officer said:

"*Our excellent performance in 2020 is a testament to the dedication and commitment of our people and the continued successful execution of our strategy. In what proved to be an unprecedented year, we delivered reported gross profit growth across all our divisions and achieved organic gross profit growth of 6.7%, driven by strong momentum in our two international divisions, Commercial & Clinical and Product Access. The Group's robust capital structure is evidenced by our modest leverage position of 0.6x and strong free cash flow conversion.*

2020 was another important year for the Group from a strategic perspective and we completed a number of key value-enhancing acquisitions including RRD International and Diligent Health Solutions in the US and Hickey's Pharmacy Group and Innerstrength in Ireland.

As we look forward to 2021 and beyond, our people's safety and wellbeing continues to be our number one priority. Meanwhile, we remain very much on course with our strategy of doubling pro-forma EBITDA within 5 years of IPO with continued strong growth in earnings per share on a like for like basis. We are focused on: building a pan-European platform in Commercial & Clinical and will shortly enter Germany organically; providing a global platform in Product Access and further growing our US expertise; and driving market share dominance in Supply Chain & Retail.

Our medium-term guidance therefore remains unchanged and we are confident of achieving our strategic objective of doubling pro-forma EBITDA within 5 years of IPO."

Analyst presentation

A presentation for investors and analysts will be held by conference call at 9am, today, 2 March 2021. To register for the call please visit www.uniphar.ie.

A copy of the presentation and announcement will be available on our website at the time of the call.

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About Uniphar plc

Headquartered in Dublin, Ireland, Uniphar plc is an international diversified healthcare services business servicing the requirements of more than 200 multinational pharmaceutical and medical technology manufacturers across three divisions - Commercial & Clinical, Product Access and Supply Chain & Retail. With a workforce in excess of 2,600, the Group is active in Ireland, the UK, Benelux, the Nordics and the US.

The Group's vision is to improve patient access to pharmaco-medical products and treatments by enhancing connectivity between manufacturers and healthcare stakeholders. Uniphar delivers this through innovative solutions and highly experienced teams, driving growth and profitability.

Commercial & Clinical

In Commercial & Clinical the Group provides sales, marketing & distribution solutions to multinational pharmaceutical and medical device manufacturers on an outsourced basis. Active in Ireland, the UK, Benelux, the Nordics and the US, the Group is growing with its clients to provide pan-European solutions. Uniphar has built a fully integrated multi-channel solution that is supported by our highly experienced and clinically trained teams combined with the leveraging of digital technology which is our differentiator that allows us to deliver consistently exceptional outcomes for our clients.

Product Access

In Product Access the Group has two distinct service offerings: 1) "On Demand", which are pharmacy led solutions for sourcing and supplying unlicensed medicines to meet the needs of both retail and hospital pharmacists; and 2) "Exclusive Access", which are manufacturer led solutions for controlling the release of speciality medicines for specifically approved patient populations in agreed markets. The Group currently delivers product access solutions on a global basis.

Supply Chain & Retail

Uniphar is an established market leader in Ireland with c.50% market share in the wholesale/hospital market, supported by a network of 346 owned, franchised and symbol group pharmacies. The business supports the diverse customer base through the provision of strong service levels coupled with innovative commercial initiatives. Supply Chain & Retail is an Irish only business for the Group, although the manufacturer relationships and infrastructure are utilised for the benefit of the international divisions.

Cautionary statement

Overview

Uniphar's performance exceeded expectations in 2020, driven by outperformance in our Commercial & Clinical and Product Access divisions. We continue to deliver on our growth strategy, broadening our geographic reach and increasing our market share while also increasing our focus on the Group's sustainability agenda.

We are building out our global and European platforms for Product Access and Commercial & Clinical divisions respectively, through acquisition and organic growth, while at the same time investing in our Supply Chain & Retail division.

The Group completed four acquisitions during the period with two of these based in the US. In keeping with our focus on digital capabilities, and in a year where the world has seen increasing reliance on digital, acquisitions in the areas of patient-centric technologies and telehealth further enhance our ability to grow and meet new market demands.

Acquisitions during the year were as follows:

- Hickey's Pharmacy Group - adds 36 community pharmacies in prime suburban locations which complements our existing footprint and increases to 346 our Uniphar supported network;
- RRD International - a US-based pharmaceutical advisory business providing outsourced drug development services, enhancing our regulatory expertise in supporting EAPs;
- Diligent Health Solutions - a US-based healthcare communications company which provides enhanced call centre services, increasing our ability to implement EAPs globally; and
- Innerstrength - a healthcare technology company further enhances our digital offering and accelerates Uniphar's ability to deliver patient centric EAPs on a global basis.

Group revenues increased by 9.5% to €1,823.9m (2019: €1,665.3m). The increase in revenues, coupled with the growth in our gross profit margin from 10.8% to 11.9% which is due to continued focus on higher margin opportunities, contributed to 20.3% overall growth in gross profit during the period including 6.7% organic gross profit growth. The improvement is primarily driven by the strategy of expanding into higher growth, higher margin businesses, with the acquisitions completed during 2019 and 2020 delivering on that strategy. Gross profit generated from outside of Ireland increased by more than 50% in the year, with the expansion of Commercial & Clinical's pan-European footprint, growth in Product Access driven by the integration of Durbin and the full year impact of prior year acquisitions.

Year on year, EBITDA has increased by €8.2m (13.9%) to €66.7m (2019: €58.6m) benefiting from the increase in gross profit as a result of the outperformance in our two international divisions. Adjusted earnings per share amounted to 12.6 cent, an increase of 26% on a like for like basis.

The Group's ROCE has increased in 2020, reaching 18.9% up from 17.3%, reflecting both the increase in profit in the year driven by organic growth and strong performance from our 2019 acquisitions, in particular Durbin, as well as the Group's strong cash performance driven by continued tight working capital management. The investment made during 2020, both from a capital and acquisitions perspective, will deliver further benefits and growth in the coming years.

The Group maintains its solid financial position, with a robust Balance Sheet, and excellent liquidity evident by the strong reported free cash flow conversion of 111%. The strong free cash flow performance is driven by continued focus on working capital management, and also reflects favourable timing impacts which are expected to unwind in Q1 2021, which when adjusted for, brings free cash flow conversion back to 72% which is slightly above expectations (60% - 70%).

During the year, the Group completed a planned refinance of our banking facilities with our existing syndicated banking partners. The new five-year agreement with the option of a two-year extension almost doubles the Group's available facilities, providing a €150.0m revolving credit facility and a €90.0m uncommitted accordion facility ensuring a strong base to support our growth strategy. In July 2020, the Group increased its non-recourse financing arrangement by €12.0m to €80.0m.

The Group closed 2020 with a net bank debt of €34.4m (2019: net bank cash of €26.6m) and a modest leverage position of 0.6x, providing a strong platform to support future growth and investment.

The Group continues to focus on its strategy of building a pan-European offering in our Commercial & Clinical division. In Product Access, we will continue growth through expanding our capabilities and access to clients globally, both of which enhance our ability to attract new clients and grow. In Supply Chain & Retail, we continue to leverage our high-tech infrastructure and long-standing manufacturer relationships to grow our market share.

Sustainability

2020 also saw an increased focus on the Group's sustainability agenda. Whilst sustainability and responsible business have always been at the core of what we do, we made a number of important structural changes during 2020 to enhance the way in which we coordinate, measure, monitor and report our sustainability efforts, which will ensure that the sustainability agenda and priorities form an integral part of our planning and decision-making process. We also progressed a number of sustainability initiatives including a Group-wide carbon foot-printing exercise and our first response to CDP (Carbon Disclosure Project).

Current trading

The health, safety, and wellbeing of our teams continues to be the Group's key priority. The pandemic has emphasised the critical role Uniphar plays in the healthcare infrastructure. Our strong manufacturer relationships, together with exclusive distribution agreements, digitally enabled solutions, and the logistical infrastructure created across multiple locations, have enabled the Group to ensure continuity of services while meeting the needs of our customers. The Group has traded in line with expectations for the first two months, despite the challenging trading environment.

The Group's outperformance in 2020 demonstrates the robustness of the business model, our deep expertise across our chosen specialities, and the diversity of the services we provide across the three divisions. While the Covid-19 trading environment has given rise to challenges, it has also created several opportunities for growth. These new opportunities coupled with our investment in digital solutions and diversity in our products and services have helped mitigate the impact of Covid-19 on the business and has resulted in the Group delivering overall organic gross profit growth of 6.7% for 2020.

Cash flow management remains central to the business, and the Group delivered reported free cash flow conversion of 111% and remains in a strong liquidity position.

As we deliver on our strategy and on the growth we promised, the business and management team are committed to maximising the full potential of our recent acquisitions and delivering long-term value for all our stakeholders.

Outlook

Building on the 2020 outperformance, we are well positioned to deliver our 2021 plan and our medium-term guidance remains unchanged. We remain focused on our strategy of building a pan-European offering in our Commercial & Clinical division. In Product Access, we will continue to drive growth through expanding the capabilities and access to clients globally, both of which enhance our ability to attract new clients and grow. In Supply Chain & Retail, we continue to leverage our high-tech infrastructure and long-standing manufacturer relationships to grow our market share, with the acquisition of Hickey's Pharmacy Group giving our retail pharmacy group real scale in the market.

Uniphar is well positioned to deliver organic gross profit growth across all divisions in line with its medium-term outlook, with the additional benefit of the full year impact of recent acquisitions. Our medium-term divisional organic gross profit growth guidance remains unchanged:

- Product Access: Double digit
- Commercial & Clinical: Mid-single digit
- Supply Chain & Retail: Low-single digit

We are confident we have the strategy, the market opportunity, the platform, the competitive edge, and the team in place to double 2018 pro-forma EBITDA within five years from IPO.

Acquisitions and integration update

During the year, Uniphar completed four acquisitions, these acquisitions further increase our presence in the US market, the retail pharmacy sector, and strengthen our digital capabilities and infrastructure.

Commercial & Clinical

Acquisition update

In Q3 2020, Uniphar acquired Diligent Health Solutions (Diligent), a US-based healthcare communications company, which provides enhanced contact centre services, focused on the delivery of medical information to patients, healthcare practitioners and payors. The acquisition is highly complementary to Uniphar's present capabilities and will enhance our mission to build connectivity between our clients and key healthcare stakeholders utilising best in class digital capabilities.

The combined business creates opportunities through the provision of communication technologies, across both the Commercial & Clinical and Product Access divisions. It enhances both divisions value proposition immediately, while adding the necessary capability to deliver EAPs globally. With this acquisition, Uniphar further enhances its offering to Life Sciences clients as a single solutions provider across the entire life-cycle of the product.

Integration update

The 2019 acquisitions of the EPS Group and M3 Medical are now fully integrated into our MedTech business unit. The increased scale in people and geographies has further positioned Uniphar as one of the largest sales, marketing and distribution companies for our manufacturer partners in Europe. We continue to invest in business development resources to increase our footprint in Europe beyond Ireland, the UK, Benelux, and the Nordics.

Product Access

Acquisition update

In 2020, we completed two acquisitions within the Product Access division.

RRD International (RRD), acquired in Q4 of 2020, is a US-based pharmaceutical advisory business providing outsourced strategic consulting and execution services throughout the early stages of a product's development. The highly experienced RRD team, which has supported the FDA approval on a significant number of assets, brings deep US regulatory insights which will further accelerate our growth towards market leadership. The acquisition marks an important strategic milestone for the Group and will support Uniphar's delivery of US-based EAPs.

