Uniphar plc
2023 Interim Results

Uniphar plc, an international diversified healthcare services business, announces its half year results for the six months ended 30 June 2023 together with new medium-term targets and a new divisional structure that reflects our strategic ambition.

FINANCIAL HIGHLIGHTS

			Growth	
Six months ended 30 June[1]	**2023 €'000**	2022 €'000	Reported	Constant currency[2]
Revenue	**1,239,582**	991,831	25.0%	25.3%
Gross profit	**187,992**	146,135	28.6%	29.4%
Commercial & Clinical	**62,041**	58,541	6.0%	7.2%
Product Access	**37,762**	21,818	73.1%	74.7%
Supply Chain & Retail	**88,189**	65,776	34.1%	34.1%
Gross profit margin (Group) %	**15.2%**	14.7%		
EBITDA[1]	**51,126**	44,935	13.8%	14.2%
Operating profit	**28,006**	25,078	11.7%	12.2%
Profit before tax excluding exceptional items	**22,800**	26,125	(12.7%)	(12.2%)
Net bank debt[1]	**(178,045)**	(73,807)		
Basic EPS (cent)	**5.5**	5.9		
Adjusted EPS (cent)[1]	**7.4**	8.4		

- Gross profit growth of 28.6% (5.5% organic[3]) reflecting growth across all divisions with Supply Chain & Retail continuing to outperform medium-term guidance with 7.7% organic growth[3].
- Continued progression in gross profit margin from 14.7% to 15.2%, reflecting focus and growth in higher margin activities.
- EBITDA growth of 13.8%, from €44.9m to €51.1m, demonstrating the resilience of the business and continued focus on growth.
- Adjusted EPS of 7.4 cents representing a decline of 1.0 cents primarily due to increased financing costs.
- Acquisition of the McCauley Pharmacy Group ("McCauley") completed in January 2023 enhances our retail pharmacy footprint and service offering. McCauleys are recognised as a market leader in the delivery of health, wellbeing and beauty products.
- Continuing strong normalised free cash flow conversion of 68% (30 June 2022: 70%) which is within our guided range.
- Net bank debt of €178.0m at 30 June 2023 (December 2022: €91.2m) and leverage at 1.95x.
- The Board have declared an interim dividend of €0.0064 per ordinary share for the period to 30 June 2023 representing growth of 5% in the period (30 June 2022: €0.0061 per ordinary share).

1. *Additional information in relation to Alternative Performance Measures (APMs) are set out on pages 48 to 52.*
2. *Constant currency growth is calculated by applying the prior period's actual exchange rate to the current period's result.*
3. *Organic growth is calculated as the gross profit growth of the underlying business in the period adjusting for the contribution from prior period acquisitions and divestments to ensure a like-for-like comparison.*

STRATEGIC AND OPERATIONAL HIGHLIGHTS

- The Group performed strongly during the period and has achieved its target of doubling 2018 pro forma EBITDA ahead of the timeframe committed to at the time of IPO.

- The Group is pleased to announce an ambitious new target of growing Group EBITDA to €200m over the medium-term. This will be achieved through a combination of strong organic growth complemented with acquisitions that meet our disciplined strategic and financial criteria.

- Technology investment is critical in enabling the Group to deliver on its strategic ambitions. The Group will invest c.€60m of strategic capital expenditure in an IT and ERP investment programme that will future proof our market leading Supply Chain and Retail division and enable us to scale our global Pharma platforms. The implementation will be delivered in a non-live environment which significantly reduces the risk on the programme.

- The Group intends to create a new divisional structure (to be reported from FY23 onwards) to capitalise on the attractive growth opportunities in our target markets and better align with our customers and stakeholders during this next phase of growth:

  - **Uniphar Medtech:** the Medtech business unit of Commercial & Clinical will become a standalone division reflecting its position as a leading specialist Medtech provider in Europe.

  - **Uniphar Pharma:** the Pharma business unit of Commercial & Clinical will be combined with Product Access to create 'Uniphar Pharma'. This platform will enable Uniphar to provide an enhanced service offering across the entire lifecycle of an asset, providing patients with access to innovative medicines in global and often complex markets.

  - **Uniphar Supply Chain & Retail:** the Supply Chain & Retail division will remain unchanged in the new divisional structure.

- Organic gross profit growth of 5.5% in H1 2023, driven by growth across each of our three divisions:

  - Supply Chain & Retail division: 34.1% gross profit growth of which 7.7% is organic growth. This outperformance highlights our strong market position, the resilience of the Irish market and supports our investment in the division to build future capacity to ensure continued growth.

