Uniphar plc
2020 Interim Results

Uniphar plc a diversified healthcare services business announces:

- its half year results for the six months ended 30 June 2020, which are in line with latest expectations; and
- the acquisitions of Innerstrength Limited ("Innerstrength") and Hickey's Pharmacy Group ("Hickey's") which in aggregate will be earnings accretive from completion.

FINANCIAL HIGHLIGHTS

			Growth	
Six months ended 30 June[1]	**2020 €'000**	2019 €'000	Reported	Constant currency[2]
Revenue	**871,328**	800,564	8.8%	8.8%
Gross profit	**102,594**	82,996	23.6%	23.5%
Commercial & Clinical	**41,918**	37,222	12.6%	12.7%
Product Access	**15,235**	5,921	157.3%	155.7%
Supply Chain & Retail	**45,441**	39,853	14.0%	14.0%
Gross margin % (Group)	**11.8%**	10.4%		
EBITDA	**30,210**	26,819	12.6%	12.4%
Operating profit	**20,051**	15,943	25.8%	25.4%
Profit before tax excluding exceptional items	**16,411**	13,806	18.9%	18.5%
Net bank cash/(debt)	**1,386**	(160,970)		
Basic EPS (cent)	**4.9**	7.5		
Adjusted EPS (cent)	**5.1**	9.3		

- Strong H1 results with increase in reported gross profit of 23.6% to €102.6m (5% organic growth), including growth across all trading divisions and geographies.
- Continued growth in gross margin from 10.4% to 11.8% with expansion into higher margin opportunities.
- EBITDA increase of 12.6%, from €26.8m to €30.2m.
- Return on capital employed for the rolling 12 months within target range at 14.7% (2019: 14.5%).
- Decline in reported EPS driven by increase in weighted average number of shares following IPO. On a like for like basis, growth in adjusted EPS from 4.3 cent to 5.1 cent.
- Robust capital structure, with strong liquidity and a net cash position maintained at the period end.
- Dividend of €2.0m paid in May 2020 in respect of period from IPO to 31 December 2019.

1. *Additional information in relation to Alternative Performance Measures (APMs) are set out on pages 46 to 50.*
2. *Constant currency growth is calculated by applying the prior period's actual exchange rate to the current period's result.*

STRATEGIC AND OPERATIONAL HIGHLIGHTS

- The health, safety and wellbeing of our workforce remains the key priority during these unprecedented times.
- Critical role during Covid-19 pandemic, ensuring continuity in the supply of medicines, medical devices and related services to the healthcare sector.
- Successfully completed two acquisitions, one in Product Access and one in Supply Chain & Retail.

  - **During the period:**
    - *Product Access* - Acquisition of Innerstrength, a Dublin based healthcare technology company, further enhances our digital offering and accelerates Uniphar's ability to deliver patient centric exclusive access programmes on a global basis.

  - **Post period end:**
    - *Supply Chain & Retail* – Acquisition of Hickey’s, a leading chain of pharmacies in Ireland, will further strengthen Uniphar’s market share. Leveraging our high-tech wholesale distribution facilities and scalable platforms will allow us unlock synergies. This acquisition is subject to approval by the Irish Competition and Consumer Protection Commission.

- Gross profit generated from outside of Ireland increased by more than 80% in the period.
- Enhanced value proposition of a combined Uniphar / Durbin / Innerstrength offering contributing to strong performance in Product Access with 157.3% reported gross profit growth (33% on an organic basis).
- Improved five-year banking facility agreed in July 2020, enhancing liquidity to support growth strategy.

Ger Rabbette, Uniphar Group Chief Executive Officer said:

“The Uniphar team have demonstrated great resilience and a steadfast commitment in this unprecedented period to ensure continuity in the supply of medicine, medical devices and related services which are needed now more than ever. The wellbeing of our staff will continue to be our first priority.

We have delivered a strong set of results for H1 2020 in a difficult operating environment, achieving gross profit growth across all our divisions and 5% organic gross profit growth at a Group level, while maintaining a strong liquidity and net cash position at the end of the period. Our investment in digital solutions combined with diversity in our product and services lines has helped mitigate the impact of Covid-19 on our business and position us well into the future.

We remain on track to achieve our strategic objective of doubling EBITDA within 5 years of IPO with continued strong growth in earnings per share on a like-for-like basis.

Our recent acquisitions demonstrate our continued focus on higher margin opportunities.

Innerstrength is a strategic acquisition and significantly enhances our digital offering, accelerating Uniphar's ability to deliver patient-centric exclusive access programs on a global basis.

In Retail, the acquisition of Hickey’s into our Supply Chain & Retail division further improves our leadership position in the Irish market.

These acquisitions combined will be earnings accretive from completion and will be enhanced further through leveraging our existing platforms and unlocking synergies.”

Analyst presentation

A presentation for investors and analysts will be held by conference call at 9am (BST), today, 2 September 2020. 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 Group

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.

The Group has strong established relationships with 7 of the top 10 pharma companies and 6 of the top 10 medical device companies. With a workforce of more than 2,300, the Group is active in Ireland, the UK, the Benelux, the Nordics and the US, delivering unlicensed and specialty medicine on a global basis.

The Group's vision is to improve patient access to pharmaco-medical products and treatments by enhancing connectivity between manufacturers and healthcare stakeholders. Uniphar represents a strong combination of scale, 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, the Benelux, and the Nordics, 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 highly experienced, clinically trained teams to deliver exceptional outcomes for all clients.

Product Access

In Product Access the Group is growing two distinct service offerings: 1) "On Demand Access", 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 c.300 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 growth divisions, Commercial & Clinical and Product Access.

Cautionary statement

This announcement contains certain projections and other forward-looking statements with respect to the financial condition, results of operations, businesses and prospects of Uniphar Group. These statements are based on current expectations and involve risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these projections and forward-looking statements. Any of the assumptions underlying these projections and forward-looking statements could prove inaccurate or incorrect and therefore any results contemplated in the projections and forward-looking statements may not actually be achieved. Recipients are cautioned not to place undue reliance on any projections and forward-looking statements contained herein. Except as required by law or by any appropriate regulatory authority, Uniphar Group undertakes no obligation to update or revise (publicly or otherwise) any projection or forward-looking statement, whether as a result of new information, future events or other circumstances.

Overview

The Group has performed in line with our latest expectations for the first six months of 2020 which were outlined in our AGM Statement on 26 May. The interim results demonstrate continued gross profit growth across all three divisions and strong organic gross profit growth of 5%. The Group remains well positioned to deliver the strategy of doubling 2018 pro-forma EBITDA within five years from IPO.

During the period, Uniphar has continued to deliver on its strategic objectives by meeting the needs of healthcare manufacturers through the provision of higher value services and has remained committed throughout the pandemic to ensuring continuity in the supply of much needed medicines, medical devices and related services. Gross profit generated from outside of Ireland increased by more than 80% in the period, demonstrating the benefits of the geographical diversity achieved through the expansion of the pan-European footprint in Commercial & Clinical, and the new geographies which we are operating in following the acquisition of Durbin in Product Access. The expansion into higher margin opportunities enabled continued growth in gross margin from 10.4% to 11.8%.

Uniphar seeks to support the growing needs of pharmaceutical and medical device manufacturers across the product lifecycle, underpinned by the following structural growth drivers:

- Continued strong growth in outsourcing of both core and non-core activities by manufacturers.
- Highly fragmented markets.
- Increasing complexity for commercialisation of speciality products.

Group revenues for the period increased by 8.8% to €871.3m (2019: €800.6m). While the Covid-19 trading environment has given rise to challenges, the Group identified opportunities to help mitigate the impact on the business. These opportunities, coupled with strong underlying performance, has resulted in the Group delivering overall organic gross profit growth of 5% for the first half of 2020, with reported gross profit increasing by 23.6% to €102.6m (2019: €83.0m). The improvement in the Group's gross margin, from 10.4% to 11.8% is primarily driven by the continued strategic growth into higher margin opportunities. This has resulted in a strong EBITDA performance for the period of €30.2m (2019: €26.8m).

Basic earnings per share amounted to 4.9 cent, decreasing from 7.5 cent in 2019. Adjusted earnings per share reduced to 5.1 cent, from 9.3 cent in 2019. The reduction in earnings per share reflects the improved underlying trading performance of the Group, offset by the increase in the weighted average number of shares in issue during the period as a result of the IPO. When calculated on the basis that all IPO shares were in issue for the comparative period, there is growth in both basic earnings per share from 3.5 cent in 2019 to 4.9 cent, and adjusted earnings per share from 4.3 cent to 5.1 cent.

Return on capital employed ("ROCE") for the rolling 12 month period was 14.7% (31 December 2019: 17.4%, 30 June 2019: 14.5%), performing in line with the Group's medium-term target. The reduction since 31 December 2019 reflects the impact of the Group's investment in growth opportunities including recent acquisitions where the Group expanded into higher margin opportunities and entered new geographies.

The Group maintains a solid financial base, underpinned by a strong liquidity position and a net cash position at the end of the period. This position is further enhanced with a new five-year banking facility agreed in July 2020. The facility provides the Group with a revolving credit facility of €150.0m and a €90.0m uncommitted accordion facility. The banking facility almost doubles the Group's available facilities, enhancing the Group's strong liquidity in support of the growth strategy. An additional €12.0m cash inflow has been generated in July 2020 through the increase of the non-recourse financing arrangement to €80.0m including the €68.0m from the initial agreement in December 2019, unlocking the cash flow value for further reinvestment.