The acquisition of Innerstrength in Q1 2020 provides the Group with the enhanced ability to deliver digitally enabled 'patient centric' EAPs on a global basis. The Innerstrength technology empowers healthcare professionals to deliver unique personalised programmes for individual patients. It gives us a platform to broaden our support services to the pharmaceutical industry, around patient awareness, and education to drive adherence.

Integration update

As the Group continues to progress its strategy of becoming a leading global player in the Product Access market, Durbin represented a key strategic acquisition for the Group in 2019. The combined Uniphar and Durbin value proposition has been very well received by our clients and the enhanced attractiveness of the combined offering is evident in the 28.9% organic gross profit growth in the Product Access division this year.

Supply Chain & Retail

Acquisition update

In Q4 2020, the Group completed the acquisition of the Hickey's Pharmacy Group. This acquisition will allow our Supply Chain & Retail division to leverage our high-tech scalable infrastructure, increase the division's buying power and consolidate our position as a leader in the Irish retail pharmacy market with 346 symbol group and supported stores.

The acquisition of Hickey's Pharmacy Group adds 36 community pharmacies in prime suburban locations which complement Uniphar's existing footprint. Hickey's Pharmacy Group additional scale and retail excellence will add to this best in class offering, which we will continue to invest in and advance. Building on its track record, Uniphar's experienced management team will ensure the integration is executed effectively to achieve identified benefits.

The Supply Chain & Retail division has demonstrated resilience during Covid-19 which has reinforced the significance and importance of the role that Uniphar plays in the national healthcare infrastructure.

Integration update

During 2019, the Group completed the acquisition of 17 retail pharmacies which are operating under the Allcare and Life brands throughout the Republic of Ireland. These newly acquired pharmacies are fully integrated and have performed resiliently in the period, demonstrating the benefits which the expertise, support and purchasing power that the Uniphar symbol group offering brings to pharmacies under its management.

Principal Risks & Uncertainties

The Group's Risk Management Policy provides the framework to identify, assess, monitor, and manage the risks associated with the Group's business. It is designed to enable the Group to meet its business objectives by appropriately managing, rather than eliminating, these risks.

2020 Highlights

The Group continues to ensure that the risk management framework is integrated in the day-to-day activities across the business. During the year ended 31 December 2020, the Group carried out the following:

- Review of the risk management process in operation across the business resulting in refined risk assessment methods;
- Review of the Group Risk Register producing an updated consolidated list of the key risks facing the Group at this time; and
- Enhanced focus on key risk areas in 2020 including Brexit and Covid-19 related risks.

Having completed the overall risk assessment process for the year, the Group has determined that the risk associated with the loss of competitive position should be separately identified as a key risk. This risk was previously identified on the Group Risk Register and is now recognised as a principal risk. The risk associated with inventory losses and provisions is no longer separately identified as a principal risk but remains on the Group's Risk Register. Enhanced focus has been brought to key risk areas in 2020, including Brexit and Covid-19. We continue to monitor these key areas, and the impact they may have on the Group.

The key principal risks and uncertainties faced by the Group are summarised as follows:

Strategic Risks

- Brexit - The UK left the EU in 2020, which poses several risks for the Group due to uncertainty and complexities as to the future fiscal and regulatory landscape in the UK. This may have a negative impact on supply and trade. Brexit also has the potential to create market uncertainty and currency fluctuations which could impact the translation of our UK operations into the Group reporting currency.
- Acquisitions - Growth through acquisitions continues to remain a key strategy for the Group. Failure to identify, complete and integrate acquisitions successfully may directly impact the Group's projected growth.
- Economic & geopolitical risk - The global macroeconomic, regulatory, political, and legal environment may impact the markets in which we operate and in turn our client and supplier base. This may adversely affect the financial and operational results of the Group.
- Key personnel & succession planning - Failure to attract, retain and develop the skills and expertise of key individuals, this may adversely impact the Group's performance.
- Market perception & reputational risk - Failure to deliver in line with market expectations may result in reputational damage, impacting the Group's ability to achieve its strategic targets.
- Loss of competitive position - Failure of the Group to respond to any changes in the environment in which it operates which may result in loss of market share, which may put pressure on profitability and margins.

Operational Risks

- Covid-19 - Covid-19 and its implications continue to evolve and change. Business disruption arising from further waves of the Covid-19 virus may result in but is not limited to the following, supply chain disruption, postponement of certain elective surgeries, curtailment of travel and impact on staff.
- IT systems - Digital capabilities are a specific strategic offering of Uniphar, interruption or downtime may have a negative impact on the Group's operations, financial, and competitive positions.
- Cybercrime - Failure to protect against the ongoing threat of a cyber-attack could lead to a breach in security, impacting operations, financial transactions, and sensitive information.
- Business interruption - External factors such as, natural disasters, environmental hazard or industrial disputes may result in potential lost sales and loss of customer loyalty.
- Health & safety - Failure to implement and follow proper health and safety procedures may have adverse effects on employees or patients.

- Laws, regulations & compliance - Failure to operate under any of the stringent laws and regulations the Group is subject to could result in financial penalties, reputational damage, and a risk to business operations.

Financial Risks

- Foreign currency - The Group's reporting currency is Euro. Exposure to foreign currency is present in the normal course of business, together with the Group operating in jurisdictions outside of the Eurozone.
- Treasury - The Group is exposed to liquidity, interest rate and credit risks.

Operational overview

Commercial & Clinical

Year ended 31 December	2020 €'000	2019 €'000	Growth Reported %	Growth Constant currency %
Revenue	**269,780**	204,031	32.2%	32.8%
Gross profit	**92,193**	76,754	20.1%	20.6%
Gross profit margin	**34.2%**	37.6%	(340)bps	

Expertise and flexibility enable our teams deliver a strong performance by meeting the needs of our manufacturer clients and healthcare customers during the challenge of the pandemic.

We continued our expansion of our Commercial & Clinical division, both geographically and through our client base in 2020. With a workforce of over 1,200, a well invested multi-channel platform and an ability to serve 13 countries, we were able to deliver flexible solutions ensuring our healthcare customers continued to get access to the information and products as required.

Clinically trained teams, therapeutic focus and our digitally enabled offering are our differentiators. With a continued investment in quality recruitment, operational excellence and business development we saw several new client wins across multiple geographies. Despite Covid-19 having an impact on all markets in which the Commercial & Clinical division operates, our expertise and flexibility delivered 9.6% organic gross profit growth across our Commercial & Clinical division, exceeding our expectations, and emphasising our role as a trusted partner to our clients and customers across Europe. While lockdowns saw the cancellation of many elective procedures across Europe and the increased activity across our health systems challenged the traditional face to face interactions with stakeholders, by combining clinically trained teams, strong manufacturer relationships and established supply chain infrastructure we were able to source, supply and educate our customers on products within our critical care portfolio.

MedTech

Focus going into 2020 was the growth of our client base, with the ability to leverage these relationships across multiple geographies in Europe. Adding 15+ MedTech clients over the last 12 months we now work with over 30 clients in two or more geographies. Highlighting our ability to move across borders, we were appointed to represent a number of our clients in Germany and committed to enter this important market for Q1 2021. With our therapeutic expertise and our strong portfolio of physician led products we will continue to focus on the growth of our MedTech offering into key markets across Europe.

Due to the delay in certain elective procedures throughout 2020, we have seen shifts in our sales patterns across specialties. As health systems realigned to meet immediate needs during the pandemic we saw strong growth in the areas of critical care, patient monitoring and decontamination. Focusing on innovation we signed new agencies who provide specialised equipment to carry out comprehensive decontamination of high-use clinical environments. Importantly this enabled Uniphar to assist our customers in identifying potential ways of reducing turnaround times and increasing the throughput of procedures and patients. We saw a strong return in the level of elective procedures being carried out in the second half of the year. With the pandemic still a focus we continue to monitor the situation in all our markets, ensuring we are well placed to provide ongoing solutions for both our manufacturer clients and healthcare customers.

Driving long term success is a key focus for Uniphar, we continue to invest heavily in our people and our teams. We have made a number of additional appointments to our senior management teams across the UK and Europe to drive future growth. All teams leverage the central support services across HR, Finance, Quality and IT to deliver consistent operational excellence, while enabling local market expertise at a commercial level.

Pharma

Our Pharma business unit provides insight-driven, multi-channel solutions for our pharmaceutical partners. Our approach enables our teams to engage with healthcare professionals in a manner which is effective in delivering clear, targeted information that helps all healthcare stakeholders.

In a regulated environment where face to face meetings have become more difficult, our Pharma business units digitally enabled, multi-channel account management teams have been able to add value for our clients and their targeted customers. With infrastructure, databases, and the ability to build specialist teams, our Pharma business experienced high organic gross profit growth in 2020. Success was driven by our teams' ability to renew contracts with existing clients and implement new business wins at pace. The growth of Pharma within the Commercial & Clinical division has resulted in a change in the overall divisional gross profit margin. Over the last 12 months, Uniphar has built and deployed several multi-channel enabled teams across our targeted markets and continue to successfully offer existing pharmaceutical clients services across Ireland, the UK, Benelux and the Nordics.

The Covid-19 crisis has significantly accelerated the structural shift towards digitally enabled communications in the healthcare market. The acquisition of Diligent Health Solutions, with its enhanced call centre services, brings additional capabilities to our Commercial & Clinical division. Post-acquisition we have seen several cross-selling opportunities, with the additional skills sets of medical information and patient concierge services providing value to our partners. While US-based, our focus is to enable these service offerings across our Commercial & Clinical and Product Access targeted geographies.

Outlook

The ability of the Commercial & Clinical division to continue to grow through the market disruption caused by the Covid-19 pandemic, shows the strength inherent in Uniphar's offering. Expansion into the Benelux and the Nordics has been successful and will continue to provide opportunities to grow our long-standing manufacturer partnerships into new geographies. In the medium-term, the Group is focused on identifying further Pharma and MedTech acquisitions to build on our growing platform, serving clients across multiple geographies.

Product Access

			Growth	
Year ended 31 December	**2020** **€'000**	2019 €'000	Reported %	Constant currency %
Revenue	**187,505**	132,245	41.8%	43.2%
Gross profit	**30,423**	17,199	76.9%	78.5%
Gross profit margin	**16.2%**	13.0%	320bps	

Achieving strong growth across the board this year, we continue to see our Product Access division deliver on its strategic potential as a driver of growth for the Group.

Over the last 12 months, the business outperformed on expectations, returning 28.9% organic gross profit growth. Product Access has made significant progress towards the goal of becoming a leading player in the global managed access market.

Providing unlicensed and speciality medicines to specific patients in specific markets around the world, both the On Demand and Exclusive Access business units performed ahead of expectations in 2020. The strength of this performance was driven by the successful integration of Durbin into the Group and the achievement of the synergies identified at the time of its acquisition in 2019. A combination of a highly skilled team, strong manufacturer relationships and digital infrastructure together with Durbin's global distribution capability has resulted in winning several key projects over the last 12 months.

The acquisition of healthcare technology company Innerstrength in March 2020, combined with the enhanced call centre capabilities of Diligent Health Solutions, enhances Uniphar's ability to implement global patient-centric managed access programmes (MAPs). While the acquisition of RRD International, with its highly experienced clinical team, enables our organisation to design and run specific MAPs.

On Demand - extending global capabilities

The division's On Demand service, which provides access to unlicensed or difficult to source medicines, continues to grow. Benefiting from the expertise of our global sourcing team and efficiencies delivered through our eCommerce platform, we are focused on meeting the growing global demand for unlicensed medicines.