  - Product Access delivered 73.1% gross profit growth of which 8.5% is organic growth. The growth in gross profit reflects strong underlying business performance combined with the acquisitions of BModesto Group and Orspec Pharma in 2022. These acquisitions demonstrate the Group's commitment to creating a market leading global platform and have provided increased scale across continental Europe and the APAC region.

  - Commercial & Clinical division delivered gross profit growth of 6.0% of which 1.0% is organic, driven by a strong performance in the MedTech business unit offset by the Pharma business unit that is refocusing and investing to address the market opportunities that can be capitalised on under the new divisional structure.

- Reported free cash flow conversion of 25.9%. When adjusted for the unwinding of the temporary favorable timing positions in December 2022, the adjusted free cash flow is 67.8% which is within our target range of 60-70%.

- The Group completed the acquisition of the McCauley Pharmacy Group in January 2023 which further enhances the Group's offering in the Irish retail pharmacy market with the addition of 34 retail pharmacies. In August 2023, the Group completed the acquisition of certain assets from Pivot Digital, an omni-channel and digital strategy consultancy business. These capabilities will be integrated into the consultancy arm of Uniphar's Pharma division broadening the Group's overall digital offering.

- Integration of 2022 acquisitions including BModesto Group, Inspired Health and Orspec Pharma are progressing well and delivering expected benefits.

- The Group made continued progress on Sustainability across all five of our sustainability pillars. The Group's MSCI rating has recently been upgraded to "AAA". Furthermore, the Group formally submitted Science Based Targets to SBTi for validation during the period.

Ger Rabbette, Uniphar Group Chief Executive Officer said:

"Just over four years post-IPO, I am pleased to announce that we have already achieved our IPO target of doubling EBITDA within five years. We are now focused on creating a strong foundation for our next phase of growth, reorganising our divisions to reflect our strategic ambitions and accelerating our progress in our target markets. As well as maintaining an active acquisition pipeline, we are also making a significant investment in our IT systems to further enhance the technological backbone of our business and reach our ambitious new target of €200m EBITDA over the medium-term."

Analyst presentation

A conference call for investors and analysts will be held at 9am (BST), today, 14 September 2023. Analysts and investors who wish to participate should visit www.uniphar.ie to register.

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

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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 the 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, the 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.

About Uniphar plc

Headquartered in Dublin, Ireland, the Uniphar Group 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 an established presence in Ireland, the UK, Europe, the US and Asia Pacific.

The Company'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 outsourced sales, marketing & distribution solutions to multinational pharmaceutical and medical device manufacturers. Active in Ireland, the UK, Benelux, the Nordics, Germany and the US, the Group is growing with its clients to provide pan-European solutions, with a targeted service offering in the US. Uniphar has built fully integrated digitally enabled customer centric solutions that are supported by our highly experienced and clinically trained teams, leveraging our digital technology and insights which allows us to deliver consistently exceptional outcomes for our clients.

Product Access

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

Supply Chain & Retail

Uniphar is an established market leader in Ireland with c. 53% market share in the wholesale/hospital market, supported by a network of 423 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 also utilised for the benefit of the Commercial & Clinical and Product Access divisions.

Overview

Uniphar delivered a robust performance during the first six months of 2023, achieving significant growth in gross profit and EBITDA. Gross profit growth of 28.6% was driven by organic growth of 5.5% in addition to the impact of the acquisitions completed in the past year. The diversity and geographic breadth of our service offering enables the business to deliver consistent growth.

The Supply Chain & Retail division delivered an excellent performance in a market characterised by medicine shortages and inflationary pressure on costs. Commercial and Clinical delivered a robust performance with the MedTech business unit performing strongly, offset by a Pharma business unit that is refocusing and investing to address the market opportunities that the new divisional structure will enable it to better capitalise on. The Group continues to develop its European medical affairs offering with expertise now available in 11 European countries. The Product Access division leveraged its global scale to support the heightened demand for medicines in short supply in addition to being awarded 8 new expanded access programs (EAPs) in the period. Gross profit margin increased to 15.2% (June 2022: 14.7%), reflecting the Group's ability to deliver growth at a time when input costs are increasing.

The integration of BModesto Group, acquired in late 2022, is progressing in line with plan with previously identified revenue synergies being realised. The acquisition provides the Group with increased scale and a gateway into key European markets. This investment, combined with the previous investments in the division, will enable pharma and biotech customers to bring innovative medicines to global markets across their product lifecycles.