Covid-19, Current Trading and Outlook

Overview

The health, safety and wellbeing of our staff continues to be the Group's key priority. The Group is continuing to follow Government guidance in each country it operates in and have implemented a number of measures to protect our people including, remote working where possible, segregation and zoning, use of appropriate personal protective equipment and increased sanitisation and screening measures. The dedication of our workforce has ensured continuity in the supply and distribution of medicines, medical devices and related services to the healthcare sector.

Since the onset of Covid-19 in March, 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 to the healthcare sector meeting the needs of customers.

Current Trading

The Group has performed in line with latest expectations for the six months to June 2020 at both a gross profit and EBITDA level. While the Covid-19 trading environment has given rise to significant challenges, it has also created several opportunities for growth. These new opportunities, coupled with our investment in digital solutions and diversity in our product and services lines have helped mitigate the impact of Covid-19 on the business and has resulted in the Group delivering overall organic gross profit growth of 5% for the first half of 2020.

Commercial & Clinical was impacted by Covid-19 due to elective surgeries being delayed in the initial stages of the pandemic, however we have seen increasing levels of activity since June as restrictive lockdown measures are eased. The diversity of the portfolio and the range of products offered have helped mitigate the impact of Covid-19 on the business. Covid-19 has highlighted the importance of Uniphar's investment in digital solutions, allowing the organisation to respond effectively to extreme circumstances, further cementing our relationship with key healthcare stakeholders.

Product Access has performed well during the period, activity increased for certain service offerings following the onset of Covid-19 lockdown measures and restrictions with levels now normalising as restrictions are eased.

Supply Chain & Retail saw strong growth in volumes in March due to increased demand with the onset of Covid-19, with volumes reducing while lockdown measures and restrictions were in place, before returning to more normalised levels as restrictions were eased.

The measures taken to protect our people, suppliers and customers, together with the implementation of Government guidelines has given rise to certain cost increases, but we have worked to identify savings ensuring effective cost control.

Cash flow management remains central to the business, and the Group continues in a strong liquidity position with a net cash position maintained at the period end. This position is further strengthened with a new five-year banking facility agreed in July 2020. The firm financial footing ensures the Group will emerge in a position of strength from the impact of the pandemic and provides the confidence to continue our strategic M&A.

Outlook

On 23 March 2020 we issued an update on Covid-19, where we indicated the potential financial impact of Covid-19 to the current year EBITDA of up to €5m, we re-affirmed this financial impact in our AGM statement, and this continues to be our expectation.

Uniphar is well positioned to deliver gross profit growth for 2020 across all three divisions. The Group's medium-term organic gross profit growth targets at a divisional level remain unchanged for 2021 and beyond:

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

The acquisition of Hickey's signed post period end will be earnings accretive from completion, which is subject to approval by the Irish Competition and Consumer Protection Commission. Earnings will be enhanced further through leveraging our existing infrastructure and scale to unlock synergies. This is expected to result in an uplift of c.6% on Group EPS for H1 2021 rising to 9% in H2 2021, with additional synergies to be delivered in 2022.

We remain well positioned to achieve our strategic objective of doubling 2018 pro-forma EBITDA within five years from IPO, delivering strong earnings per share growth.

Looking forward, we are cognisant of the ongoing impact the pandemic has on our business. We maintain the guidance issued in relation to the expected impact of Covid-19 to the current year EBITDA of up to €5m. Our learnings from H1 combined with our investment in digital and the agility of our people give confidence that we are well placed to navigate through the challenges Covid-19 presents.

Acquisitions and integration

Commercial & Clinical

Integration update

The 2019 acquisitions of the EPS Group and M3 Medical are now fully integrated into our medtech business unit, increasing our geographic footprint in Commercial & Clinical to 11 countries. 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

Innerstrength, a Dublin based healthcare technology company, has built a unique cloud-based application which empowers health professionals to deliver and monitor personalised education to patients living with chronic conditions. The acquisition of Innerstrength enhances the digital infrastructure within Product Access and further accelerates Uniphar's ability to implement patient centric EAPs on a global basis.

The unique patient support platform is designed to improve patient outcomes by harnessing the power of modern web-based technologies. With the touch of a button, patients receive their plan and can review content specifically tailored for them on a daily basis. The key focus is around patient compliance, lifestyle interventions and real time data capture, tracking and monitoring.

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. One year on from the acquisition the combined Uniphar and Durbin value proposition has been very well received by our clients fuelling synergistic growth across the division.

Supply Chain & Retail

Acquisition update

The acquisition of Hickey's adds 36 community pharmacies in prime suburban locations which complement Uniphar's existing footprint and increases to 335 the number of retail pharmacies in the Uniphar supported network.

The acquisition is consistent with Uniphar's strategy in the Supply Chain & Retail division to leverage our high-tech wholesale distribution facilities, longstanding manufacturer relationships and scalable digital infrastructure, to maintain market leadership in the Republic of Ireland by building the best in class retail pharmacy support offering in the market for community pharmacists.

Hickey's additional scale and retail excellence will add to this best in class offering, which we will continue to invest in and advance.

The acquisition will be earnings accretive from completion, which is subject to approval from the Irish Competition and Consumer Protection Commission. Future earnings will be enhanced through the delivery of synergies. Uniphar's experienced management will ensure integration is executed effectively to achieve the 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 strongly in the period contributing to the increase in gross margin percentage, demonstrating the benefits which the expertise, support and purchasing power that the Uniphar symbol group offering brings to pharmacies under its management.

Operational overview

Commercial & Clinical

Six months ended 30 June	2020 €'000	2019 €'000	Growth Reported	Growth Constant currency
Revenue	**121,846**	98,062	24.3%	24.3%
Gross profit	**41,918**	37,222	12.6%	12.7%
Gross margin %	**34.4%**	38.0%	(355)bps	

Overview

Commercial & Clinical provides outsourced sales, marketing and distribution solutions to pharmaceutical and medical device manufacturers. The division is focused on the commercialisation of speciality products and on building a pan-European presence. With a workforce of over 950 across Europe, supporting more than 200 brands for 70 key pharmaco-medical manufacturer clients, Commercial & Clinical represents 41% of the Group's gross profit in the first half of 2020.

H1 2020 Performance

While this division had the potential to be the most severely impacted by Covid-19, due to elective surgeries being delayed and restrictions in face to face customer interactions, the diversity of our product portfolio and investments in our multi-channel enabled sales and clinical teams helped mitigate the impact on the business. While reported gross profit increased by 12.6% in the period (2020: €41.9m), due to the impact of Covid-19 the organic gross profit growth was neutral. The YTD divisional position has been achieved through:

- High growth rate of 24.3% in revenues, reflecting new opportunities identified to help mitigate the impact of Covid-19 resulting in reduced gross margin percentage.
- Strong revenue growth of 31% in our Pharma business unit achieved through our insight driven digitally enabled multi-channel solutions.
- Rapid integration of medtech acquisitions from Q4 2019, which has enabled further growth of suppliers into existing geographies.
- Increase in number of manufacturers represented in more than one geography to 38 (2019: 29).

Covid-19 has highlighted the importance of Uniphar's investment in digital solutions, allowing the organisation to respond effectively to extreme circumstances, further cementing our relationship with key healthcare stakeholders.

Medtech

Uniphar provides a fully integrated solution for our clients across sales, marketing and distribution of medical devices. We are focused on building in-depth therapeutic expertise across several high value market opportunities, including interventional cardiology / radiology, orthopaedics, ophthalmology, minimally invasive surgery, diagnostic imaging and critical care. Medtech has grown significantly through recent acquisitions and now has a geographic footprint in 11 countries throughout Europe, with the benefits of our pan-European platform being realised as we leverage existing client relationships into new geographies.

Following the initial delay in elective surgeries at the onset of the pandemic, we have seen increasing levels of activity across all geographies as restrictive lockdown measures ease. The diversity of the portfolio and the range of products offered has helped mitigate the impact of Covid-19 to the business.

Pharma

Our pharma business unit focusses on providing insight-driven, multi-channel solutions for pharmaceutical partners. This allows Uniphar to engage with healthcare professionals in a manner which is most convenient for them and to deliver clear, targeted information that helps them to understand better how a particular specialist product might benefit their patient cohort. Uniphar's digital solutions along with its data and insights driven approach provides a compelling alternative to in-house sales or procuring a more traditional contract sales outsourcing (CSO) solution.

Revenues from our digital multi-channel enabled solutions grew by 21% in the period, highlighting the benefits of our business strategy and the investment in digital solutions.

Product Access

			Growth	
Six months ended 30 June	**2020 €'000**	2019 €'000	Reported	Constant currency
Revenue	**93,050**	51,418	81.0%	80.5%
Gross profit	**15,235**	5,921	157.3%	155.7%
Gross margin %	**16.4%**	11.5%	486bps	

Overview

The Group continues to progress its strategy of becoming a leading global player in the Product Access market. Product Access specialises in two primary business areas:

i. On Demand - sourcing and supplying unlicensed and difficult to source medicines for specialist importers and pharmacy customers; and
ii. Exclusive Access - managing the release of speciality medicines for pharmaceutical manufacturers to specific, approved patient populations.

H1 2020 Performance

Following a strong 2019, Product Access has continued to deliver significant growth in the first six months of 2020. Reported gross profit growth for the period was 157.3% to €15.2m (2019: €5.9m), with 33% organic gross profit growth and significant gross margin improvement from 11.5% to 16.4%. Divisional growth has been achieved through:

- The continued growth of outsourced services by our manufacturer partners.
- Increased complexity of product supply resulting from the global Covid-19 pandemic.
- The enhanced Uniphar offering has created a strong value proposition in the global market.
- Strong business development wins in both our On Demand and Exclusive Access business units, with 9 new exclusive access programs initiated during the first 6 months.
- Acquisition of Innerstrength Limited further enhances our patient centric digital offering.