The integration of Durbin further extends our reach and enables improved procurement and global sales networks. The surge in requirements for certain medicines, brought about by the Covid-19 pandemic has resulted in increased activity in specific therapeutic areas. While this is positive from a business perspective, it is a situation we continue to monitor closely.

Durbin's specialism in complex and bespoke distribution has enabled Uniphar to meet the growing demand for the supply of medicines and medical devices to Non-Governmental Organisations (NGO's). Aligned with our sustainability objectives, we have increased focus on shaping the divisional capabilities to help meet patient needs, where supply chains can be complex and situations on the ground difficult. We have received positive support from our manufacturer clients and have negotiated several procurement contracts to deliver products directly from the manufacturer to NGO's.

Exclusive Access - patient centric offering

During 2020, the Exclusive Access business achieved significant organic gross profit growth, contributing to the overall strong divisional performance. Continued growth is due to the large number of new programme wins over the last 18 months, with 15 new exclusive access programmes won in 2020. Increased scale has created several new business opportunities in specific therapeutic areas with key programmes being extended into new geographies. The impact of Covid-19 has resulted in the postponement of the reimbursement processes on certain products, extending programme durations beyond forecasted timelines.

Targeting primarily the post-licence, pre-reimbursement phase of the product lifecycle, the combination of Uniphar's long standing reputation with manufacturers and Durbin's global distribution capability has proved attractive to the manufacturers of speciality medicines. The integration of Innerstrength's web-based technology, which facilitates patient education and treatment adherence, has enhanced the development of the Group's new patient support portal 'uniphi'. Continued investment in our digital infrastructure helps manufacturers capture real world data to assist them with the local reimbursement processes.

Long-term success in Exclusive Access will be achieved through our capacity to deliver services globally. The acquisition of Durbin provided Uniphar with the distribution capability to deliver to over 160 countries across the world. Our enhanced communication capability through the combined acquisition of Diligent Health Solutions and Innerstrength has allowed us to implement virtual interactions with healthcare stakeholders internationally, enabling Uniphar to deliver our patient centric programmes for our manufacturer clients worldwide.

Outlook

We continue to build the platform supporting the growth of Product Access. With our recent acquisitions we have enhanced Uniphar's existing offering to manufacturer clients. With increased investment in place, supported by a strong management team, we see continued double-digit gross profit growth across the division.

Supply Chain & Retail

Year ended 31 December	2020 €'000	2019 €'000	Growth: Reported %	Growth: Constant currency %
Revenue	**1,366,569**	1,329,007	2.8%	2.8%
Gross profit	**94,636**	86,649	9.2%	9.2%
Gross profit margin	**6.9%**	6.5%	40bps	

A strong performance delivered in 2020, underlining Uniphar's essential role as a key part of the national health infrastructure.

The Supply Chain & Retail division has had a strong year, despite the significant pressure put on the pharmaceutical supply chain, both in Ireland and globally, as a result of the Covid-19 pandemic. The normal patterns of demand were disrupted during the year, but despite this, the pharmaceutical supply chain from pre-wholesale through to wholesale and retail pharmacy remained robust, and Uniphar continued to fulfil its role as a key part of the national health infrastructure in Ireland.

Despite the pandemic, we continued to work on our strategic objectives around providing our retail pharmacy customers with additional services to support their profitability and moving with them towards a 'one-pipe supply'.

In Q4 2020, we acquired the Hickey's Pharmacy Group, one of the top five retail pharmacy brands in the Irish market. The acquisition brings to 346 the number of pharmacies owned, franchised, or supported by Uniphar, giving us real scale in the Irish market.

Pre-Wholesale - delivers a strong performance

The Pre-Wholesale business delivered a strong performance again this year, despite the pressures of both Brexit and the Covid-19 pandemic. The combination of our warehouse capacity and the efficiency of our supply chain operations enabled us to get product to customers and patients in even the most trying of conditions.

In the early stages of the pandemic, the Pre-Wholesale team supported our manufacturers to ensure continuity of supply of specific products identified for the treatment of Covid-19. We continue to support our manufacturers with their changing requirements as the pandemic landscape continues to evolve.

Brexit remained a significant factor as manufacturers finalised preparations for the end of the transition period on 31 December 2020 and the final withdrawal of the UK from the EU. In preparation, we supported our manufacturers requirement to hold additional stock to mitigate against any disruption of supply to customers and patients.

The collaborative planning of our team underpinned our effective response to these two unprecedented situations which has strengthened our relationships with our manufacturers and customers alike.

Wholesale - solid performance in demanding conditions

The patterns of demand in 2020 were not typical, with many of the usual seasonal peaks and troughs made redundant by the impact of the Covid-19 virus. At the start of the pandemic there was a huge spike in demand as the public reacted to the first lockdown. For a period of three weeks, the number of products picked and packed everyday reached double the normal levels. Our warehouse teams worked around the clock to meet that demand and demonstrated just how robust our distribution operation is.

Our overriding aim throughout 2020 has been to keep our colleagues safe and ensure that we could continue to do the essential work of distributing medicines to every hospital and pharmacy in the country. All teams that can work from home have been doing so since mid-March 2020 and we expect this to continue. We continue to work closely with the HSE and other key stakeholders to secure national supply and maintain near normal service levels to hospitals and pharmacies throughout the darkest days of the crisis.

Our strong operational performance during the pandemic has led to new business, as retail pharmacy customers recognise not just the value of our offering, but the reliability of our service. During the year, we invested c.€10m in a new large-scale high-tech distribution centre in Annacotty, Co. Limerick, which is due to come into operation in early 2021. When it is fully operational, it will give us an additional 30% capacity which will both ensure we have the headroom to continue to manage peaks of activity as well as allowing us scope for growth.

Retail Pharmacy - delivering growth to our customers and partners

2020 has been an extremely challenging year for all retail pharmacies. As the most accessible source of health advice throughout the pandemic, retail pharmacy teams have done an exceptional job and have made significant changes to how they work to help manage the extra pressure. We have been working hard to support our community pharmacy customers and our own retail pharmacy network.

Our symbol group offering delivers significant value to our stakeholders and enables us to leverage our digital platforms, drive efficiency and deliver services through community pharmacies.

The emphasis on 2020 has been on supporting pharmacies to make the most of digital technology in their businesses. One of the side effects of the Covid-19 crisis has been an acceleration in the sector’s adoption of digital technologies, with most GP surgeries moving to e-prescribing almost overnight and many customers moving from store to online shopping. Retail pharmacies have had to adapt quickly.

Although our community pharmacy customers had the ability to order online for a number of years, we further enhanced this offering with a new upgraded version of Marketplace, which is our e-commerce hub that allows our community pharmacy customers to find the products they need at the best price available.

We have been working with our symbol group customers to develop and enhance the Life and Allcare consumer websites and both brands have developed patient apps, which allow pharmacists to communicate with their patients and strengthen the clinical, as well as the commercial, link between customer/patient and their local Life or Allcare pharmacy.

Both our Life and Allcare brands grew in 2020. The Hickey’s Pharmacy Group acquisition provides Uniphar with successful stores in key suburban locations that are complementary to sites already under Uniphar retail brands. The acquisition is also immediately earnings accretive.

Outlook

Looking forward, it is almost certain that some changes that occurred in the market as a result of Covid-19 will continue long after the pandemic is under control. A key focus for 2021 will be the integration of the Hickey’s Pharmacy Group and the realisation of the synergies in the acquisition. We see the move to digital platforms increasing across the sector and we are continuing our investment in digital, both within our own business and in support of our symbol group and other customers. We expect further growth in own brand products and the consumer business, as our symbol and support membership grow. Our investment in our Limerick facility will give us a second high-tech distribution centre in Ireland and provide the operational capacity to allow us to continue to grow market share across the division.

Financial Review

Summary financial performance

Year ended 31 December	2020 €'000	2019 €'000	Growth Reported %	Growth Constant currency %
IFRS measures				
Revenue	**1,823,854**	1,665,283	9.5%	9.7%
Gross profit	**217,252**	180,602	20.3%	20.6%
Operating profit	**39,944**	28,207	41.6%	42.2%
Basic EPS (cent)	**10.6**	11.5		
Alternative performance measures				
Gross profit margin	**11.9%**	10.8%		
EBITDA	**66,713**	58,555	13.9%	14.3%
Adjusted EPS (cent)	**12.6**	14.3		
Like for like adjusted EPS (cent)	**12.6**	10.0		
Net bank (debt)/cash	**(34,419)**	26,622		
Return on capital employed	**18.9%**	17.3%		

Revenue

Revenue growth of 9.5% was achieved through a combination of strong organic growth, particularly driven by the strong performance of Commercial & Clinical and Product Access, together with the full year impact of the 2019 acquisitions.

Gross profit

The increase in revenues, coupled with the growth in our gross profit margin from 10.8% to 11.9%, due to improvements in our revenue mix, contributed to 20.3% overall growth in gross profit during the period including 6.7% organic gross profit growth. The improvement is primarily driven by the strategy of expanding into higher growth, higher margin sectors and businesses, with the acquisitions completed during 2019 and 2020 delivering on that strategy. Gross profit generated from outside of Ireland increased by more than 50% in the year, with the expansion of the pan-European footprint in Commercial & Clinical, growth in Product Access driven by the integration of Durbin and also the full year impact of prior year acquisitions.

Divisional gross profit

Year ended 31 December	2020 €'000	2019 €'000	Growth Reported %	Growth Constant Currency %
Commercial & Clinical	**92,193**	76,754	20.1%	20.6%
Product Access	**30,423**	17,199	76.9%	78.5%
Supply Chain & Retail	**94,636**	86,649	9.2%	9.2%
	217,252	180,602		

EBITDA

Year on year, EBITDA has increased by €8.2m (13.9%) to €66.7m, reflecting the increase in gross profit, partially offset by an increase of 23.3% in operating costs in the year which is primarily driven by the full year impact of the 2019 acquisitions.

Exceptional items

Exceptional costs incurred during the year of €4.8m are primarily due to acquisition related costs, with these costs partially offset by the net release of deferred contingent consideration, following a review of the expected performance against earn-out targets and contractual obligations. See note 3 for further details.

Earnings per share

Basic earnings per share at 10.6 cent, decreased from 11.5 cent in 2019. The increase in underlying earnings, was offset by an increase in the weighted average number of shares when compared to 2019.

The weighted average number of shares in 2020 was 262,436,000 compared to 183,546,000 in 2019, following our successful IPO in July 2019. The full year dilutionary impact of the IPO on the weighted average number of shares came through in 2020.

The Group's adjusted earnings per share for 2020 was 12.6 cent (2019: 14.3 cent). Underlying earnings have increased by 25.1% from €26.3m in 2019 to €32.9m in 2020 driving growth. This is offset by an increase in the weighted average number of shares in issue during the year as a result of the IPO.

On a like for like basis, adjusted earnings per share increased from 10.0 cent to 12.6 cent which reflects the strong performance in the year. This is calculated by applying the 2020 weighted average number of shares to both years, to provide a more meaningful comparison.

Cash flow and net bank debt

2020 delivered a strong cash performance, driven by a free cash flow conversion of 111.0%, with the Group's net bank debt position being €34.4m (2019: net bank cash of €26.6m).