EBITDA has increased by 13.8% (€6.2m) to €51.1m (June 2022: €44.9m) reflecting organic growth achieved across all divisions and the positive contribution of the 2022 acquisitions. Adjusted EPS of 7.4 cents declined by 1.0 cent reflecting the impact of higher interest rates on the Group.

Return on capital employed (ROCE) for the rolling 12-month period closed at 14.7% (December 2022: 17.3%) and is at the upper end of the Group's medium-term target of 12-15%. The change in ROCE is reflective of recent acquisitions and investment in strategic capital expenditure that will deliver improved growth and returns in future years.

Technology has been a key enabler of the Group's growth since IPO and continued investment in technology is critical to enabling the Group to deliver on our medium-term objectives. The Group will invest c.€60m in an IT and ERP investment programme. This investment will future proof our market leading Supply Chain and Retail division whilst enabling us to scale our Pharma platform. The implementation will be delivered in a non-live environment which significantly reduces the risk on the programme.

The Group's Balance Sheet remains robust. Net bank debt at 30 June 2023 amounted to €178.0m (31 December 2022: €91.2m) with the increase attributable to completing the McCauley acquisition and strategic capital investment. The Group's banking facility, renewed in August 2022, consists of a €400m revolving credit facility and €150m of an uncommitted accordion facility and provides a stable platform to support the Group's growth and investment strategy. The Group's leverage of 1.95x as at 30 June 2023 remains within its medium-term target range.

The Group remains focused on delivering its vision of improving patient access to innovative therapies and treatments by enhancing connectivity between manufacturers and stakeholders. Having achieved the commitments made at the time of IPO, the Group announces ambitious new medium-term targets and our intention to create a new divisional structure that reflects our strategic ambition. We are confident we have the right strategy, the best people and the market opportunity to continue to deliver for our stakeholders.

Sustainability

Uniphar is committed to continuing to make a positive impact across our five sustainability pillars and embedding this strategy within the culture of the Group.

The Group has recently had its MSCI ESG rating upgraded to "AAA" which reflects the Group's commitment to being a leader in sustainability initiatives. Furthermore, the Group formally submitted Science Based Targets to SBTi for validation during the period. This follows the completion of our first Scope 3 assessment during 2022 and is in line with our commitment to setting a science-based carbon reduction target. Pending validation of our SBTi targets, we have set an internal target to reduce our absolute Scope 1 & 2 emissions by 5% per annum between 2019 and 2030, in line with the SBTi 1.5˚C aligned pathway for targets. This would see the Group achieve our climate ambition of at least 50% reduction in our absolute Scope 1 & 2 emissions by 2030.

Current trading

In the first half of 2023, Uniphar performed in line with expectations delivering strong underlying growth offset by higher interest costs. Since the period end, the Group has continued to perform in line with the board's expectations.

Outlook and new targets

Uniphar remains well positioned to achieve continued gross profit growth in each division and is confident of delivering on expectations for the full year.

The Group is pleased to announce a new ambitious target of growing Group EBITDA to €200m over the medium-term. This will be achieved through a combination of strong organic growth across each division complemented by earnings accretive M&A. The Group expects the growth in EBITDA to be delivered through:

- Continued strong organic growth in all three divisions driven by robust underlying market growth and continued market share gains underpinned by an investment programme in infrastructure, digital platforms, strategic capex and talent.
- M&A remaining a key component of the Group's compounding growth story with a pipeline of acquisition opportunities continuing to be reviewed to add further scale and breadth to the existing platform with a focus on building out the Pharma platform.

Our medium-term guidance for gross profit growth for the new divisions is:

- Uniphar Pharma: Double digit
- Uniphar Medtech: High-single digit
- Uniphar Supply Chain & Retail: Low-single digit

Disciplined capital allocation remains a focus for the Group and M&A is expected to continue to play an important role in Uniphar's growth strategy. The Group has an active pipeline of acquisition opportunities to add further capability to our existing platform.

In addition to the headline EBITDA growth target, the Group's broader medium-term guidance is as follows:

- Target ROCE of 12% - 15%
- Focus on cash generation and target an adjusted free cash flow conversion of 60% - 70%
- Progressive dividend policy that seeks to return capital to shareholders each year
- Net bank debt / EBITDA not to exceed 2.5x

Acquisitions and integration update

Uniphar completed the acquisition of the McCauley Pharmacy Group in the period which added 34 pharmacies to the Group. The integration of the acquisitions completed during 2022 are progressing well and in line with expectation. The Group maintains a disciplined approach to capital allocation with an active pipeline of acquisition opportunities across all divisions and internationally to further expand our capability and geographic reach.