The financial performance of the division has been largely uninterrupted due to Covid-19 and performed well during the period. Although certain service offerings saw fluctuations in activity with the onset of Covid-19, sales and activity levels are now normalising across all revenue streams.

On Demand

The On Demand service offering provides access to unlicensed or difficult to source medicines. A team of pharmacy technicians and specialist colleagues consult with customers on their requirements, providing a value-added service to pharmacists and working with them to source medicines to offer solutions to their patients. Uniphar's e-commerce platform enables this demand to be met in a highly efficient way with over 7,000 products presently listed. The onset of Covid-19 lockdown measures and restrictions resulted in increased activity for certain services, with levels now normalising as restrictions are eased.

Uniphar through Durbin has now positioned itself as a major supplier of unlicensed medicines to specialist importers around the globe. The integration of Durbin has given Uniphar a far-reaching customer network for unlicensed medicines which enables the continued growth of our geographic footprint and global capabilities.

Exclusive Access

Uniphar's administration of EAPs allow pharmaceutical companies to provide medicines to patients when a product has not yet been licensed in a jurisdiction, or has been licensed, but is not yet eligible for reimbursement by the relevant authority. Exclusive Access has been largely uninterrupted due to Covid-19 and performed well during the period.

The acquisition of Innerstrength further enhances the Group's digital offering, enabling the acceleration of Uniphar's ability to deliver patient centric EAPs on a global basis. When combined with the Group's existing digital capabilities, this enhances the ability to provide a first-class experience and long-term support to all stakeholders within the healthcare ecosystem.

Supply Chain & Retail Services

Six months ended 30 June	**2020 €'000**	2019 €'000	Growth Reported	Growth Constant currency
Revenue	**656,432**	651,084	0.8%	0.8%
Gross profit	**45,441**	39,853	14.0%	14.0%
Gross margin %	**6.9%**	6.1%	80bps	

Overview

Supply Chain & Retail operates two business units 1) pre-wholesale and wholesale and 2) retail pharmacy. In pre-wholesale and wholesale, Uniphar operates in a highly concentrated Irish market. We are an established market leader in supply chain in Ireland with c.50% of the wholesale market servicing retail and hospital pharmacies, supported by a network of c.300 owned and franchised pharmacies and symbol group members.

H1 2020 Performance

This division delivered 14.0% growth in reported gross profit for the period. Supply Chain & Retail delivered a robust performance during the period, underpinned by organic gross profit growth of 2%. Key drivers of this performance include:

- Increase in gross margin percentage from 6.1% to 6.9% reflects the expansion into higher margin opportunities with the retail pharmacy acquisitions completed in 2019.
- The integration of the 17 retail pharmacies acquired in the second half of 2019 into the Group's existing pharmacy network and are displaying the benefits of operating under the Uniphar symbol group.
- Growth in sales through digital B2B eCommerce hub of 14% in the period.
- Continued strong growth in consumer sales growing by 36% in the period.
- Critical role during Covid-19 pandemic, ensuring continuity in the supply and distribution of much needed medicines to patients without disruption.

Pre-wholesale and wholesale

The business unit saw strong growth in volumes in March due to increased demand with the onset of Covid-19, with volumes reducing while lockdown measures and restrictions were in place, before recovering to more normalised levels as restrictions were eased. Our advanced digital solutions through the B2B eCommerce hub have presented a strong opportunity for growth, particularly in the difficult trading landscape presented by Covid-19, with growth in sales through our digital platforms of 14% in the period.

The Group continues to work with its manufacturer customers and suppliers in preparing for the impact of any related disruption on the business, customers and patients arising from a potential "no deal" Brexit.

The Group has built on its market leading position with a workforce of close to 1,200, a high-tech distribution complex of over 160,000 sq. ft., and a bespoke distribution facility of over 100,000 sq. ft. Covid-19 has demonstrated the significance of the role Uniphar plays in the national healthcare infrastructure in Ireland and highlighted some of the constraints when demand increases exponentially for a prolonged period. The

Group’s investment in a new state of the art high-tech 35,000 sq. ft regional facility will help to continue to capitalise on our growth and ensure we can offer a robust service as part of the healthcare infrastructure. This facility is expected to be fully operational in early 2021.

Retail Pharmacy

Uniphar operate a network of c.300 owned and franchised pharmacies through the Uniphar symbol group. Symbol group members are offered a range of both front and back office support such as procurement and regulatory and are supported on the ground by a strong dedicated team focused on enabling community pharmacies to compete with the larger and multi-national owned chains. The strong performance of recent retail pharmacy acquisitions demonstrates the benefits which the expertise, support and purchasing power that the Uniphar symbol group offering brings to pharmacies under its management.

Similar to pre-wholesale and wholesale, our retail pharmacies saw strong growth in revenue in March due to increased demand with the onset of Covid-19, with revenues and footfall reducing while lockdown measures and restrictions were in place, before recovering to more normalised levels as restrictions were eased.

Financial Review

Summary financial performance

Six months ended 30 June	**2020 €'000**	2019 €'000	Growth Reported	Growth Constant currency
IFRS measures				
Revenue	**871,328**	800,564	8.8%	8.8%
Gross profit	**102,594**	82,996	23.6%	23.5%
Operating profit	**20,051**	15,943	25.8%	25.4%
Basic EPS (cent)	**4.9**	7.5		
Alternative performance measures				
Gross margin %	**11.8%**	10.4%		
EBITDA	**30,210**	26,819	12.6%	12.4%
Adjusted EPS (cent)	**5.1**	9.3		
Net bank cash/(debt)	**1,386**	(160,970)		
Return on capital employed	**14.7%**	14.5%		

Revenue

Revenue growth of 8.8% across all three divisions was achieved through a combination of strong organic growth, together with the benefit of the acquisitions completed in 2019, particularly in Commercial & Clinical and Product Access.

Gross profit

The increase in revenues, combined with strong growth in the gross margin percentage from 10.4% to 11.8% driven by the continued focus and growth in higher margin opportunities, together with the benefit from our recent acquisitions, contributed to 23.6% growth in gross profit during the period. While the Covid-19 trading environment has given rise to challenges, the Group identified opportunities to help mitigate the impact on the business. These opportunities, coupled with strong underlying performance, has resulted in the Group delivering overall organic gross profit growth of 5% for the first half of 2020. Gross profit generated from outside of Ireland increased by more than 80% in the period, demonstrating the benefits of the geographical diversity achieved through the expansion of the pan-European footprint in Commercial & Clinical, and the new geographies which we are operating in.

Divisional gross profit

Six months ended 30 June	**2020 €'000**	2019 €'000	Growth Reported	Growth Constant currency
Commercial & Clinical	**41,918**	37,222	12.6%	12.7%
Product Access	**15,235**	5,921	157.3%	155.7%
Supply Chain & Retail	**45,441**	39,853	14.0%	14.0%

EBITDA

EBITDA has increased by 12.6% in the period to €30.2m. The improved underlying trading performance of the Group, which resulted in a 23.6% increase in gross profit, is partially offset by the increase in operating costs due to the investment for future growth of the 2019 acquisitions, together with increased costs associated with operating as a listed entity, along with measures taken to protect our people, suppliers and customers, and the implementation of Government guidelines.

Exceptional items

Exceptional costs incurred during the period of €0.6m are primarily due to acquisition costs associated with the acquisition of Innerstrength, and fees incurred to 30 June 2020 relating to the acquisition completed post period end as disclosed in note 17 in the financial statements. These costs are partially offset by an exceptional gain of €1.4m recognised on the revaluation of deferred contingent consideration. See note 2 in the financial statements for further details. Further acquisition costs are expected to be incurred in the second half of the year in relation to the acquisition of Hickey's Pharmacy Group which was signed on 1 September 2020.

Earnings per share

The basic earnings per share amounted to 4.9 cent, decreasing from 7.5 cent in 2019. Adjusted earnings per share reduced to 5.1 cent, from 9.3 cent in 2019. The reduction in earnings per share reflects the improved underlying trading performance of the Group, offset by the increase in the weighted average number of shares in issue during the period as a result of the IPO. When calculated on the basis that all IPO shares were in issue for the comparative period, there is growth in both basic earnings per share from 3.5 cent in 2019 to 4.9 cent, and adjusted earnings per share from 4.3 cent to 5.1 cent.

The weighted average number of shares in the first half of 2020 was 259,853,000 compared to 119,861,000 in the comparative period in 2019, following our successful IPO in July of last year.

Cash flow and net bank cash/debt

The Group maintains a strong liquidity position with a net cash position retained at the period end.

Free cash flow conversion in the period was 20.4%. The Group has remained focused on strong working capital management, and the conversion reflects the unwind of one-off timing impacts which were received in 2019 and communicated as part of the 2019 full year results. When adjusting for these, free cash flow conversion is in line with expectations. The Group's medium-term free cash flow conversion target is 60-70%.

Six months ended 30 June	**2020 €'000**	**2019 €'000**
Net cash (outflow)/inflow from operating activities	**(3,243)**	2,083
Net cash outflow from investing activities	**(9,956)**	(4,395)
Net cash outflow from financing activities	**(20,053)**	(2,289)
Decrease in cash and cash equivalents in the period	**(33,252)**	(4,601)
Foreign currency translation on cash and cash equivalents	**(806)**	-
Movement in restricted cash	**(42)**	2
Cash flow from movement in borrowings	**8,864**	(3,491)
Movement in net bank cash/debt	**(25,236)**	(8,090)
Opening net bank cash/(debt)	**26,622**	(152,880)
Closing net bank cash/(debt)	**1,386**	(160,970)

The net cash outflow from operating activities of €3.2m in the period, reflects EBITDA of €30.2m generated in the period, the investment in working capital of €20.6m principally due to the unwind of the of one-off timing impacts which were received in 2019, payment of €7.5m relating to exceptional costs including costs which were accrued in prior years and paid in 2020, interest payments of €2.9m including interest paid on lease liabilities, and corporation tax payments of €2.5m.