Year ended 31 December	**2020** **€'000**	2019 €'000
Net cash inflow from operating activities	**65,978**	106,997
Net cash outflow from investing activities	**(110,326)**	(45,644)
Net cash (outflow)/inflow from financing activities	**(8,715)**	42,148
Foreign currency translation movement	**(567)**	-
(Decrease)/Increase in cash and cash equivalents in the year	**(53,630)**	103,501
Movement in restricted cash	**955**	(210)
Cash flow from movement in borrowings	**(8,366)**	76,211
Movement in net bank (debt)/cash	**(61,041)**	179,502

The Group has remained focused on strong working capital management, and this is reflected in the cash generated from our operating activities of €66.0m. Free cash flow conversion in 2020 of 111.0% includes one off timing impacts which are expected to unwind in early 2021. The Group's medium-term free cash flow conversion target is 60-70%.

The net cash outflow from investing activities principally consisted of acquisitions completed during the year of €57.4m, deferred and deferred contingent consideration of €35.3m, and capital investment of €15.8m which included a strategic investment in a new large-scale distribution centre in Annacotty, Co. Limerick, which is due to come into operation in early 2021. The Group completed four acquisitions (Hickey's Pharmacy Group, RRD International, Diligent Health Solutions and Innerstrength), as part of our strategy to build on our platform for Commercial & Clinical and Product Access and increase our retail pharmacy footprint in Supply Chain & Retail with an additional 38 pharmacies acquired during the year.

The net cash outflow from financing activities of €8.7m was due to the repayment of the facility termination fee, principal lease payments and the payment of dividends partially offset by the proceeds from borrowings.

New bank facility

In July 2020, the Group completed a planned refinance of our banking facilities with our existing syndicated banking partners. The new five-year banking facility (with the option to extend by a further two years) almost doubles the Group's available facilities and sees the Group move from a term loan facility to a revolving credit facility of €150.0m and a €90.0m uncommitted accordion facility. The new facility provides a strong platform to support the Group's growth strategy**.**

Taxation

The increased tax charge of €0.2m to €5.7m in 2020 is reflective of the tax associated with both organic and acquisition related profit growth. The effective tax rate year on year has decreased from 17.4% to 14.9% on account of the impact of respective under and over provisions relating to prior years. Excluding these prior year provision adjustments, the effective tax rate increased by 0.7% to 17.2%, reflecting increased trading in tax jurisdictions outside of Ireland. The effective tax rate is calculated as the income tax charge for the year as a percentage of the profit before tax and exceptional items.

Foreign exchange

The Group's expansion into new geographies, and the continued growth in existing geographies operating outside of the Eurozone, results in the primary foreign exchange exposure for the Group being the translation of local income statements and balance sheets into Euro for Group reporting purposes.

On a constant currency basis, revenue increased by 9.7% (vs 9.5% reported growth), gross profit increased 20.6% (vs reported growth 20.3%) and operating profit increased by 42.2% (vs 41.6% reported growth). The re-translation of non-Euro subsidiaries to Euro has resulted in a decrease in our operating results for 2020.

	2020 Average	**2019 Average**
GBP	**0.88888**	0.87756
US Dollar	**1.14009**	1.11949
Swedish Krona	**10.48146**	10.58475

Return on capital employed (ROCE)

The Group's ROCE has increased in 2020, reaching 18.9% up from 17.3%, reflecting both the increase in profit in the year driven by organic growth and the strong performance from our 2019 acquisitions, in particular Durbin, as well as the Group's strong cash performance driven by continued tight working capital management. The investment made during 2020, both from a capital and acquisitions perspective, will deliver further benefits and growth in the coming years.

Dividends

At the time of the IPO, the Board committed to adopting a progressive dividend policy to reflect the expectation of future cash flow generation and the long-term earnings potential of the Group. Due to the Covid-19 uncertainty the Group did not pay an interim dividend however following the positive results for the year, the Board are proposing a final dividend of €4.2m. Subject to shareholder approval at the AGM, it is proposed to pay the dividend on 17 May 2021 to ordinary shareholders on the Company's register on 23 April 2021.

Non-recourse financing arrangement

In July 2020, the Group increased the non-recourse financing arrangement to €80.0m from €68.0m, which was the value of the initial arrangement in December 2019. Under the terms of this non-recourse agreement, the Group has transferred substantially all credit risk and control of certain trade receivables, mainly within Supply Chain & Retail, unlocking the cashflow value for further reinvestment.

Group Income Statement
for the year ended 31 December 2020

	Notes	2020 Pre-exceptional €'000	2020 Exceptional (note 3) €'000	2020 Total €'000	2019 Pre-exceptional €'000	2019 Exceptional (note 3) €'000	2019 Total €'000
Revenue	2	1,823,854	-	1,823,854	1,665,283	-	1,665,283
Cost of sales		(1,606,602)	-	(1,606,602)	(1,484,681)	-	(1,484,681)
Gross profit		217,252	-	217,252	180,602	-	180,602
Selling and distribution costs		(55,446)	-	(55,446)	(52,214)	-	(52,214)
Administrative expenses		(115,328)	(6,775)	(122,103)	(88,410)	(12,043)	(100,453)
Other operating income		241	-	241	272	-	272
Operating profit		46,719	(6,775)	39,944	40,250	(12,043)	28,207
Finance cost	4	(8,352)	1,939	(6,413)	(8,480)	6,731	(1,749)
Profit before tax		38,367	(4,836)	33,531	31,770	(5,312)	26,458
Income tax expense		(5,720)	-	(5,720)	(5,537)	-	(5,537)
Profit for the financial year		32,647	(4,836)	27,811	26,233	(5,312)	20,921
Attributable to:							
Owners of the parent				27,827			21,026
Non-controlling interests				(16)			(105)
Profit for the financial year				27,811			20,921
Attributable to:							
Continuing operations				27,811			20,921
Profit for the financial year				27,811			20,921
Earnings per ordinary share (in cent):							
Continuing operations				10.6			11.5
Basic and diluted earnings per share (in cent)	5			**10.6**			**11.5**

Group Statement of Comprehensive Income
for the year ended 31 December 2020

	Notes	2020 €'000	2019 €'000
Profit for the financial year		27,811	20,921
Other comprehensive (expense)/income			
Items that may be reclassified to the Income Statement:			
Unrealised foreign currency translation adjustments		(4,564)	3,815
Items that will not be reclassified to the Income Statement:			
Actuarial gain/(loss) in respect of defined benefit pension schemes	9	303	(1,207)
Deferred tax (charge)/credit on defined benefit pension schemes		(38)	151
Total comprehensive income for the financial year		23,512	23,680
Attributable to:			
Owners of the parent		23,528	23,785
Non-controlling interests		(16)	(105)
Total comprehensive income for the financial year		23,512	23,680
Attributable to:			
Continuing operations		23,512	23,680
Total comprehensive income for the financial year		23,512	23,680

Group Balance Sheet
as at 31 December 2020

ASSETS	Notes	2020 €'000	2019 €'000
Non-current assets			
Intangible assets	7	374,498	277,776
Property, plant and equipment	8	153,730	119,483
Financial assets - Investments in equity instruments		25	25
Deferred tax asset		4,524	4,676
Other receivables		1,097	1,132
Employee benefit surplus	9	12	-
Total non-current assets		533,886	403,092
Current assets			
Assets held for sale	10	2,300	7,985
Inventory		115,566	97,684
Trade and other receivables		125,196	136,408
Cash and cash equivalents		60,410	114,040
Restricted cash		3,097	2,142
Total current assets		306,569	358,259
Total assets		840,455	761,351
EQUITY			
Capital and reserves			
Called up share capital presented as equity	11	21,841	21,841
Share premium		176,501	176,501
Other reserves		(1,100)	3,464
Retained earnings		5,218	(20,601)
Attributable to owners		202,460	181,205
Attributable to non-controlling interests		75	(285)
Total equity		202,535	180,920
LIABILITIES			
Non-current liabilities			
Borrowings	12	95,615	66,977
Provisions	13	81,737	81,069
Employee benefit obligation	9	-	45
Lease obligations	14	107,203	82,901
Other non-current payables		4,604	545
Total non-current liabilities		289,159	231,537
Current liabilities			
Borrowings	12	2,311	22,583
Lease obligations	14	13,334	10,083
Trade and other payables		333,116	311,228
Facility termination fee		-	5,000
Total current liabilities		348,761	348,894
Total liabilities		637,920	580,431
Total equity and liabilities		840,455	761,351

Group Cash Flow Statement
for the year ended 31 December 2020

	Notes	2020 €'000	2019 €'000
Operating activities			
Cash inflow from operating activities	16	66,371	49,566
Proceeds from non-recourse financing		12,000	68,000
Interest paid		(2,870)	(3,831)
Interest paid on lease liabilities	14	(2,988)	(2,637)
Corporation tax payments		(6,535)	(4,101)
Net cash inflow from operating activities		65,978	106,997
Investing activities			
Payments to acquire property, plant and equipment - Maintenance		(6,487)	(5,585)
Payments to acquire property, plant and equipment - Strategic projects		(7,832)	-
Receipts from disposal of property, plant and equipment		123	9
Payments to acquire intangible assets - Maintenance		(1,412)	(861)
Payments to acquire intangible assets - Strategic projects		(6)	-
Receipts from disposal of assets held for sale	10	5,685	415
Receipts from disposals/repayments of financial assets		-	5,359
Payments to acquire subsidiary undertakings		(57,363)	(50,533)
Cash acquired on acquisition of subsidiary undertakings	18	7,689	6,860
Restricted cash acquired on acquisition of subsidiary undertakings	18	1,027	-
Debt acquired on acquisition of subsidiary undertakings	18	(16,800)	-
Payment of deferred and deferred contingent consideration		(35,305)	(1,403)
Receipt of deferred consideration receivable		355	95
Net cash outflow from investing activities		(110,326)	(45,644)
Financing activities			
Issue of partly paid share capital		-	17
Proceeds from calling of unpaid element of partly paid share capital		-	1,211
Proceeds from IPO equity issue		-	139,391
IPO cash exceptional costs		-	(3,493)
IPO cash exceptional costs - recognised directly in equity		-	(8,581)
Proceeds from borrowings		113,799	-
Repayments of borrowings		(103,928)	(6,869)
Decrease in invoice discounting facilities		(1,505)	(69,342)
Movement in restricted cash		(955)	210
Payment of dividends	6	(1,993)	-
Payment of facility termination fee	17	(5,000)	(2,500)
Principal element of lease payments		(9,133)	(7,896)
Net cash (outflow)/inflow from financing activities		(8,715)	42,148
(Decrease)/Increase in cash and cash equivalents in the year		(53,063)	103,501
Foreign currency translation of cash and cash equivalents		(567)	-
Opening balance cash and cash equivalents		114,040	10,539
Closing balance cash and cash equivalents	15	60,410	114,040

Group Statement of Changes in Equity
for the year ended 31 December 2020

	Share capital	Share premium	Foreign currency translation reserve	Revaluation reserve	Capital redemption reserve	Retained earnings	Attributable to non-controlling interests	Total shareholders' equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2019	9,413	22,489	(1,111)	700	60	(31,990)	(180)	(619)
Profit for the financial year	-	-	-	-	-	21,026	(105)	20,921
Other comprehensive income/(expense):								
Re-measurement loss on pensions (net of tax)	-	-	-	-	-	(1,056)	-	(1,056)
Movement in foreign currency translation reserve	-	-	3,815	-	-	-	-	3,815
Transactions recognised directly in equity:								
Issue of partly paid share capital	17	-	-	-	-	-	-	17
Issue of fully paid share capital	1,211	-	-	-	-	-	-	1,211
Exercise of derivative financial instrument	1,503	24,318	-	-	-	-	-	25,821
Issue of share capital	9,697	129,694	-	-	-	(8,581)	-	130,810
At 31 December 2019	21,841	176,501	2,704	700	60	(20,601)	(285)	180,920
At 1 January 2020	21,841	176,501	2,704	700	60	(20,601)	(285)	180,920
Profit for the financial year	-	-	-	-	-	27,827	(16)	27,811
Other comprehensive (expense)/income:								
Re-measurement gain on pensions (net of tax)	-	-	-	-	-	265	-	265
Movement in foreign currency translation reserve	-	-	(4,564)	-	-	-	-	(4,564)
Transactions recognised directly in equity:								
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	96	96
Acquisition of non-controlling interest	-	-	-	-	-	(280)	280	-
Dividends paid	-	-	-	-	-	(1,993)	-	(1,993)
At 31 December 2020	21,841	176,501	(1,860)	700	60	5,218	75	202,535

Notes to the Consolidated Financial Statements
1. General information

Basis of preparation
The 2020 financial statements have been audited, received an unqualified audit report and have been approved by the Board of Directors. The financial information set out in this document does not constitute full statutory financial statements but has been derived from the Group financial statements for the year ended 31 December 2020. The consolidated financial statements of Uniphar plc and its subsidiaries (the ‘Group’) have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS, as adopted by the EU. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB), as adopted by the EU and as applied in accordance with the Companies Acts 2014.