Commercial & Clinical

Acquisition update

In August 2023 the Group acquired certain assets and contracts from Pivot Digital. Pivot provide omni-channel consultancy, digital strategy and execution services to global pharma and biotech clients. Pivot's capabilities will be integrated into the consultancy arm of Uniphar's Pharma division broadening the group's digital offering.

Integration update

The Group acquired Inspired Health in September 2022 which increases Uniphar's capability to offer market research and commercialisation insights to pharmaceutical and MedTech manufacturers and further deepens our presence in the strategically important US market. The integration of the business into the wider Group is progressing well and in line with expectations.

Product Access

Integration update

The integration of the acquisitions of the BModesto Group in November 2022 and Orspec Pharma in August 2022 are progressing well delivering previously identified revenue synergies and creating cross-selling opportunities. The BModesto Group provides a wide range of services including the distribution of medicines on both an exclusive and on-demand basis, clinical trial services, market authorisation holder and medical device distribution. The acquisition broadens our European scale with a well-located facility in the Netherlands to supply mainland Europe.

Orspec Pharma provides the Group with physical infrastructure in the Asia Pacific region. Orspec Pharma specialises in the supply of unlicensed medicines and the delivery of EAP's across the Asia region from its locations in Australia, New Zealand and Singapore.

Supply Chain & Retail

Acquisition update

In January 2023, the Group completed the acquisition of the McCauley Pharmacy Group. This acquisition added 34 pharmacies net of three divestments which were completed as a requirement of the CCPC approval. The McCauley Pharmacy Group is widely recognised as a leading brand across health, wellbeing and beauty, and their expertise and advanced digital offering will complement our fast-growing consumer business in the Supply Chain & Retail division.

Strategic capital expenditure

Uniphar's track record of investment in technology has been a critical enabler of the Group's transformational growth journey to date. To continue to support sustainable growth into the future, Uniphar has committed to a multi-year ERP and IT investment programme. Through the previously announced investment in a new state of the art distribution facility, Uniphar have the unique ability to implement this investment programme in a non-live environment, significantly de-risking the programme. This investment will provide the foundation in which to future proof our market leading Supply Chain & Retail division and will enable us to scale our global Pharma platforms. Uniphar estimate this project will require c.€60m of strategic capex. This investment is a key component in achieving our new medium-term target of €200m EBITDA.

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 & uncertainties faced by the Group can be found in the 2022 Annual Report on pages 30 to 34. A copy of the Annual Report can be downloaded from our website www.uniphar.ie.

2023 Highlights

The Group continues to ensure that the risk management framework is integrated in the day-to-day activities across the business. During the period ended 30 June 2023, the Group carried out the following:

- Reviewed the Group Risk Register, updating for all the key risks facing the Group at this time; and
- Performed a review of emerging and new risks, in particular economic and geopolitical risk with regards to the ongoing war in Ukraine and global economic instability.

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

Strategic Risks

- Economic and geopolitical risk - The global macroeconomic, regulatory, political, and legal environment may impact the markets in which we operate and in turn our client and supplier base. This may adversely affect the financial and operational results of the Group. The Group continues to monitor the ongoing war in Ukraine and the challenges posed by higher inflation and interest rates on the Group and its stakeholders.
- Acquisitions - Growth through acquisitions continues to remain a key strategy for the Group. Failure to identify, complete and integrate acquisitions successfully may directly impact the Group's projected growth.
- Key personnel & succession planning - Failure to attract, retain and develop the skills and expertise of its people may adversely impact the Group's performance especially in constrained labour markets.
- Market perception & reputational risk - Failure to deliver in line with market expectations may result in reputational damage, impacting the Group's ability to achieve its strategic targets.
- Loss of competitive position - Failure of the Group to respond to any changes in the environment in which it operates may result in loss of market share, which may put pressure on profitability and margins.
- Environment & sustainability - The increasing global focus on environmental and sustainability governance is recognised by the Group, and by its stakeholders. Failure to appropriately assess, monitor and manage the Group's impact on the environment and the communities in which it operates may result in reputational damage, impacting the Group's ability to deliver results. Furthermore, failure to comply with mandatory reporting obligations may impact the Group's financial and operational results.
- Transformation project execution – The Group is embarking on several transformational projects that will provide the platform and capacity to grow over the coming years. Failure of the Group to effectively deliver such projects may result in cost overruns or reputational damage impacting the Group's ability to deliver strategic targets.