The net cash outflow from investing activities consisted of payments to acquire subsidiary undertakings of €3.3m, deferred and deferred contingent consideration of €4.3m, and capital expenditure of €8.1m. The capital expenditure in the period includes strategic capital expenditure of €4.7m relating to costs incurred to date on the investment in a new regional high-tech distribution centre. Covid-19 has demonstrated the significance of the role Uniphar plays in the national healthcare infrastructure in Ireland and highlighted some of the constraints when demand increases exponentially for a prolonged period. This new regional facility will help to continue to capitalise on our growth and ensure we can offer a robust service as part of the healthcare infrastructure. These cash outflows are partially offset by the receipt of €5.7m on the disposal of assets previously held for sale, and the deferred contingent consideration and bank borrowings attributable to the sale of these assets have now been paid.

The cash outflow from financing activities, is principally due to the repayment of bank borrowings of €8.9m, the remaining payment of €5.0m relating to the facility termination fee, the payment of €4.2m relating to the principal element of lease liabilities, and the payment of a dividend of €2.0m to shareholders.

Taxation

The effective tax rate has marginally reduced to 18.6% in 2020 from 18.8% in 2019. The effective tax rate is calculated as the income tax charge as a percentage of the profit before tax and exceptional items.

Return on capital employed ('ROCE')

The Group's ROCE was within our medium-term range at 14.7% for the rolling 12 month period (31 December 2019: 17.4%, 30 June 2019: 14.5%). This modest decrease in ROCE since 31 December 2019 reflects the impact of the substantial recent acquisition spend as the Group invested in higher margin opportunities and entered new geographies.

Dividends

In March, following another set of positive results for the Group, the Board were pleased to propose a dividend in respect of the period from IPO to 31 December 2019. Following approval at the Annual General Meeting, a dividend of €2.0m was paid to shareholders on 29 May 2020.

The Board intends to adopt a progressive dividend policy to reflect the expectation of future cash flow generation and long-term earnings potential of the Group.

Bank re-financing agreement

In early July 2020, the Group entered into a new five-year banking facility agreement with its banking partners, with the option of a two-year extension period. The facility provides the Group with a new committed revolving credit facility of €150.0m and a €90.0m uncommitted accordion facility, replacing our existing term loan, and almost doubling the Group's available facilities, further enhancing the strong liquidity position in support of the Group's growth strategy.

The increase of the non-recourse financing arrangement in July 2020 has resulted in an additional cash inflow of €12.0m. 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. This brings the total cashflow value which has been unlocked for further reinvestment to €80.0m including the €68.0m from the initial agreement in December 2019.

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. The principal risks and uncertainties faced by the Group can be found in the 2019 Annual Report on pages 30 to 33. A copy of the Annual Report can be downloaded from our website, www.uniphar.ie

All of the Group's risks are regularly monitored and appropriate actions taken to mitigate those risks. The Group continues to monitor the risk associated with Covid-19, and the continued threat of a further wave of the virus. Uniphar plays a significant role in the healthcare infrastructure in the markets we operate in, ensuring continuity in the supply of medicines, medical devices and related services to the healthcare sector.

The Group continues to monitor and assess the potential impact of principal risks and uncertainties. Since, the publication of the Annual Report, the risk associated with Covid-19 has increased due to the threat of a further wave of the virus, and the risk associated with Brexit has also increased due to the heightened risk of a "No Deal" Brexit as the deadline for a deal approaches. The potential impact of these risks and the mitigation factors which the Group has put in place to give reasonable protection against the impact of the risk are outlined below.

- Covid-19 – Business disruption arising out of a further wave of the Covid-19 virus. This includes, but is not limited to, supply chain disruption, postponement of certain elective surgeries, curtailment of travel and impact on staff. Business continuity and contingency plans are in place to help mitigate the impact of the virus in anticipation of further outbreaks with the health, safety and wellbeing of our staff the key priority. The Group is continuing to follow Government guidance in each country it operates in and have implemented a number of measures to protect our people including, remote working where possible, segregation and zoning, use of appropriate personal protective equipment and increased sanitisation and screening measures. The dedication of our workforce has ensured that we have successfully continued to ensure the continuity in the supply and distribution of medicines, medical devices and related services to the healthcare sector. Regular communications have been sent to all colleagues advising them on the necessary precautions and will be updated as necessary. The nature of the product and services provided means that there is a continued requirement for the supply of medicines, medical devices and related services to the healthcare sector.

- No Deal Brexit – Uncertainty and complexities as to the future fiscal and regulatory landscape in the United Kingdom may have a negative impact on supply and trade, in particular in the event of a 'No Deal' Brexit. A Brexit Plan is in place to manage the risks across the Group. The Group has worked with its manufacturer customers and suppliers to prepare and minimise the potential impact of any related disruption on the business, customers and patients. Brexit also presents opportunities in Product Access which provides specialist procurement services. The Group is continuing to expand its operations in Europe and the US creating geographical diversity.

As part of the continuous monitoring and assessment of the potential impact of principal risks and uncertainties, the Group has determined that the risk associated with the loss of competitive position should be separately identified, and 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. The other key principal risks and uncertainties for the remaining six months of the financial year are summarised below. The profile of these risks remains consistent since the publication of our 2019 Annual Report, and the potential impact of these risks and the mitigation factors which the Group has put in place can be found on pages 30 to 33 of the 2019 Annual Report.

- Acquisitions – Failure by the Group 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 impact financial and operational results.

- Key personnel & succession planning – Failure to attract, retain and develop the skills and expertise of key individuals.
- Market perception & reputational risk – Failure to deliver in line with market expectations may result in reputational damage, impacting the Group’s ability to achieve 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, resulting in increased pressure on profitability and margins.
- IT systems – Interruption or downtime may have a negative impact on the Group's operations, financial conditions and competitive position.
- Cybercrime – Failure to protect against the threat of a significant 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 risk to business operations.
- Foreign currency – The Group operates outside the Eurozone and therefore is exposed to foreign exchange risk.
- Treasury – The Group is exposed to liquidity, interest rate and credit risks.

Statement of Directors' responsibilities

The Directors confirm to the best of their knowledge that the condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU, and to the best of their knowledge and belief:

a) the condensed consolidated interim financial statements comprising the Condensed Consolidated Group Income Statement, the Condensed Consolidated Group Statement of Comprehensive Income, the Condensed Consolidated Group Balance Sheet, the Condensed Consolidated Group Cash Flow Statement, the Condensed Consolidated Group Statement of Changes in Equity and related notes have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, and are prepared in order to comply with the Euronext Growth Market Rule Book and AIM Rules for Companies;

b) the interim results includes a fair review of the important events that have occurred during the first six months of the financial year, and their impact on the condensed consolidated interim financial statements for the half year ended 30 June 2020, and a description of the principal risks and uncertainties for the remaining six months.

Signed on behalf of the Board

M. Pratt G. Rabbette

1 September 2020

Independent review report to Uniphar Plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Uniphar plc's condensed consolidated interim financial statements (the "interim financial statements") in the 2020 Interim results of Uniphar plc for the six month period ended 30 June 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

What we have reviewed

The interim financial statements, comprise:

- the Condensed Consolidated Group Balance Sheet as at 30 June 2020;
- the Condensed Consolidated Group Income Statement and Condensed Consolidated Group Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Group Cash Flow Statement for the period then ended;
- the Condensed Consolidated Group Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the 2020 Interim results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

As disclosed on page 26 in the notes to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The 2020 Interim results, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility is to express a conclusion on the interim financial statements in the 2020 Interim Results based on our review. This report, including the conclusion, has been prepared for and only for the Company for management purposes and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom and Ireland. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the 2020 Interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers
Chartered Accountants
1 September 2020
Dublin

Notes:

(a) The maintenance and integrity of the Uniphar plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Condensed Consolidated Group Income Statement
for the six months ended 30 June 2020

		Six months ended 30 June 2020			Six months ended 30 June 2019		
	Notes	Pre-exceptional (unaudited) €'000	Exceptional (note 2) (unaudited) €'000	Total (unaudited) €'000	Pre-exceptional (unaudited) €'000	Exceptional (note 2) (unaudited) €'000	Total (unaudited) €'000
Revenue	1	871,328	-	871,328	800,564	-	800,564
Cost of sales		(768,734)	-	(768,734)	(717,568)	-	(717,568)
Gross profit		102,594	-	102,594	82,996	-	82,996
Selling and distribution costs		(27,708)	-	(27,708)	(24,569)	-	(24,569)
Administrative expenses		(54,292)	(583)	(54,875)	(40,396)	(2,189)	(42,585)
Other operating income		40	-	40	101	-	101
Operating profit		20,634	(583)	20,051	18,132	(2,189)	15,943
Finance cost	3	(4,223)	-	(4,223)	(4,326)	-	(4,326)
Profit before tax		16,411	(583)	15,828	13,806	(2,189)	11,617
Income tax expense		(3,045)	-	(3,045)	(2,594)	-	(2,594)
Profit for the financial period		13,366	(583)	12,783	11,212	(2,189)	9,023
Attributable to:							
Owners of the parent				12,695			8,977
Non-controlling interests				88			46
Profit for the financial period				12,783			9,023
Attributable to:							
Continuing operations				12,783			9,023
Profit for the financial period				12,783			9,023
Earnings per ordinary share (in cent):							
Continuing operations				4.9			7.5
Basic and diluted earnings per share (in cent)	5			4.9			**7.5**