The financial information in the consolidated financial statements has been prepared on a basis consistent with that adopted for the year ended 31 December 2019.

The Group’s consolidated financial statements are prepared for the year ended 31 December 2020. The consolidated financial statements incorporate the Company and all of its subsidiary undertakings. A subsidiary undertaking is consolidated by reference to whether the Group has control over the subsidiary undertaking. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Uniphar plc is incorporated in the Republic of Ireland under registration number 224324 with a registered office at 4045 Kingswood Road, Citywest Business Park, Co. Dublin, D24 V06K.

Going Concern
The Directors have made appropriate enquiries and carried out a thorough review of the Group’s forecasts, projections, and available banking facilities, taking account of possible changes in trading performance and considering business risk.

Uniphar plays a significant role in the healthcare sector, ensuring continuity in the supply and distribution of much needed medicines, medical devices, and related services.

The Group has a robust capital structure with strong liquidity at the end of December 2020, strengthened into the future by the new banking facility agreed in July 2020. This continues to provide a solid platform for the Group to deal with the disruption caused by the Covid-19 pandemic.

A number of scenarios have been considered and modelled relating to the impact of Covid-19 on the Group. The key assumptions within each scenario include the following:

- Reduction in volumes in Supply Chain & Retail, with no significant reduction in costs;
- Reduction in elective surgeries in Commercial & Clinical due to re-prioritisation of resources in hospitals, with increase in demand on easing of lockdown measures; and
- No negative impact in Product Access, due to the nature of exclusive access programmes.

The scenarios considered are:

- Increased restrictions across multiple geographies in place to the end of Q1 2021, with moderate recovery thereafter; and
- The impact of continuing rolling waves of lockdown restrictions through to Q1 2022 across multiple geographies resulting in a reduction in demand, with a slow recovery over the following period, and no further mitigating actions taken to offset loss of revenues.

In both of these scenarios the assessment indicates that there is no impact on the underlying ability to comply with banking covenants and retain sufficient liquidity to meet our financial obligations as they fall due.

The execution of a new five-year banking facility (with the option to extend by a further 2 years) agreed in July 2020 enhances the liquidity position of the Group. The banking facility provides the Group with a revolving credit facility of €150.0m and a €90.0m uncommitted accordion facility. This new banking facility almost doubles the Group's available facilities. The Group has a robust capital structure, modest net bank debt of €34.4m at 31 December 2020 and an available unused committed facility of €55.0m, in addition to a €90.0m uncommitted accordion facility.

Having regard to the factors noted above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of 12 months from the date of approval of these financial statements. As a result, the Directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

New Standards, Amendments, and Interpretations

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material - amendments to IAS 1 and IAS 8;
- Definition of a Business - amendments to IFRS 3;
- Revised Conceptual Framework for Financial Reporting; and
- Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7.

These amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2. Revenue

	2020 €'000	2019 €'000
Revenue	1,823,854	1,665,283

Segmental information

Segmental information is presented in respect of the Group's geographical regions and operating segments. The operating segments are based on the Group's management and internal reporting structures.

Geographical analysis

The Group operates in two principal geographical regions being the Republic of Ireland and the UK. The Group also operates in other European countries and the US which are not material for separate identification.

The following is a geographical analysis presented in accordance with IFRS 8 "Operating Segments" which requires disclosure of information about country of domicile (Ireland) and countries with material revenue.

	2020 €'000	2019 €'000
Ireland	1,540,380	1,476,247
UK	214,352	152,623
Rest of the World	69,122	36,413
	1,823,854	1,665,283

Operating segments

IFRS 8 "Operating Segments" requires the reporting information for operating segments to reflect the Group's management structure and the way the financial information is regularly reviewed by the Group's Chief Operating Decision Maker (CODM), which the Group has defined as the Board of Directors.

The Group operates with three divisions, being, Commercial & Clinical, Product Access, and Supply Chain & Retail. These divisions align to the Group's operational and financial management structures:

- Commercial & Clinical provide outsourced services, specifically sales, marketing and multichannel account management to pharmaco-medical manufacturers, and distribution and support services to medical device manufacturers. Uniphar offer a fully integrated multi-channel account management solution that is supported through market data, insights and digital programmes. We integrate these programmes with our supply chain and distribution capability to provide a full end to end service to manufacturers;

- Product Access consists of two service offerings, being: On Demand and Exclusive Access. On Demand provides access to pharmaco-medical products and treatments, by developing valuable relationships and interactions between manufacturers and other healthcare stakeholders. This business operates in both the retail and hospital markets in both the Irish and UK markets. Exclusive Access provides bespoke distribution partnerships to pharmaceutical partners for key brands, with new programmes focused on speciality pharmaceutical products. Delivering a unique patient support programme that allows healthcare professionals to connect with patients, on a global basis; and

- Supply Chain & Retail provides both pre-wholesale distribution and wholesale distribution of pharmaceutical, healthcare and animal health products to pharmacies, hospitals and veterinary surgeons in Ireland. Uniphar operate a network of pharmacies under the Life, Allcare and Hickey's brands. Additionally, through the extended Uniphar symbol group, the business provides services and supports that help independent community pharmacies to compete more effectively.

Operating segments results
The Group evaluates performance of the operational segments on the basis of gross profit from operations.

	2020 Commercial & Clinical €'000	2020 Product Access €'000	2020 Supply Chain & Retail €'000	2020 Total €'000
Revenue	269,780	187,505	1,366,569	1,823,854
Gross profit	92,193	30,423	94,636	217,252

	2019 Commercial & Clinical €'000	2019 Product Access €'000	2019 Supply Chain & Retail €'000	2019 Total €'000
Revenue	204,031	132,245	1,329,007	1,665,283
Gross profit	76,754	17,199	86,649	180,602

The Commercial & Clinical revenue of €269,780,000 (2019: €204,031,000) consists of revenue derived from MedTech of €199,044,000 (2019: €157,691,000) and Pharma of €70,736,000 (2019: €46,340,000).

Assets and liabilities are reported to the Board at a Group level and are not reported on a segmental basis.

3. Exceptional charge

	2020 €'000	2019 €'000
Professional fees including acquisition costs	(4,300)	(5,267)
Redundancy and restructuring costs	(2,596)	(2,289)
Initial public offering costs	-	(2,432)
Acquisition integration costs	(559)	(629)
Settlement loss on closure of defined benefit pension scheme	(488)	-
Foreign exchange revaluation of deferred contingent consideration	1,168	(1,426)
Exceptional charge recognised in operating profit	(6,775)	(12,043)
Deferred and deferred contingent consideration	2,077	5,251
Gain on settlement of derivative financial instrument	-	1,765
Refinancing costs	(138)	(285)
Exceptional credit recognised in finance costs	1,939	6,731
Total Exceptional charge	(4,836)	(5,312)

Deferred and deferred contingent consideration:
Deferred and contingent consideration relates to a release of €4,348,000 following a review of expected performance against earn out and contractual targets. Additionally, a provision of €1,896,000 has been recognised in respect of deferred contingent consideration payable in relation to the EPS Group and a payment of €375,000 in respect of Outcome Medical Solutions.

4. Finance cost/(income)

	2020 €'000	2019 €'000
Interest on lease obligations	2,988	2,637
Interest payable on borrowings	2,878	3,871
Fair value adjustment to deferred and deferred contingent consideration	2,112	1,725
Fair value adjustment on facility termination fee	-	(122)
Amortisation of refinancing transaction fees	268	282
Net interest expense/(income) from pension scheme liabilities (note 9)	3	(15)
Interest receivable	(11)	(24)
Other fair value adjustments	114	126
Finance cost before exceptional credit	8,352	8,480
Decrease in fair value deferred contingent consideration (note 3)	(2,077)	(5,251)
Exercise of derivative financial instrument (note 3)	-	(1,765)
Refinancing costs (note 3)	138	285
Exceptional credit recognised in finance cost	(1,939)	(6,731)
Total finance cost	6,413	1,749

5. Earnings per share

Basic and diluted earnings per share have been calculated by reference to the following:

	2020	2019
Profit for the financial year attributable to owners (€'000)	27,827	21,026
Weighted average number of shares ('000)	262,436	183,546
Earnings per ordinary share (in cent):		
- Basic	10.6	11.5
- Diluted	10.6	11.5

Adjusted earnings per share has been calculated by reference to the following:

	2020 €'000	2019 €'000
Profit for the financial year attributable to owners	27,827	21,026
Exceptional charge recognised in operating profit (note 3)	6,775	12,043
Exceptional credit recognised in finance costs (note 3)	(1,939)	(6,731)
Amortisation of acquisition related intangibles	279	-
Profit after tax excluding exceptional items	32,942	26,338
Weighted average number of shares in issue in the year (000's)	262,436	183,546
Adjusted basic and diluted earnings per ordinary share (in cent)	12.6	14.3

The weighted average number of ordinary shares includes the effect of 6,218,620 shares (2,582,596 on a weighted basis in the year) granted under the LTIP that have met the share price performance conditions but will not vest until 31 December 2024.

6. Dividends

A final dividend of €0.0073 per ordinary share was paid on 29 May 2020 and amounted to €1,993,000 in respect of the period from IPO to 31 December 2019. There was no dividend paid during the comparative year ended 31 December 2019.

The Directors have proposed a final dividend of €0.015 per ordinary share, subject to approval at the AGM. This results in a total shareholder dividend of €4.2m in respect of the year ended 31 December 2020. If approved, the proposed dividend will be paid on 17 May 2021 to ordinary shareholders on the Company's register on 23 April 2021. This dividend has not been provided for in the Balance Sheet at 31 December 2020, as there was no present obligation to pay the dividend at year end.