Operational Risks

- Cybercrime - Failure to protect against the ongoing threat of a cyber-attack could lead to a breach in security, impacting operations, financial transactions, and sensitive information. The knock-on impact from an attack on one of our business partners is also an area of risk for the Group.
- IT systems - Digital capabilities are a specific strategic offering of Uniphar, interruption or downtime may have a negative impact on the Group's operations, financial, and competitive positions.
- Business interruption - External factors such as natural disasters, environmental hazard or industrial disputes may result in potential lost sales and loss of customer loyalty.
- Health & safety - Failure to implement and follow proper health and safety procedures may have adverse effects on employees or patients.
- Laws, regulations & compliance - Failure to operate under any of the stringent laws and regulations the Group is subject to could result in financial penalties, reputational damage, and a risk to business operations.

Financial Risks

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

Business Reviews

Commercial & Clinical

Six months ended 30 June	**2023** **€'000**	2022 €'000	Growth Reported	Growth Constant currency
Revenue	**154,839**	162,322	(4.6%)	(3.4%)
Gross profit	**62,041**	58,541	6.0%	7.2%
Gross profit margin %	**40.1%**	36.1%	400bps	

Overview

Commercial & Clinical provides outsourced sales, marketing, distribution and consultancy solutions to pharmaceutical and medical device manufacturers on a pan-European basis, serving 15 European countries in H1 2023 compared to four at the time of IPO, with a targeted service offering in the US. The division is focused on the commercialisation of speciality products to ensure that patients and their physicians are offered the best treatments for their conditions. The division has two business units, MedTech and Pharma, both of which are driven by the mission of ensuring patients have access to the treatments they need when they need them.

H1 2023 Performance

Commercial & Clinical delivered organic gross profit growth of 1% in H1 2023. The MedTech business unit delivered strongly against their strategy and that growth was offset by the Pharma business unit which is refocussing and investing to address the market opportunities that the new divisional structure will enable it to capitalise on.

Key highlights from the six-month period ended 30 June 2023 include:

- Gross profit growth of 6% against a strong comparative period driven by growth in the gross profit margin to 40.1%.
- Gross profit generated from outside Ireland represents 52% of the divisional gross profit.
- Growth in gross profit margin from 36.1% (June 2022) to 40.1%
- Rebrand of the MedTech entities under the brand 'Uniphar MedTech' further integrating the pan-European offering.
- Increase in number of manufacturers represented in more than one geography to 83 (June 2022: 75).
- Integration of the acquisition of Inspired Health is progressing well.

MedTech

The MedTech business unit provides a fully integrated solution for our clients in sales, marketing and distribution of medical devices across specialisms such as interventional cardiology and radiology, orthopaedics, ophthalmology, minimally invasive surgery, diagnostic imaging and critical care.

The business delivered strong growth in the period capitalising on our ability to deliver excellent service to our customers. Our business continued to partner with suppliers on supply chain constraints and improvement is being seen against the challenges experienced in 2022. A focus for the business in 2023 has been the continued integration of our pan-European service offering. The consolidation of our business unit under a single brand name of 'Uniphar MedTech' is the next step in that journey.

The strength of MedTech has been the geographic and clinical diversity of its portfolio combined with deep trusted relationships with manufacturers and customers. The opening of a US-based facility in mid-2023 gives the business the capability to support European MedTech manufacturers seeking to access the US market in addition to offering pharma solutions to US manufacturers.

Pharma

The Pharma business unit supports pharmaceutical partners in driving the commercialisation of their products leveraging data, insights and marketing solutions to deliver targeted omni-channel solutions. The pharmaceutical industry is constantly evolving as manufacturers develop innovative therapies and seek new methods of commercialising them.

Pharma delivered a solid performance in 2023 with the result reflective of a period of refocusing and investing to address the market opportunities that the new divisional structure will enable it to capitalise on. The business has capitalised on the emergence of the hybrid model of engagement with Healthcare Practitioners (HCP's) combining both in-person and virtual engagement. HCP's now seek information that is customised to their interests, delivered in a convenient medium at a time of their choice rather than mass marketing. Uniphar Pharma's suite of services across the product lifecycle enable us to support our customers reach their target markets and drive growth.