Condensed Consolidated Group Statement of Comprehensive Income
for the six months ended 30 June 2020

	Notes	30 June 2020 (unaudited) €'000	30 June 2019 (unaudited) €'000
Profit for the financial period		12,783	9,023
Other comprehensive income/(expense)			
Items that may be reclassified to the Income Statement:			
Unrealised foreign currency translation adjustments		(5,039)	107
Items that will not be reclassified to the Income Statement:			
Actuarial loss in respect of pension scheme	10	(205)	(383)
Deferred tax on Group defined benefit pension schemes		26	48
Total comprehensive income relating to the period		7,565	8,795
Attributable to:			
Owners of the parent		7,477	8,749
Non-controlling interests		88	46
Total comprehensive income relating to the period		7,565	8,795
Attributable to:			
Continuing operations		7,565	8,795
Total comprehensive income relating to the period		7,565	8,795

Condensed Consolidated Group Balance Sheet
as at 30 June 2020

	Notes	30 June 2020 (unaudited) €'000	31 December 2019 (audited) €'000
ASSETS			
Non-current assets			
Intangible assets	6	274,136	277,776
Property, plant and equipment	7	121,461	119,483
Deferred tax asset		5,595	4,676
Other receivables		797	1,132
Financial assets - Investments in equity instruments		25	25
		402,014	403,092
Current assets			
Assets held for sale	8	2,300	7,985
Inventory		112,339	97,684
Trade and other receivables		133,879	136,408
Cash and cash equivalents		79,982	114,040
Restricted cash		2,100	2,142
		330,600	358,259
Total assets		732,614	761,351
EQUITY			
Capital and reserves			
Called up share capital presented as equity	9	21,841	21,841
Share premium		176,501	176,501
Other reserves		(1,575)	3,464
Retained earnings		(10,634)	(20,601)
Attributable to owners		186,133	181,205
Attributable to non-controlling interests		457	(285)
Total equity		186,590	180,920
LIABILITIES			
Non-current liabilities			
Borrowings		59,572	66,977
Other non-current payables		254	545
Employee benefit obligation	10	495	45
Provisions	11	77,339	81,069
Lease obligations	12	81,939	82,901
		219,599	231,537
Current liabilities			
Borrowings		21,124	22,583
Trade and other payables		295,534	311,228
Facility termination fee	15	-	5,000
Lease obligations	12	9,767	10,083
		326,425	348,894
Total liabilities		546,024	580,431
Total equity and liabilities		732,614	761,351

Condensed Consolidated Group Cash Flow Statement
for the six months ended 30 June 2020

	Notes	30 June 2020 (unaudited) €'000	30 June 2019 (unaudited) €'000
Operating activities			
Cash inflow from operating activities	14	2,168	7,005
Interest paid		(1,467)	(2,161)
Interest paid on lease liabilities		(1,428)	(1,233)
Corporation tax payments		(2,516)	(1,528)
Net cash (outflow)/inflow from operating activities		(3,243)	2,083
Investing activities			
Payments to acquire property, plant and equipment - maintenance		(3,080)	(2,358)
Payments to acquire property, plant and equipment - strategic		(4,683)	-
Receipts from disposal of property, plant and equipment		51	30
Receipts from disposal of assets held for sale	8	5,685	-
Payments to acquire intangible assets	6	(398)	(322)
Payments to acquire subsidiary undertakings		(3,318)	-
Cash acquired on acquisition of subsidiary undertakings	16	36	-
Payment of deposit to acquire subsidiary undertakings		-	(1,134)
Payment of deferred and deferred contingent consideration		(4,604)	(706)
Receipt of deferred consideration receivable		355	95
Net cash outflow from investing activities		(9,956)	(4,395)
Financing activities			
Issue of partly paid share capital		-	17
Proceeds from calling of unpaid element of partly paid share capital		-	440
Repayments of borrowings		(8,864)	-
Net increase in invoice discounting facilities		-	3,491
Net movement in restricted cash		42	-
Payment of dividends	4	(1,993)	-
Payment of facility termination fee	15	(5,000)	(2,500)
Principal element of lease payments		(4,238)	(3,737)
Net cash outflow from financing activities		(20,053)	(2,289)
Decrease in cash and cash equivalents in the period		(33,252)	(4,601)
Foreign currency translation on cash and cash equivalents		(806)	-
Opening balance cash and cash equivalents		114,040	10,539
Closing balance cash and cash equivalents		79,982	5,938

Condensed Consolidated Group Statement of Changes in Equity
for the six months ended 30 June 2020

	Notes	Share capital €'000	Share premium €'000	Foreign currency translation reserve €'000	Revaluation reserve €'000	Capital redemption reserve €'000	Retained earnings €'000	Attributable to non-controlling interests €'000	Total shareholders' equity €'000
At 1 January 2019		9,413	22,489	(1,111)	700	60	(31,990)	(180)	(619)
Profit for the financial period		-	-	-	-	-	8,977	46	9,023
Other comprehensive expense:									
Re-measurement loss on pensions (net of tax)		-	-	-	-	-	(335)	-	(335)
Movement in foreign currency translation reserve		-	-	107	-	-	-	-	107
Transactions recognised directly in equity:									
Issue of partly paid share capital		17	-	-	-	-	-	-	17
Issue of fully paid share capital		440	-	-	-	-	-	-	440
At 30 June 2019 (unaudited)		9,870	22,489	(1,004)	700	60	(23,348)	(134)	8,633
At 1 January 2020		21,841	176,501	2,704	700	60	(20,601)	(285)	180,920
Profit for the financial period		-	-	-	-	-	12,695	88	12,783
Other comprehensive (expense)/income:									
Re-measurement loss on pensions (net of tax)		-	-	-	-	-	(179)	-	(179)
Movement in foreign currency translation reserve		-	-	(5,039)	-	-	-	-	(5,039)
Transactions recognised directly in equity:									
Non-controlling interest on acquisition of subsidiary		-	-	-	-	-	-	98	98
Acquisition of non-controlling interest		-	-	-	-	-	(556)	556	-
Dividends paid	4	-	-	-	-	-	(1,993)	-	(1,993)
At 30 June 2020 (unaudited)		21,841	176,501	(2,335)	700	60	(10,634)	457	186,590

Notes to the Consolidated Financial Statements

Basis of preparation

The condensed consolidated interim financial statements of Uniphar plc and its subsidiaries (the 'Group') have been prepared in accordance with IAS 34, Interim Financial Reporting, as endorsed by the European Union.

The financial information in the condensed consolidated financial statements has been prepared on a basis consistent with that adopted for the year ended 31 December 2019. With the exception of the amortisation of the technology asset recognised on the acquisition of Innerstrength as outlined in note 6, the accounting policies applied in the interim financial statements are the same as those applied in the 2019 Annual Report.

The Group's auditors have reviewed, not audited the condensed consolidated interim financial statements contained in this report. These interim financial statements are prepared in order to comply with the Euronext Growth Market Rule Book and AIM Rules for Companies and are not statutory financial statements as they do not include all of the information required for full annual financial statements and should be read in conjunction with the Uniphar Group Annual Report (statutory financial statements) for the year ended 31 December 2019. The audit report on those statutory financial statements was unqualified and did not contain any matters to which attention was drawn by way of emphasis.

The preparation of interim financial statements in compliance with IAS 34 requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the Group's Annual Report for the year ended 31 December 2019 in note 1 on pages 122 to 124 with the addition of assessing the impact of Covid-19 as set out below.

The Group's interim financial statements are prepared for the six-month period ended 30 June 2020. The interim 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.

Impact of Covid-19

The Group has considered the impact of the Covid-19 pandemic with respect to all judgements and estimates it makes in the application of its accounting policies. This included assessing the recoverability of trade receivables and inventory, and the carrying value of goodwill. While supporting our suppliers and customers through the pandemic, in ensuring the continuity in the supply of medicines, medical devices and related services to the healthcare sector, the Group has assessed the additional risks associated with the carrying value of trade receivables and inventory and to date does not believe there is additional risks around the recovery of these assets.

The Group has considered the impact of the pandemic on the risk of impairment of goodwill, and as outlined in note 6 has tested the carrying value of goodwill for impairment at 30 June 2020 and no such impairments were identified.

Going Concern

The Group has adopted the going concern basis in preparing its interim financial statements after taking account of the Group's latest forecasts, cash flows, liquidity, and banking covenant requirements.

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 and is classified as part of the critical infrastructure by the national Government, ensuring continuity in the supply and distribution of much needed medicines, medical devices and related services.

The Group's capital structure with strong liquidity at the end of June, further strengthened by the new banking facility agreed in early July provides a solid platform for the Group to deal with the continued threat of further 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 scenarios considered are:

- assumption of no significant further wave of the Covid-19 pandemic in the second half of 2020 with a gradual return to normalised operational levels in all three divisions.
- the onset of a further wave of Covid-19 resulting in a substantial reduction in demand for a six-month period through the winter months and into Q1 2021, with 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 Group's underlying ability to comply with banking covenants and the Group retains sufficient liquidity to meet financial obligations as they fall due.

Having regard to the factors outlined above and noting the financial impact of the recent acquisitions, 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 interim financial statements. As a result, the Directors consider that it is appropriate to continue to adopt the going concern basis in preparing the interim financial statements.

The interim financial statements have been prepared on a going concern basis which assumes that the Group will continue in current operational existence for the foreseeable future.