7. Intangible assets

	Computer software €'000	Trademark €'000	Goodwill €'000	Technology asset €'000	Brand name €'000	Total €'000
Cost						
At 1 January 2020	33,109	153	291,253	-	-	324,515
Foreign exchange movement	(7)	-	(5,096)	-	-	(5,103)
Acquisitions (note 18)	-	-	90,835	723	11,238	102,796
Additions	1,418	-	-	-	-	1,418
Disposals/retirements	(4,352)	-	-	-	-	(4,352)
At 31 December 2020	30,168	153	376,992	723	11,238	419,274
Amortisation						
At 1 January 2020	27,939	91	18,709	-	-	46,739
Amortisation	2,058	31	-	188	91	2,368
Disposals/retirements	(4,331)	-	-	-	-	(4,331)
At 31 December 2020	25,666	122	18,709	188	91	44,776
Net book amounts						
At 31 December 2019	5,170	62	272,544	-	-	277,776
At 31 December 2020	4,502	31	358,283	535	11,147	374,498

8. Property, plant and equipment, and right-of-use assets

	Freehold land and buildings	Leasehold improvements	Plant and equipment	Fixtures and fittings	Computer equipment	Motor vehicles	Instruments	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Cost								
At 1 January 2020	100,119	8,428	22,076	8,131	5,200	5,744	3,490	153,188
Foreign exchange movement	(468)	(35)	(119)	(112)	(48)	(98)	-	(880)
Additions	4,013	374	9,963	1,986	750	3,747	1,457	22,290
Acquisitions (note 18)	26,886	1,063	-	2,422	534	31	-	30,936
Disposals/retirements	(339)	(96)	(2,639)	(930)	(816)	(1,944)	(1,100)	(7,864)
Reclassification	-	42	-	29	(71)	-	-	-
At 31 December 2020	130,211	9,776	29,281	11,526	5,549	7,480	3,847	197,670
Accumulated depreciation								
At 1 January 2020	7,631	1,259	14,138	3,852	3,704	1,988	1,133	33,705
Foreign exchange movement	(24)	(21)	(36)	(38)	(19)	(39)	-	(177)
Charge for the year	7,696	798	2,802	1,357	630	2,725	1,618	17,626
Disposals/retirements	(230)	(96)	(2,600)	(930)	(808)	(1,535)	(1,015)	(7,214)
Reclassification	-	21	-	(3)	(18)	-	-	-
At 31 December 2020	15,073	1,961	14,304	4,238	3,489	3,139	1,736	43,940
Net book amounts								
At 31 December 2019	92,488	7,169	7,938	4,279	1,496	3,756	2,357	119,483
At 31 December 2020	115,138	7,815	14,977	7,288	2,060	4,341	2,111	153,730
Reconciliation to Balance Sheet								
Property, plant & equipment	5,171	7,815	14,050	7,288	2,060	134	2,111	38,629
Right-of-use assets	109,967	-	927	-	-	4,207	-	115,101
Net book value at 31 December 2020	115,138	7,815	14,977	7,288	2,060	4,341	2,111	153,730

Included in property, plant and equipment are assets under construction to the net book value of €8,600,000 (2019: €244,000). Depreciation has not commenced on these assets.

9. Employee benefit surplus/(obligations)

The pension entitlements of employees, including Executive Directors, arise under one defined benefit scheme and three defined contribution schemes and are secured by contributions by the Group to separate trustee administered pension funds in the Republic of Ireland. The trustees are responsible for the management and governance of the plans including compliance with all relevant laws and regulations. The benefits provided by the defined benefit plan is no longer linked to future salary inflation due to the accrual of pension benefit ceasing on the scheme in prior years. Contributions to the Whelehan Group Pension Scheme were terminated in October 2019, and the scheme was wound up effective in January 2020. The assets of the scheme were distributed in line with members chosen options and no assets or liabilities remain. Any former members of these schemes still employed by the Group were offered membership of the Uniphar Group Retirement Benefits Scheme for future service benefits.

The defined benefit schemes are:

- The Cahill May Roberts Limited Contributory Pension Plan; and
- The Whelehan Group Pension Scheme (wound up in January 2020).

The pension charge for the year is €4,219,000 (2019: €2,922,000) comprising current service cost of €nil (2019: €44,000) and defined contribution scheme costs of €4,219,000 (2019: €2,878,000). The net finance cost resulting from the scheme surplus/deficit is €3,000 (2019 income: €15,000).

Financial instruments held by the defined benefit schemes

At 31 December 2020 the scheme assets were invested in a diversified portfolio that consisted primarily of equity and debt securities. Scheme assets do not include any of Uniphar plc's own financial instruments, nor any property occupied by Uniphar plc. The fair value of the scheme assets at the Balance Sheet date are shown as follows:

	2020 €'000	2019 €'000
Equities - Investments in quoted active markets	2,573	4,954
Bonds - Investments in quoted active markets	6,855	15,127
Cash	70	301
Other	2,199	2,128
Fair value of the scheme assets	11,697	22,510

Principal actuarial assumptions at the Balance Sheet date

The main financial assumptions used were:

	2020	2019
Rate of increase in pensionable salaries	0.0% - 2.5%	0.0% - 2.5%
Rate of increase in pensions in payment	0.0%	0.0%
Discount rate	0.7%	0.9%
Inflation rate	1.2%	1.4%

Investigations have been carried out within the past three years into the mortality experience of the Group's major schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are 21.8 (2019: 21.7) years for males and 24.2 (2019: 24.1) years for females.

The following amounts at the Balance Sheet dates were measured in accordance with the requirements of IAS 19:

	2020 €'000	2019 €'000
Present value of scheme liabilities	(11,685)	(22,555)
Fair value of scheme assets	11,697	22,510
Pension asset/(liability) resulting from employee benefit obligation	12	(45)

	Pension assets €'000	Pension liabilities €'000	Pension surplus €'000
Movement in scheme assets and liabilities			
At 1 January 2020	22,510	(22,555)	(45)
Settlement loss	-	(488)	(488)
Employer contributions paid	245	-	245
Interest on scheme liabilities	-	(104)	(104)
Interest on scheme assets	101	-	101
Actuarial gain/(loss) in current year	638	(335)	303
Benefits (paid)/settled	(11,797)	11,797	-
At 31 December 2020	11,697	(11,685)	12

10. Assets held for sale

	Properties €'000	Other assets €'000	Total €'000
At 1 January 2020	3,585	4,400	7,985
Disposals	(1,285)	(4,400)	(5,685)
At 31 December 2020	2,300	-	2,300

During 2020, the Group disposed of €1,285,000 (2019: €415,000) of properties which were previously held for sale. The remaining properties held for sale are available for immediate sale in their present condition subject to terms that are usual and customary for properties of this nature. The individual properties are being actively marketed and the Group is committed to its plan to sell these properties in an orderly manner.

The other assets related to certain business assets acquired as part of the acquisition of M3 Medical Limited. These assets were disposed of in February 2020 for an amount equal to their carrying value, and the deferred contingent consideration attributable to the sale of these assets was paid.

11. Called up share capital presented as equity

	2020 €'000
Authorised:	
453.2 million (2019: 300.0 million) ordinary shares of 8c each	36,256
16.0 million (2019: 16.0 million) "A" ordinary shares of 8c each	1,280
	37,536

Movement in the year in issued share capital presented as equity

Allotted, called up and fully paid ordinary shares	
At 1 January - 273,015,254 ordinary shares of 8c each	21,841
At 31 December - 273,015,254 ordinary shares of 8c each	21,841

Total allotted share capital:	
At 31 December - 273,015,254 (2019: 273,015,254) ordinary shares	21,841

In May 2020, following the passing of a resolution at the AGM, the authorised share capital of the Company was increased from €25,280,000 divided into 300,000,000 ordinary shares of 8c each and 16,000,000 “A” ordinary shares of 8c each, to €37,536,000 divided into 453,205,300 ordinary shares of 8c each and 16,000,000 “A” ordinary shares of 8c each.

12. Borrowings

Bank loans are repayable in the following periods after 31 December:

	2020 €'000	2019 €'000
Amounts falling due within one year	2,311	22,583
Amounts falling due between one and five years	95,615	66,977
	97,926	89,560

The Group's total bank loans at 31 December 2020 were €97,926,000 (2019: €89,560,000). Borrowings under invoice discounting facilities as at the Balance Sheet date were €nil (2019: €1,505,000). Bank loans falling due within one year include €2,300,000 (2019: €3,585,000) of loans arising on the acquisition of Bradley’s Pharmacy Group which are secured by properties acquired on the acquisition which are classified as held for sale. Following the disposal of these properties these loans are required to be repaid (note 10).

The Group entered into a new facility on 2 July 2020. The total loan value of the revolving credit facility available for use within this agreement is €150,000,000, with an additional uncommitted accordion facility of €90,000,000. This facility runs for 5 years to 2025 with an option to extend by a further 2 years, with repayment of all loans on termination of the facility currently at 2 July 2025.

At 31 December, the Group’s revolving credit facility loans in use were subject to an interest rate of Euribor +1.5% (2019: the Group’s term loans were subject to Euribor +2%) and the invoice discount funding were subject to interest rates of Prime +1.75% (2019: Prime +1.75%).

Bank security

Bank overdrafts (including invoice discounting) and bank loans of €97,926,000 (2019: €89,560,000) are secured by cross guarantees and fixed and floating charges from the Company and certain subsidiary undertakings.

Of the total facilities, invoice discounting with recourse to the Company, are secured by way of assignment of book debts to the bank. At the Balance Sheet date €nil (2019: €1,505,000) of invoice discounting facilities were utilised by the Group.

13. Provisions

	Deferred contingent consideration €'000	Lease dilapidation €'000	Warranty provision €'000	Total €'000
At 1 January 2020	80,811	213	45	81,069
Charge to Income Statement	1,896	-	8	1,904
Unwinding of discount	2,026	-	-	2,026
Arising on acquisition	31,777	360	-	32,137
Utilised during the year	(28,491)	(50)	-	(28,541)
Released during the year	(4,348)	-	-	(4,348)
Foreign currency movement	(2,507)	-	(3)	(2,510)
At 31 December 2020	81,164	523	50	81,737

Deferred contingent consideration

Deferred contingent consideration represents the present value of deferred contingent acquisition consideration which would become payable based on pre-defined profit thresholds being met. During the year payments of €28,491,000 were made in respect of prior year acquisitions. Deferred contingent consideration of €4,348,000 in respect of prior year acquisitions was released in the year following a review of expected performance against earn-out targets. As part of this review, separately an increase of €1,896,000 was also made in respect of prior period acquisitions.

Lease dilapidation

The lease dilapidation provision covers the cost of reinstating certain Group properties at the end of the lease term. This is based on the terms of the individual leases which set out the conditions relating to the return of property. The timing of the outflows will match the ending of the relevant leases with various dates up to 2042.

Warranty provision

The warranty provision relates to a product warranty provided to customers on certain medical devices. The estimated cost of the warranty is provided for upon recognition of the sale of the product. The costs are estimated based on actual historical experience of expenses incurred and on estimated future expenses related to current sales and are updated periodically. Actual warranty costs are charged against the warranty provision.

14. Leases

(i) Amounts recognised in the Balance Sheet

As at 31 December, the Balance Sheet shows the following amounts relating to leases:

	2020 €'000	2019 €'000
Right-of-use assets:		
Buildings	109,967	87,334
Plant and equipment	927	1,054
Motor vehicles	4,207	3,590
Net book value of right-of-use assets	115,101	91,978

Lease liabilities:		
Current	13,334	10,083
Non-current	107,203	82,901
Total lease liabilities	120,537	92,984

Right-of-use assets are included in the line 'Property, plant and equipment' on the Balance Sheet, and are presented in note 8.

Additions to the right-of-use assets during the year ended 31 December 2020 were €7,948,000 (2019: €3,464,000).

Lease liabilities are presented separately on the face of the Balance Sheet.