New Standards, Amendments and Interpretations

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2020 and have been applied in preparing these interim financial statements. None of these have had a significant effect on the interim financial statements of the Group.

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

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact in the current or future reporting periods and on foreseeable future transactions.

1. Revenue

	2020 €'000	2019 €'000
Revenue	871,328	800,564

	2020 €'000	2019 €'000
Commercial & Clinical - Medtech	93,842	76,727
Commercial & Clinical - Pharma	28,004	21,335
Commercial & Clinical	121,846	98,062
Product Access	93,050	51,418
Supply Chain & Retail	656,432	651,084
Total Revenue	871,328	800,564

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 United Kingdom. The Group also operates in other European countries and the United States 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	730,530	721,368
UK	94,950	72,845
Rest of the World	45,848	6,351
Total Revenue	871,328	800,564

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 multi-channel 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 Access and Exclusive Access. On Demand Access 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 around 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.

- 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 and Allcare brands. Additionally, through the extended Uniphar symbol group, the business provides services and supports that help independent community pharmacies to compete more effectively in an increasingly difficult environment.

Operating segments results

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

	Commercial & Clinical	Product Access	Supply Chain & Retail	Total
	Six months ended 30 June 2020			
	€'000	€'000	€'000	€'000
Revenue	121,846	93,050	656,432	871,328
Gross profit	41,918	15,235	45,441	102,594
	Six months ended 30 June 2019			
	€'000	€'000	€'000	€'000
Revenue	98,062	51,418	651,084	800,564
Gross profit	37,222	5,921	39,853	82,996

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

2. Exceptional items

	2020 €'000	2019 €'000
Professional fees including acquisition costs	(957)	(1,842)
Redundancy and restructuring costs	(570)	(347)
Settlement loss on closure of defined benefit pension scheme (note 10)	(488)	-
Foreign exchange revaluation on deferred contingent consideration	1,432	-
Exceptional charge	(583)	(2,189)

Professional fees including acquisition costs

Professional fees including acquisition costs incurred during 2020 are primarily relating to costs associated with the acquisitions of Innerstrength Limited, and fees incurred to 30 June 2020 relating to the acquisition of Hickey's Pharmacy Group which was signed on 1 September 2020 as disclosed in note 17.

Redundancy and restructuring costs

These costs include restructuring and reorganisation costs relating to recent acquisitions and other Group entities.

Settlement loss on closure of defined benefit pension scheme

A settlement loss of €488,000 was recognised on the closure of the Whelehan Group Pension Scheme. Contributions to the Whelehan Group Pension Scheme were terminated in October 2019, and the scheme was wound up effective in January 2020.

Foreign exchange revaluation on deferred contingent consideration

A gain of €1,432,000 was recognised on the foreign exchange revaluation of deferred contingent consideration payable on the acquisition of Durbin.

3. Finance cost

	2020 €'000	2019 €'000
Interest payable on borrowings and non-recourse costs	1,479	2,118
Interest on lease obligations	1,428	1,233
Fair value adjustment to deferred and deferred contingent consideration	1,148	811
Fair value adjustment on facility termination fee	-	41
Amortisation of re-financing transaction fees	111	141
Net interest expense/(income) from pension scheme liabilities (note 10)	2	(8)
Interest receivable	(13)	(10)
Other fair value adjustments	68	-
Finance cost	4,223	4,326

4. Dividends

A final dividend of 0.73 cent per ordinary share was paid on 29 May 2020 and amounted to €2.0m in respect of the period from IPO to 31 December 2019.

There were no dividends paid in the comparative period ended 30 June 2019.

5. Earnings per share

Basic earnings per share and diluted earnings per share for the six months ended 30 June have been calculated by reference to the following:

	2020	2019
Profit for the financial period attributable to owners (€'000)	12,695	8,977
Weighted average number of shares ('000)	259,853	119,861
Earnings per ordinary share (in cent):		
- Basic	4.9	7.5
- Diluted	4.9	7.5

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

	2020 €'000	2019 €'000
Profit for the financial period attributable to owners	12,695	8,977
Exceptional charge (note 2)	583	2,189
Amortisation of acquisition related intangibles (note 6)	60	-
Profit after tax excluding exceptional items	13,338	11,166
Weighted average number of shares in issue in the period (000's)	259,853	119,861
Adjusted basic and diluted earnings per ordinary share (in cent)	5.1	9.3

6. Intangible assets

	Computer software €'000	Trademark €'000	Goodwill €'000	Technology asset €'000	Total €'000
Cost					
At 1 January 2020	33,109	153	291,253	-	324,515
Foreign exchange movements	(6)	-	(4,302)	-	(4,308)
Acquisitions (note 16)	-	-	719	723	1,442
Additions	398	-	-	-	398
At 30 June 2020	33,501	153	287,670	723	322,047
Amortisation					
At 1 January 2020	27,939	91	18,709	-	46,739
Amortisation	1,097	15	-	60	1,172
At 30 June 2020	29,036	106	18,709	60	47,911
Net book amounts					
At 31 December 2019	5,170	62	272,544	-	277,776
At 30 June 2020	4,465	47	268,961	663	274,136

The Group recognised a technology asset on the acquisition of Innerstrength Limited (see note 16). Amortisation of this asset commenced at the date of acquisition and it is being amortised over a remaining useful life of three years.

Impairment testing of goodwill

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs).

Due to the potential economic uncertainty created by Covid-19 the Group have performed an updated Group impairment assessment as at 30 June 2020. The impairment testing of goodwill at the reporting date has been performed based on the key assumptions disclosed in the 2019 Annual Report, updated to take account of the latest available Group reforecasts performed. There was no material change to the conclusions reached as part of this updated assessment compared to the conclusions reached as part of the assessment performed at 31 December 2019, with no impairments recognised during the period (2019: €nil).

Cash-generating units

At 31 December 2019, the goodwill arising on the acquisitions of EPS Group, M3 Medical Limited, Gort Road Pharmacy Limited and Regional Pharmacy Limited had not been finalised and remained unallocated. During the period, the goodwill arising on the acquisition of EPS Group and M3 Medical Limited was allocated to the Commercial & Clinical Medtech CGU, and the goodwill arising on the acquisition of Gort Road Pharmacy Limited and Regional Pharmacy Limited was allocated to the Retail Pharmacies CGU, based on the CGUs that are expected to benefit from that business combination.

During the period the goodwill arising on the acquisition of Innerstrength was allocated to the Product Access CGU.

Sensitivity analysis

The Group has conducted a sensitivity analysis on each of the CGUs by applying the following sensitivities; decreasing free cash flows by 10%, increasing discount rates by 1%, and reducing long-term growth rates by 1%. This analysis resulted in an excess in the recoverable amount over their carrying amount under each approach for all CGUs. Management believe that any reasonable change in any of the key assumptions would not cause the carrying value of goodwill to exceed the recoverable amount.

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

	Land and buildings €'000	Leasehold improvements €'000	Plant and equipment €'000	Fixtures and fittings €'000	Computer equipment €'000	Motor vehicles €'000	Instruments €'000	Total €'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	(431)	(47)	(164)	(165)	(43)	(123)	-	(973)
Additions	2,081	76	6,273	676	334	1,292	529	11,261
Acquisitions (note 16)	-	-	-	1	4	-	-	5
Disposals/retirements	(109)	(96)	(197)	(852)	(4)	(688)	(865)	(2,811)
Reclassification	-	76	-	(5)	(71)	-	-	-
At 30 June 2020	101,660	8,437	27,988	7,786	5,420	6,225	3,154	160,670
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	(76)	(25)	(46)	(49)	(23)	(47)	-	(266)
Charge for the period	3,642	393	1,391	623	292	1,224	839	8,404
Disposals/retirements	(43)	(96)	(175)	(852)	(2)	(638)	(828)	(2,634)
Reclassification	-	19	-	(1)	(18)	-	-	-
At 30 June 2020	11,154	1,550	15,308	3,573	3,953	2,527	1,144	39,209
Net book value								
At 31 December 2019	92,488	7,169	7,938	4,279	1,496	3,756	2,357	119,483
At 30 June 2020	90,506	6,887	12,680	4,213	1,467	3,698	2,010	121,461
Reconciliation to Balance Sheet								
Property, plant and equipment	5,075	6,887	11,770	4,213	1,467	133	2,010	31,555
Right-of-use assets	85,431	-	910	-	-	3,565	-	89,906
Net book value at 30 June 2020	90,506	6,887	12,680	4,213	1,467	3,698	2,010	121,461

8. 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 30 June 2020	2,300	-	2,300

Properties held for sale relate to a number of properties which were acquired on completion of the acquisition of Bradley's Pharmacy Group. These properties are presented in the Balance Sheet at the lower of their carrying amount and fair value less any costs to sell. Uniphar plc acquired Bradley's Pharmacy Group from examinership in November 2018, and in accordance with the application of the examinership scheme arrangement acquired non-recourse borrowings which are secured by these properties.

During 2020, the Group disposed of a further €1,285,000 of these properties. 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 has now been paid.

9. Called up share capital

	Number	€'000
Authorised share capital at 30 June 2020:		
Ordinary shares of 8c each	453,205,300	36,256
"A" ordinary shares of 8c each	16,000,000	1,280
Authorised share capital		37,536

Allotted, called-up and fully paid ordinary shares of 8c each presented as equity

	Number	€'000
At 1 January 2020	273,015,254	21,841
At 30 June 2020	273,015,254	21,841

There are no "A" ordinary shares in Uniphar plc issued at 30 June 2020 or 31 December 2019.

In May 2020, following the passing of a resolution at the Annual General Meeting, 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 €37,536,424 divided into 453,205,300 ordinary shares of 8c each and 16,000,000 "A" ordinary shares of 8c each.

10. Employee benefit obligations

The pension entitlements of employees, including Executive Directors, arise under two defined benefit schemes 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 plans are no longer linked to future salary inflation due to the accrual of pension benefit ceasing on these schemes 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. A settlement loss of €488,000 was recognised on the closure of the Whelehan Group Pension Scheme. 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
- The Whelehan Group Pension Scheme (wound up in January 2020)

The pension charge for the period is €1,741,000 (2019: €1,286,000) comprising current service cost of €nil (2019: €22,000) and defined contribution scheme costs of €1,741,000 (2019: €1,264,000). The net interest expense resulting from the scheme deficit is €2,000 (2019: net interest income of €8,000).

Financial instruments held by the defined benefit schemes

At 30 June 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's assets at the Balance Sheet date are shown as follows:

	30 June 2020 €'000	31 December 2019 €'000
Equities - Investments in quoted active markets	2,362	4,954
Bonds - Investments in quoted active markets	6,881	15,127
Cash	-	301
Other	2,168	2,128
Fair value of the scheme's assets	11,411	22,510

	30 June 2020	31 December 2019
Principal actuarial assumptions at the Balance Sheet date		
The main financial assumptions used were:		
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	1.1%	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 21.7 (2019: 21.7) years for males and 24.1 (2019: 24.1) years for females.

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

	30 June 2020 €'000	31 December 2019 €'000
Present value of scheme liabilities	(11,906)	(22,555)
Fair value of scheme assets	11,411	22,510
Pension liability resulting from employee benefit obligation	(495)	(45)

	Pension assets €'000	Pension liabilities €'000	Pension deficit €'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	-	(53)	(53)
Interest on scheme assets	51	-	51
Actuarial loss in current period	(6)	(199)	(205)
Benefits (paid)/settled	(11,389)	11,389	-
At 30 June 2020	11,411	(11,906)	(495)

11. Provisions

	Deferred contingent consideration €'000	Lease dilapidation €'000	Warranty provision €'000	Total €'000
At 1 January 2020	80,811	213	45	81,069
Unwinding of discount	1,124	-	-	1,124
Arising on acquisition	185	-	-	185
Charge to Income Statement	-	-	30	30
Utilised during the period	(3,238)	(46)	-	(3,284)
Foreign currency movement	(1,780)	-	(5)	(1,785)
At 30 June 2020	77,102	167	70	77,339

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 period payments of €3,238,000 were made in respect of prior year acquisitions.

The balance at 30 June 2020 relates to acquisitions completed from 2015 to 2020.

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.

12. Leases

(i) Amounts recognised in the Balance Sheet

The following amounts relating to leases were recognised at the Balance Sheet date:

	30 June 2020 €'000	31 December 2019 €'000
Right-of-use assets:		
Buildings	85,431	87,334
Plant and equipment	910	1,054
Motor vehicles	3,565	3,590
Net book value	89,906	91,978
Lease liabilities:		
Current	9,767	10,083
Non-current	81,939	82,901
Lease liabilities	91,706	92,984

Right-of-use assets are included in the line 'Property, plant and equipment' on the Balance Sheet, and are presented in note 7.

Additions to the right-of-use assets during the period ended 30 June 2020 were €3,498,000.

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 for the six months ended 30 June:

	2020 €'000	2019 €'000
Buildings	3,556	2,867
Plant and equipment	272	243
Motor vehicles	1,193	1,348
Depreciation charge of right-of-use assets	5,021	4,458
Interest on lease obligations (note 3)	1,428	1,233

13. Analysis of net debt

	30 June 2020 €'000	31 December 2019 €'000	30 June 2019 €'000
Cash and cash equivalents	79,982	114,040	5,938
Restricted cash	2,100	2,142	2,354
	82,082	116,182	8,292
Bank loans repayable within one year	(21,124)	(22,583)	(91,786)
Bank loans payable after one year	(59,572)	(66,977)	(77,476)
Bank loans	(80,696)	(89,560)	(169,262)
Net bank cash/(debt)	**1,386**	**26,622**	**(160,970)**
Current lease obligations	(9,767)	(10,083)	(5,965)
Non-current lease obligations	(81,939)	(82,901)	(72,248)
Lease obligations	(91,706)	(92,984)	(78,213)
Net debt	**(90,320)**	**(66,362)**	**(239,183)**

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

	30 June 2020 €'000	30 June 2019 €'000
Operating profit before exceptional items	20,634	18,132
Cash related exceptional items	(7,474)	(2,151)
	13,160	15,981
Depreciation	8,404	7,448
Amortisation of intangible assets	1,172	1,239
Increase in inventory	(14,515)	(14,946)
Decrease/(increase) in receivables	2,846	(12,451)
(Decrease)/increase in payables	(8,952)	9,694
Foreign currency translation adjustments	53	40
Cash inflow from operating activities	2,168	7,005

15. Financial instruments

Financial instruments by category

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

	Financial assets at FVOCI* €'000	Financial assets at amortised cost €'000	Total €'000	Fair value €'000
At 30 June 2020:				
Investments in equity instruments	25	-	25	25
Trade and other receivables **	-	122,238	122,238	122,287
Deferred consideration receivable	-	541	541	626
Cash and cash equivalents	-	79,982	79,982	79,982
Restricted cash	-	2,100	2,100	2,100
Financial assets	25	204,861	204,886	205,020

* Fair value through other comprehensive income.
** Excluding prepayments and accrued income.

	Financial liabilities at FVTPL*** €'000	Financial liabilities at amortised cost €'000	Total €'000	Fair value €'000
At 30 June 2020:				
Borrowings	-	80,696	80,696	80,696
Deferred acquisition consideration	-	6,072	6,072	6,072
Trade and other payables ****	-	176,981	176,981	176,981
Deferred contingent consideration	77,102	-	77,102	77,102
Financial liabilities	77,102	263,749	340,851	340,851

*** 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 the:

- Expected future profit forecasts which have not been disclosed due to their commercial sensitivities.
- Risk adjusted discount rate of between 2% and 3% (2019: 3%)

The estimated fair value would increase/(decrease) if the:

- Expected future profit forecasts were higher/(lower).
- Risk adjusted discount rate was lower/(higher).

For the fair value of deferred contingent consideration, a 1% increase in the risk adjusted discount rate at 30 June 2020, holding the other inputs constant would reduce the fair value of the deferred contingent consideration by €0.9m. A 1% decrease in the risk adjusted discount rate would result in an increase of €0.9m in the fair value of the deferred contingent consideration.

Facility termination fee
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. 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. In 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.

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

	Level 1	Level 2	Level 3	Total
	€'000	€'000	€'000	€'000
Recurring fair value measurements				
At 30 June 2020:				
Investments in equity instruments	-	-	25	25
Deferred contingent consideration	-	-	(77,102)	(77,102)
	-	-	(77,077)	(77,077)

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 period ended 30 June 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	3,238	8,238
Unwinding of discount*	-	-	(1,124)	(1,124)
Arising on acquisition	-	-	(185)	(185)
Foreign currency		-	1,780	1,780
At 30 June 2020	25	-	(77,102)	(77,077)

* These amounts have been 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 for the year ended 31 December 2019.

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, amounting to €80,000,000 (31 December 2019: €80,000,000). The Group has recognised an asset within trade and other receivables of €12,000,000 (31 December 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. Total discounting charge associated with this receivables purchase agreement during the six months ended 30 June 2020 was €540,000 (30 June 2019: €nil).

16. Acquisitions of subsidiary undertakings and business assets

A key strategy of the Group is to expand into higher growth, higher margin opportunities. In line with this strategy, the Group completed the following acquisition during the financial period:

- **Innerstrength Limited**
  The Group acquired an 82.3% controlling interest of the issued share capital of Innerstrength Limited in March 2020 for consideration of €1,174,000, of which €185,000 is deferred and contingent on agreed targets being met and the exercise of the put/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.

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 workforce and management 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 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. Subject to the exercise of the put/call option over the non-controlling interest, on an undiscounted basis, the future payments for which the Group may be liable in respect of the acquisition of Innerstrength Limited ranges from €0.2m to €6.9m at 30 June 2020.

The initial assignment of fair values to major classes of assets acquired and liabilities assumed has been performed on a provisional basis in respect of the acquisition of Innerstrength Limited during 2020, due to the recent acquisition date. The intangible assets arising on the acquisition relate to technology assets. The fair value attributable to the non-controlling interest arising on the acquisition of Innerstrength Limited is calculated based on the non-controlling interest share of the identifiable net assets at the date of acquisition. 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 reporting cycle as stipulated by IFRS 3, Business Combinations. Additionally, as part of the Group’s 2021 budgetary process which will be performed in the second half of the year, a full review of the expected deferred contingent consideration payable on the acquisition of Innerstrength Limited will be performed, and any adjustment to the provisional amount recognised will be disclosed in the 2020 Annual Report as stipulated by IFRS 3, Business Combinations.

The provisional fair value of the assets and liabilities acquired as part of the acquisition of Innerstrength Limited which completed during the financial period are set out below.

	€'000
ASSETS	
Non-current assets	
Intangible assets	723
Property, plant and equipment	5
	728
Current assets	
Trade and other receivables	99
Cash and cash equivalents	36
	135
Total assets	863
LIABILITIES	
Current liabilities	
Trade and other payables	310
	310
Total liabilities	310
Identifiable net assets acquired	553
Non-controlling interest arising on acquisition	(98)
Group share of net assets acquired	455
Goodwill arising on acquisition	719
Consideration	1,174

The gross contractual value of the trade and other receivables as at the dates of acquisition amounted to €0.1m. The fair value of these receivables is estimated at €0.1m (all of which is expected to be recoverable).