(ii) Amounts recognised in the Income Statement:

The Income Statement shows the following amounts relating to leases:

	2020 €'000	2019 €'000
Depreciation charge of right-of-use assets:		
Buildings	7,521	6,291
Plant and equipment	556	516
Motor vehicles	2,663	2,671
	10,740	9,478
Interest on lease obligations (note 4)	2,988	2,637

15. Analysis of net debt

	2020 €'000	2019 €'000
Cash and cash equivalents	60,410	114,040
Restricted cash	3,097	2,142
	63,507	116,182
Bank loans repayable within one year	(2,311)	(22,583)
Bank loans payable after one year	(95,615)	(66,977)
Bank loans	(97,926)	(89,560)
Net bank (debt)/cash	(34,419)	26,622
Current lease obligations	(13,334)	(10,083)
Non-current lease obligations	(107,203)	(82,901)
Lease obligations	(120,537)	(92,984)
Net debt	(154,956)	(66,362)

16. Reconciliation of operating profit to cash flow from operating activities

	2020 €'000	2019 €'000
Operating profit before operating exceptional items	46,719	40,250
Cash related exceptional items	(10,761)	(7,075)
	35,958	33,175
Depreciation	17,626	15,911
Amortisation of intangible assets	2,368	2,394
Increase in inventory	(11,868)	(14,889)
Decrease/(increase) in receivables	8,789	(17,656)
Increase in payables	13,554	30,424
Foreign currency translation adjustments	(56)	207
Cash inflow from operating activities	66,371	49,566

17. Financial instruments

Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	Financial assets at FVOCI*	Financial assets at amortised cost	Total	Fair value
	€'000	€'000	€'000	€'000
Financial assets				
31 December 2020:				
Investments in equity instruments	25	-	25	25
Trade and other receivables **	-	117,843	117,843	117,894
Deferred consideration receivable	-	633	633	654
Cash and cash equivalents	-	60,410	60,410	60,410
Restricted cash	-	3,097	3,097	3,097
	25	181,983	182,008	182,080

* Fair value through other comprehensive income.

** Excluding prepayments and accrued income.

	Financial liabilities at FVTPL***	Financial liabilities at amortised cost	Total	Fair value
	€'000	€'000	€'000	€'000
Financial liabilities				
31 December 2020:				
Borrowings	-	97,926	97,926	105,708
Deferred acquisition consideration	-	4,461	4,461	4,625
Trade and other payables ****	-	208,569	208,569	208,569
Deferred contingent consideration	81,164	-	81,164	81,164
Lease liabilities	-	120,537	120,537	120,537
	81,164	431,493	512,657	520,603

*** Fair value through profit and loss.

**** Excluding non-financial liabilities.

Measurement of fair values

In the preparation of the financial statements, the Group finance department, which reports directly to the Chief Financial Officer (CFO), reviews and determines the major methods and assumptions used in estimating the fair values of the financial assets and liabilities which are set out below:

Investments in equity instruments

Investments in equity instruments are measured at fair value through other comprehensive income (FVOCI).

Long-term receivables

The fair value of long-term receivables is determined by discounting future cash flows at market rates of interest at the period end.

Trade and other receivables/trade and other payables

For receivables and payables with a remaining life of less than 12 months or demand balances, the carrying value less impairment provision where appropriate, is deemed to reflect fair value.

Cash and cash equivalents, including short-term bank deposits

For short term bank deposits and cash and cash equivalents, all of which have a remaining maturity of less than three months, the carrying amount is deemed to reflect fair value.

Interest-bearing loans and borrowings

For floating rate interest-bearing loans and borrowings with a contractual repricing date of less than 6 months, the nominal amount is deemed to reflect fair value. For loans with repricing dates of greater than 6 months, the fair value is calculated based on the present value of the expected future principal and interest cash flows discounted at appropriate market interest rates (level 2) effective at the Balance Sheet date and adjusted for movements in credit spreads.

Deferred acquisition consideration

Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the deferred acquisition consideration.

Deferred contingent consideration

The fair value of the deferred contingent consideration is calculated by discounting the expected future payment to the present value. The expected future payment represents the deferred contingent acquisition consideration which would become payable based on pre-defined profit thresholds being met and is calculated based on management's best estimates of the expected future cash outflows using current budget forecasts. The provision for deferred contingent consideration is principally in respect of acquisitions completed from 2015 to 2020.

The significant unobservable inputs are:

- Pre-defined profit thresholds which have not been disclosed due to their commercial sensitivities; and
- Risk adjusted discount rate of between 2% and 3% (2019: 3%).

For the fair value of deferred contingent consideration, a 1% increase in the risk adjusted discount rate at 31 December 2020, holding the other inputs constant would reduce the fair value of the deferred contingent consideration by €1.6m. A 1% decrease in the risk adjusted discount rate would result in an increase of €1.6m in the fair value of the deferred contingent consideration.

Facility termination fee

As part of the funding of the acquisition of Cahill May Roberts in 2013, a share warrant was issued to participating banks, granting the right to subscribe for 10% of the entire fully diluted issued share capital of the Company at the time of subscription, at any time up until 30 June 2017. During 2017, the share warrant holders surrendered all of their equity rights in return for an agreed facility termination fee payable by the Company of €10,000,000. In January 2020, a payment of €5,000,000 was made in final settlement of the facility termination fee. At 31 December 2019, the facility termination fee had a carrying value and respective fair value of €5,000,000.

Fair value hierarchy

The following table sets out the fair value hierarchy for financial instruments which are measured at fair value.

	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Recurring fair value measurements				
At 31 December 2020				
Investments in equity instruments	-	-	25	25
Deferred contingent consideration	-	-	(81,164)	(81,164)
	-	-	(81,139)	(81,139)

There were no transfers between the fair value levels for recurring fair value measurements during the period. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the year ended 31 December 2020:

	Shares in unlisted companies €'000	Facility termination fee €'000	Deferred contingent consideration €'000	Total €'000
At 1 January 2020	25	(5,000)	(80,811)	(85,786)
Payments	-	5,000	28,491	33,491
Charge to Income Statement*	-	-	(1,896)	(1,896)
Unwinding of discount*	-	-	(2,026)	(2,026)
Arising on acquisition	-	-	(31,777)	(31,777)
Release*	-	-	4,348	4,348
Foreign currency movement	-	-	2,507	2,507
At 31 December 2020	25	-	(81,164)	(81,139)

* These amounts have been credited/(charged) to the Income Statement in finance income/costs.

Financial risk management

The Group's operations expose it to various financial risks. The Group has a risk management programme in place which seeks to limit the impact of these risks on the financial performance of the Group and it is the Group's policy to manage these risks in a non-speculative manner.

The Group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, currency risk, interest risk and price risk. The consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's Annual Report.

In December 2019, the Group entered into a receivables purchase arrangement with two of its banking partners. Under the terms of this non-recourse agreement, the Group has transferred substantially all credit risk and control of certain trade receivables. In July 2020, the non-recourse financing arrangement increased by an additional €14,118,000 with the total amount of the facility being €94,118,000 (2019: €80,000,000). The Group has recognised an asset within trade and other receivables of €14,118,000 (2019: €12,000,000), being the fair value of the amount receivable from the financial institutions, representing 15% of the trade receivables transferred to the financial institutions in accordance with the terms of the receivables purchase arrangement. The execution of this agreement resulted in an operating cash inflow of €12,000,000 (2019: €68,000,000) for the Group during the year ended 31 December 2020. Total interest expense associated with this receivables purchase agreement during the year ended 31 December 2020 was €1,203,000 (2019: €31,000).

18. Acquisitions of subsidiary undertakings and business assets

A key strategy of the Group is to expand into higher growth, higher margin sectors and businesses. In line with this strategy, the Group completed the following acquisitions during the financial year:

- **Innerstrength Limited**
  The Group acquired an 82.3% controlling interest of the issued share capital of Innerstrength Limited in March 2020 for consideration of €2,675,000, of which €1,685,000 is deferred and contingent on agreed targets being met and the exercise of the put and call option over the non-controlling interest. Innerstrength Limited operates in Ireland, in the technology market, enabling healthcare professionals to deliver personalised education to patients who are currently living with chronic conditions.

- **Marie O'Brien Limited**
  The Group acquired 100% of the issued share capital of Marie O'Brien Limited, in July 2020 for consideration of €1,377,000 of which €166,000 is deferred. Marie O'Brien Limited currently operates an independent retail pharmacy in Ireland.

- **Diligent Health Solutions, LLC**
  The Group acquired 100% of membership interests of Diligent Health Solutions, LLC in September 2020 for consideration of €21,142,000 of which €13,813,000 is deferred and contingent on agreed targets being met. Diligent Health Solutions, LLC is a US-based healthcare communications provider.

- **Bunclody Pharmacy Limited**
  The Group acquired 100% of the issued share capital of Bunclody Pharmacy Limited, in September 2020 for consideration of €819,000. Bunclody Pharmacy Limited currently operates an independent retail pharmacy in Ireland.

- **Hickey's Pharmacy Group**
  The Group acquired 100% of the ordinary share capital of Drishlawn Group Holdings Limited, incorporated in the Isle of Man and Hickey's Pharmacy Group Holdings Limited incorporated in Ireland in November 2020, which are collectively the holdings companies of the Hickey's Pharmacy Group for consideration of €43,556,000, of which €3,652,000 is deferred consideration.

- **RRD International, LLC**
  The Group acquired 100% of the membership interests of RRD International, LLC in November 2020 for consideration of €21,553,000, of which €16,279,000 is deferred and contingent on agreed targets being met. RRD International, LLC is a US-based pharmaceutical advisory group providing outsourced strategic consulting and execution services throughout the early stages of product development.

Goodwill is attributable to the future economic benefits arising from assets which are not capable of being individually identified and separately recognised. The significant factors giving rise to the goodwill include the value of the teams within the businesses acquired, the enhancement of the competitive position of the Group in the marketplace and the strategic premium paid by Uniphar Group to create the combined Group.

The fair value of the deferred and contingent consideration recognised at the date of acquisition is calculated by discounting the expected future payment to present value at the acquisition date. In general, for deferred contingent consideration to become payable, pre-defined profit thresholds must be exceeded. On an undiscounted basis, the future payments for which the Group may be liable in respect of acquisitions completed in the current year range from €4.0m to €64.4m.

The initial assignment of fair values to net assets acquired has been performed on a provisional basis in respect of the acquisitions completed during 2020, due to their recent acquisition dates. Separately identifiable intangible assets were identified in the initial assessment of the fair value of the net assets acquired for Hickey's Pharmacy Group and Innerstrength Limited. The Group has 12 months from the date of acquisition to finalise the fair value of the assets/liabilities acquired, and any amendments to these fair values within the twelve-month period from the date of acquisition will be disclosable in the 2021 Annual Report as stipulated by IFRS 3, Business Combinations.

The acquisition of Hickey's Pharmacy Group has been determined to be a substantial transaction and separate disclosure of the fair values of the identifiable assets and liabilities has therefore been made. None of the remaining business combinations completed during the period were considered sufficiently material to warrant separate disclosure of the fair values attributable to those combinations.