The acquisitions completed in 2020 have contributed €0.1m to revenue and €nil of gross margin for the period since the date of acquisition. The proforma revenue and operating profit for the Group for the period ended 30 June 2020 would have been €871.4m and €19.9m respectively had the acquisitions been completed at the start of the current reporting period.

In 2020, the Group incurred acquisition costs of €0.8m (2019: €1.8m) including fees incurred to 30 June 2020 relating to the acquisition of Hickey's Pharmacy Group which was signed on 1 September 2020 as disclosed in note 17. 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 to those carrying values to arrive at the final fair values were as follows:

	Provisional fair value of 2019 acquisitions €'000	Measurement period adjustment €'000	Total €'000
ASSETS			
Non-current assets			
Property, plant and equipment	21,894	-	21,894
Deferred tax asset	34	-	34
	21,928	-	21,928
Current assets			
Assets held for sale	4,400	-	4,400
Inventory	7,146	(421)	6,725
Trade and other receivables	12,944	141	13,085
Cash and cash equivalents	6,860	-	6,860
	31,350	(280)	31,070
Total assets	53,278	(280)	52,998
LIABILITIES			
Non-current liabilities			
Lease liabilities	1,860	-	1,860
Deferred tax liabilities	1,461	296	1,757
	3,321	296	3,617
Current liabilities			
Lease liabilities	15,017	-	15,017
Trade and other payables	18,103	728	18,831
	33,120	728	33,848
Total liabilities	36,441	1,024	37,465
Identifiable net assets acquired	16,837	(1,304)	15,533
Goodwill arising on acquisition	67,070	1,817	68,887
Consideration	83,907	513	84,420

17. Post balance sheet events

Non adjusting events

Bank Refinancing Agreement

In early July 2020, the Group signed a new five-year banking facility agreement with its banking partners, with the option of a two-year extension period. The agreement provides the Group with a new committed revolving credit facility of €150.0m and a €90.0m uncommitted accordion facility, replacing our existing term loan, and further enhancing the Group's strong liquidity position in support of the Group's growth strategy. An additional €12.0m cash inflow has been generated in July 2020 through the extension of the non-recourse financing arrangement, increasing the total value of the cashflow unlocked for further reinvestment to €80.0m.

Acquisition of Hickey's Pharmacy Group

On 1 September 2020, the Group reached an agreement to complete the acquisition of Hickey's Pharmacy Group. The acquisition is consistent with Uniphar's strategy in the Supply Chain & Retail division to leverage our high-tech wholesale distribution facilities, longstanding manufacturer relationships and scalable digital infrastructure, to maintain market leadership in the Republic of Ireland.

The acquisition creates a market leading symbol group offering with 335 members (31 Dec 2019: 277). The acquisition will be earnings accretive from completion and provides the opportunity to benefit from well-defined synergies including significant economies of scale. The investment in retail supports a Group strategy of growing into higher margin opportunities. This acquisition is subject to approval by Irish Competition and Consumer Protection Commission, and is expected to be accounted for as an acquisition in the 2020 financial statements.

18. Approval by the Board of Directors

The directors approved the interim financial statements on 1 September 2020.

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	Earnings before exceptional items, net finance expense, income tax expense, depreciation and intangible assets amortisation.	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.
Net bank cash/(debt)	Net bank cash/(debt) 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 cash/(debt) is used by management as it gives a summary of the Group's current leverage in line with how debt is measured for the purposes of banking covenants. Management will consider this when evaluating investment opportunities, potential acquisitions, and internal resource allocation.
Net debt	Net debt represents the total of net bank debt, plus current and non-current lease obligations as presented in the Group Balance Sheet.	Net debt is used by management to give an indication of the impact of lease liabilities recognised under IFRS 16.
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.
Free cash flow conversion	Free cash flow conversion calculated as EBITDA, less investment in working capital, less maintenance capital expenditure, 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 is key to maintaining a strong, liquid balance sheet.

	Definition	Why we measure it
Return on capital employed ("ROCE")	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

		30 June 2020 €'000	30 June 2019 €'000
Operating profit	*Income Statement*	20,051	15,943
Exceptional charge recognised in operating profit	*Note 2*	583	2,189
Depreciation	*Note 7*	8,404	7,448
Amortisation of computer software	*Note 6*	1,097	1,223
Amortisation of technology assets	*Note 6*	60	-
Amortisation of trademark	*Note 6*	15	16
EBITDA		30,210	26,819

Net bank cash/(debt)

		30 June 2020 €'000	31 December 2019 €'000	30 June 2019 €'000
Cash and cash equivalents	*Balance Sheet*	79,982	114,040	5,938
Restricted cash	*Balance Sheet*	2,100	2,142	2,354
Bank loans repayable within one year	*Balance Sheet*	(21,124)	(22,583)	(91,786)
Bank loans payable after one year	*Balance Sheet*	(59,572)	(66,977)	(77,476)
Net bank cash/(debt)		1,386	26,622	(160,970)

Net debt

		30 June 2020 €'000	31 December 2019 €'000	30 June 2019 €'000
Net bank cash/(debt)	*APMs*	1,386	26,622	(160,970)
Current lease obligations	*Balance Sheet*	(9,767)	(10,083)	(5,965)
Non-current lease obligations	*Balance Sheet*	(81,939)	(82,901)	(72,248)
Net debt		(90,320)	(66,362)	(239,183)

Adjusted earnings per share

	30 June 2020 €'000	30 June 2019 €'000
Adjusted earnings per share has been calculated by reference to the following:		
Profit for the financial period attributable to owners	12,695	8,977
Exceptional charge recognised in operating profit (note 2)	583	2,189
Amortisation of acquisition related intangibles	60	-
Profit after tax excluding exceptional items	13,338	11,166
Weighted average number of shares in issue in the period (000's)	259,853	119,861
Adjusted basic and diluted earnings per ordinary share (in cent)	5.1	9.3
Number of shares in issue in the period (000's)	259,853	259,853
Like for like adjusted earnings per ordinary share (in cent)	5.1	4.3

Free cash flow conversion

		30 June 2020 €'000	31 December 2019 €'000	30 June 2019 €'000
EBITDA		30,210	58,555	26,819
Increase in inventory	*Note 14*	(14,515)	(14,889)	(14,946)
Decrease/(increase) in receivables	*Note 14*	2,846	(17,656)	(12,451)
(Decrease)/increase in payables	*Note 14*	(8,952)	30,424	9,694
Foreign currency translation adjustments	*Note 14*	53	207	40
Payments to acquire property, plant and equipment – maintenance	*Cash Flow*	(3,080)	(5,585)	(2,358)
Payments to acquire intangible assets	*Cash Flow*	(398)	(861)	(322)
Free cash flow		6,164	50,195	6,476
EBITDA		30,210	58,555	26,819
Free cash flow conversion		20.4%	85.7%	24.1%

Return on capital employed

	30 June 2020 €'000	30 June 2019 €'000	30 June 2018 €'000
Rolling 12 months operating profit	32,315	30,694	
Adjustment for exceptional costs	10,437	3,665	
Amortisation of acquisition related intangibles	60	-	
Adjusted 12 months rolling operating profit	42,812	34,359	
Total equity	186,590	8,633	(11,817)
Net bank (cash)/debt	(1,386)	160,970	66,630
Derivative financial instruments	-	27,586	-
Facility termination fee	-	5,163	7,622
Deferred contingent consideration	77,102	50,300	14,296
Deferred consideration payable	6,072	7,281	5,660
Total capital employed	268,378	259,933	82,391
Average capital employed	264,156	171,162	
Adjustment for acquisitions (note A / B below)	26,950	65,612	
Adjusted average capital employed	291,106	236,774	
Return on capital employed	14.7%	14.5%	

Note A: Adjustment for acquisitions (2020)	Consideration €'000	Completion Date	Adjustment €'000
Durbin Group	42,159	July 2019	17,566
Other acquisitions	43,238	Various	9,384
Adjustment for acquisitions			26,950

Note B: Adjustment for acquisitions (2019)	Consideration €'000	Completion Date	Adjustment €'000
Sisk Healthcare Group	146,004	August 2018	60,834
Other acquisitions	20,057	Various	4,778
Adjustment for acquisitions			65,612

For comparability purposes with our peers, during 2020 we have amended the return on capital employed calculation to remove the impact of the non-recourse financing arrangement. The calculation of the return on capital employed at both 30 June 2020 and 30 June 2019 is presented above, and the recalculated measure at 31 December 2019 is presented below for comparability purposes:

	31 December 2019 €'000	31 December 2018 €'000
Rolling 12 months operating profit	28,207	
Adjustment for exceptional costs	12,043	
Amortisation of acquisition related intangibles	-	
Adjusted 12 months rolling operating profit	40,250	
Total equity	180,920	(619)
Net bank (cash)/debt	(26,622)	152,880
Derivative financial instruments	-	27,586
Facility termination fee	5,000	7,622
Deferred contingent consideration	80,811	51,811
Deferred consideration payable	7,394	5,566
Total capital employed	247,503	244,846
Average capital employed	246,175	
Adjustment for acquisitions (note C below)	(14,868)	
Adjusted average capital employed	231,307	
Return on capital employed	17.4%	

Note C: Adjustment for acquisitions (2020)	Consideration €'000	Completion Date	Adjustment €'000
Durbin Group	42,159	July 2019	(3,513)
Other acquisitions	43,238	Various	(11,355)
Adjustment for acquisitions			(14,868)