The provisional fair value of the assets and liabilities acquired as part of the acquisitions completed during the financial year are set out below:

	Hickey's €'000	Others €'000	Total €'000
ASSETS			
Non-current assets			
Intangible assets	11,238	723	11,961
Property, plant and equipment	28,539	2,397	30,936
	39,777	3,120	42,897
Current assets			
Inventory	5,832	181	6,013
Trade and other receivables	5,509	4,765	10,274
Cash and cash equivalents	5,928	1,761	7,689
Restricted cash	-	1,027	1,027
	17,269	7,734	25,003
Total assets	57,046	10,854	67,900
LIABILITIES			
Non-current liabilities			
Lease liabilities	24,223	1,337	25,560
Provisions	360	-	360
Other non-current liabilities	-	536	536
Deferred tax liabilities	697	-	697
	25,280	1,873	27,153
Current liabilities			
Lease liabilities	3,847	648	4,495
Bank borrowings	16,800	-	16,800
Trade and other payables	12,379	6,690	19,069
	33,026	7,338	40,364
Total liabilities	58,306	9,211	67,517
Identifiable net assets/(liabilities) acquired	(1,260)	1,643	383
Non-controlling interest arising on acquisition	-	(96)	(96)
Group share of net assets acquired	(1,260)	1,547	287
Goodwill arising on acquisition	44,816	46,019	90,835
Consideration	43,556	47,566	91,122

The gross contractual value of the trade and other receivables as at the respective dates of acquisition amounted to €10.3m. The fair value of these receivables is estimated at €10.3m (all of which is expected to be recoverable).

The acquisitions completed in 2020 have contributed €10.0m to revenue and €4.5m of gross profit for the period since the date of acquisition. The proforma revenue and operating profit for the Group for the period ended 31 December 2020 would have been €1,895m and €46.1m respectively had the acquisitions been completed at the start of the current reporting period.

In 2020, the Group incurred acquisition costs of €4.3m (2019: €5.0m). These have been included in administrative expenses in the Group Income Statement.

2019 Acquisitions

The initial assessment of the fair values of the major classes of assets acquired and liabilities assumed in respect of the acquisitions which were completed in 2019 was performed on a provisional basis. The fair values attributable to the assets and liabilities of these acquisitions have now been finalised. The amendments to these fair values were made to the comparative figures during the subsequent reporting window within the measurement period imposed by IFRS 3. The provisional fair value of these assets and liabilities recorded at 31 December 2019, together with the adjustments made in 2020 to those carrying values to arrive at the final fair values are detailed in the Annual Report.

19. Post balance sheet events

On 26 January 2021, the Board approved the establishment of a new share option scheme with a reserve of 2.5% of the issued share capital of the Company. Existing participants in the current Group LTIP (including executive directors) shall not be eligible for the grant of options under this scheme which is intended to incentivise key senior management who were not eligible for participation in the existing Group LTIP.

There have been no other material events subsequent to 31 December 2020 that would require adjustment to or disclosure in this report.

20. Comparative amounts

The comparative amounts have been updated for amendments to the fair value of assets and liabilities acquired during 2019, these amendments were within the measurement period imposed by IFRS 3.

21. Approval by the Board of Directors

The preliminary results announcement was approved by the Board of Directors on 1 March 2021.

Additional Information

ALTERNATIVE PERFORMANCE MEASURES

The Group reports certain financial measurements that are not required under IFRS. These key alternative performance measures (APMs) represent additional measures in assessing performance and for reporting both internally, and to shareholders and other external users. The Group believes that the presentation of these APMs provides useful supplemental information which, when viewed in conjunction with IFRS financial information, provides stakeholders with a more meaningful understanding of the underlying financial and operating performance of the Group and its divisions. These measurements are also used internally to evaluate the historical and planned future performance of the Group's operations.

None of these APMs should be considered as an alternative to financial measurements derived in accordance with IFRS. The APMs can have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of results as reported under IFRS.

The principal APMs used by the Group, together with reconciliations where the APMs are not readily identifiable from the financial statements, are as follows:

	Definition	Why we measure it
EBITDA **&** **Adjusted EBITDA**	Earnings before exceptional items, net finance expense, income tax expense, depreciation, and intangible assets amortisation. Earnings before exceptional items, net finance expense, income tax expense, depreciation, and intangible assets amortisation, adjusted for the impact of IFRS 16 and the pro-forma EBITDA of acquisitions.	EBITDA provides management with an assessment of the underlying trading performance of the Group and excludes transactions that are not reflective of the ongoing operations of the business, allowing comparison of the trading performance of the business across periods and/or with other businesses. Adjusted EBITDA is used for leverage calculations.
Net bank (debt)/cash	Net bank (debt)/cash represents the net total of current and non-current borrowings, cash and cash equivalents, and restricted cash as presented in the Group Balance Sheet.	Net bank (debt)/cash is used by management as it gives a summary of the Group's current leverage which management will consider when evaluating investment opportunities, potential acquisitions, and internal resource allocation.
Net debt	Net debt represents the total of net bank (debt)/cash, plus current and non-current lease obligations as presented in the Group Balance Sheet.	Net debt is used by management as it gives a complete picture of the Group's debt including the impact of lease liabilities recognised under IFRS 16.
Leverage	Net bank (debt)/cash divided by adjusted EBITDA for the period.	Leverage is used by management to evaluate the group's ability to cover its debts. This allows management to assess the ability for the company to use debt as a mechanism to facilitate growth.
Adjusted earnings per share	This comprises of profit for the financial period attributable to owners of the parent as reported in the Group Income Statement before exceptional items (if any) and amortisation of acquisition related intangibles, divided by the weighted average number of shares in issue in the period.	Adjusted EPS is used to assess the after-tax underlying performance of the business in combination with the impact of capital structure actions on the share base. This is a key measure used by management to evaluate the businesses operating performance, generate future operating plans, and make strategic decisions.

Like for Like adjusted earnings per share	Like for like adjusted earnings per share is calculated for both the current and prior period by dividing the profit of the relevant period attributable to owners of the parent as reported in the Group Income Statement before exceptional items (if any) and amortisation of acquisition related intangibles, by the weighted average number of shares in issue in the current period.	Like for like adjusted EPS is used to assess the after tax underlying performance of the business assuming a constant share base.
Free cash flow conversion	Free cash flow conversion calculated as EBITDA, less investment in working capital, less maintenance capital expenditure, less foreign exchange translation adjustment, divided by EBITDA.	Free cash flow represents the funds generated from the Group's ongoing operations. These funds are available for reinvestment, and for future acquisitions as part of the Group's growth strategy. A high level of free cash flow conversion is key to maintaining a strong, liquid balance sheet.
Return on capital employed	ROCE is calculated as the 12 months rolling operating profit before the impact of exceptional costs and amortisation of acquisition related intangibles, expressed as a percentage of the adjusted average capital employed for the same period. The average capital employed is adjusted to ensure the capital employed of acquisitions completed during the period are appropriately time apportioned.	This measure allows management to monitor business performance, review potential investment opportunities and the allocation of internal resources.

EBITDA

		2020 €'000	2019 €'000
Operating profit	*Income Statement*	39,944	28,207
Exceptional charge recognised in operating profit	*Note 3*	6,775	12,043
Depreciation	*Note 8*	17,626	15,911
Amortisation	*Note 7*	2,368	2,394
EBITDA		66,713	58,555
Adjust for the impact of IFRS 16		(12,121)	(10,533)
Pro-forma EBITDA of acquisitions		6,923	246
Adjusted EBITDA		61,515	48,268

Net bank (debt)/cash

		2020 €'000	2019 €'000
Cash and cash equivalents	*Balance Sheet*	60,410	114,040
Restricted cash	*Balance Sheet*	3,097	2,142
Bank loans repayable within one year	*Balance Sheet*	(2,311)	(22,583)
Bank loans payable after one year	*Balance Sheet*	(95,615)	(66,977)
Net bank (debt)/cash		(34,419)	26,622

Net debt

		2020 €'000	2019 €'000
Net bank (debt)/cash	*Alternative Performance Measures*	(34,419)	26,622
Current lease obligations	*Balance Sheet*	(13,334)	(10,083)
Non-current lease obligations	*Balance Sheet*	(107,203)	(82,901)
Net debt		(154,956)	(66,362)

Leverage

		2020 €'000	2019 €'000
Net bank (debt)/cash	*Alternative Performance Measures*	(34,419)	26,622
Adjusted EBITDA	*Alternative Performance Measures*	61,515	48,268
Leverage (times)		(0.6)	0.6

Adjusted earnings per share

	2020 €'000	2019 €'000
Adjusted earnings per share has been calculated by reference to the following:		
Profit for the financial year attributable to owners	27,827	21,026
Amortisation of acquisition related intangibles	279	-
Exceptional charge recognised in operating profit (note 3)	6,775	12,043
Exceptional credit recognised in finance costs (note 3)	(1,939)	(6,731)
Profit after tax excluding exceptional items	32,942	26,338
Weighted average number of shares in issue in the year (000's)	262,436	183,546
Adjusted basic and diluted earnings per ordinary share (in cent)	12.6	14.3
Like for like weighted average number of shares (000's)	262,436	262,436
Like for like adjusted earnings per ordinary share (in cent)	12.6	10.0

Free cash flow conversion

		2020 €'000	2019 €'000
EBITDA		66,713	58,555
Increase in inventory	*Note 16*	(11,868)	(14,889)
Decrease/(increase) in receivables	*Note 16*	8,789	(17,656)
Increase in payables	*Note 16*	13,554	30,424
Foreign currency translation adjustments	*Note 16*	(56)	207
Payments to acquire property, plant and equipment - Maintenance	*Cash Flow Statement*	(6,487)	(5,585)
Payments to acquire intangible assets - Maintenance	*Cash Flow Statement*	(1,412)	(861)
Free cash flow		69,233	50,195
Adjustment for settlement of acquired financial liabilities*		4,788	-
		74,021	50,195
EBITDA		66,713	58,555
Free cash flow conversion		111.0%	85.7%

*****The adjustment to free cash flow ensures that payments made after an acquisition to settle loans with former shareholders of acquired companies, or other similar financial liabilities, are excluded from the movement in payables in the free cash flow conversion calculation.

Return on capital employed

	2020 €'000	2019 €'000	2018 €'000
Rolling 12 months operating profit	39,944	28,207	
Adjustment for exceptional costs	6,775	12,043	
Acquisition related intangible amortisation	279	-	
Adjusted 12 months rolling operating profit	46,998	40,250	
Total equity	202,535	180,920	(619)
Net bank debt/(cash)	34,419	(26,622)	152,880
Derivative financial instruments	-	-	27,586
Facility termination fee	-	5,000	7,622
Deferred contingent consideration	81,164	80,811	51,811
Deferred consideration payable	4,461	7,394	5,566
Total capital employed	322,579	247,503	244,846
Average capital employed	285,041	246,175	
Adjustment for acquisitions (note A / B below)	(36,302)	(13,724)	
Adjusted average capital employed	248,739	232,451	
Return on capital employed	18.9%	17.3%	

Note A: Adjustment for acquisitions (2020)	Capital employed €'000	Completion Date	Adjustment €'000
Hickey's Pharmacy Group	54,428	Nov 2020	(22,678)
Other acquisitions completed during 2020	47,255	Various	(13,624)
Adjustment for acquisitions			(36,302)

Note B: Adjustment for acquisitions (2019)	Capital employed €'000	Completion Date	Adjustment €'000
Durbin Group	41,856	July 2019	(3,488)
Other acquisitions completed during 2019	37,885	Various	(10,236)
Adjustment for acquisitions			(13,724)

The adjustment ensures that the capital employed of acquisitions completed during the period are appropriately time apportioned. The adjustment includes cash consideration, deferred and deferred contingent consideration, debt acquired, cash acquired, and any cash impact of shareholder loans or other similar financial liabilities repaid post acquisition.