Our recently launched medical affairs capability across Europe is a valuable addition to the suite of services we can offer our customers. The division is developing local medical affairs expertise in 11 countries across Europe and the market response has been positive to date. This experienced team has launch experience in Rare Disease, Immunology, Oncology, Haematology, Neurology, Vaccines and Paediatrics and will support clients launching therapies in European markets that address unmet needs and deliver the best quality of care for patients.

Product Access

Six months ended 30 June	**2023 €'000**	2022 €'000	Growth Reported	Growth Constant currency
Revenue	**253,060**	74,474	239.8%	242.0%
Gross profit	**37,762**	21,818	73.1%	74.7%
Gross profit margin %	**14.9%**	29.3%	(1440bps)	

Overview

The Product Access division is focussed on ensuring equitable access to medicines for patients. We partner with manufacturers to provide global reach and world class execution to get their medicines to the patients who need them with many of these being early stage, high tech or otherwise difficult to source medicines. The division operates through two business units being On Demand and Exclusive Access.

H1 2023 Performance

Product Access achieved transformational growth in the period driven by the acquisitions of BModesto Group and Orspec Pharma in the second half of 2022. Gross profit increased by 73.1% to €37.8m with organic gross profit growth of 8.5% achieved in the period.

Key highlights from the period include:

- Gross profit growth of 73.1% of which 8.5% is organic growth.
- Gross profit margin declined to 14.9% due to the recent acquisition of the BModesto Group.
- 8 new Expanded Access Programs (EAPs) awarded in the period with 83 in total compared to 42 at the time of IPO.
- 73% of the division's gross profit is generated outside of Ireland.
- The integration of BModesto Group and Orspec Pharma, both of which were acquired in the second half of 2022, is progressing according to plan and opening up opportunities in mainland Europe and in the Asia Pacific region.

On Demand

The On Demand business unit is a leading supplier of unlicenced and difficult to source medicines to healthcare providers globally. The business delivered a very strong performance in the period driven by global medicine shortages combined with the acquisitions of the BModesto Group and Orspec Pharma in 2022. The global shortages of medicines has created opportunities for specialist suppliers such as Uniphar to source and deliver them to where they are needed across the world.

The integration of the 2022 acquisitions of the BModesto Group and Orspec Pharma is progressing well and both businesses are performing strongly in the period post-acquisition. They have provided the Group with the platform to geographically extend the On Demand offering by providing a physical presence for the Group in mainland Europe and in key Asia Pacific markets.

A focus for the business is further developing our unlicenced medicines business utilising the infrastructure that the recent acquisitions provide combined with the deep logistics knowledge from our Supply Chain & Retail division.

Exclusive Access

The Exclusive Access business unit focusses on delivering Expanded Access Programmes (EAPs) for pharmaceutical manufacturers. EAPs allow patients gain access to innovative therapies that may not be available to them through other routes whilst enabling the manufacturer gain greater knowledge and understanding of the patient, the medicine and the market while refining their commercialisation strategy.

The Exclusive Access business unit delivered a solid performance and was awarded eight new Expanded Access Programs (EAPs) in the period. The drug development pipeline of our target customers remains strong and the strength of that pipeline will ultimately result in additional opportunities in future periods.

A particular focus for the business is in cell and gene therapy. These treatments are frequently complex to deliver from a clinical and manufacturing perspective and often have stringent distribution criteria. Our proprietary technology platform, Uniphi, continues to be developed to support patient enrolment and personalised patient education. This platform, combined with our experience in delivering such treatments, makes Uniphar a compelling partner for manufacturers considering an EAP as part of their launch strategy.

Supply Chain & Retail

			Growth	
Six months ended 30 June	**2023** **€'000**	2022 €'000	Reported	Constant currency
Revenue	**831,683**	755,035	10.2%	10.2%
Gross profit	**88,189**	65,776	34.1%	34.1%
Gross profit margin %	**10.6%**	8.7%	190bps	

Overview
The Supply Chain & Retail division comprises of our pre-wholesale and wholesale pharmaceutical distribution business, with approximately 1,900 community pharmacy customers and a vertically integrated model with 423 owned, franchised or supported pharmacies. Uniphar holds c.53% of the current market share and is an essential part of the national health infrastructure in Ireland.

H1 2023 performance

- 34.1% growth in gross profit of which 7.7% is organic growth.
- Continued growth in gross profit margin to 10.6% (2022: 8.7%).
- Strong gross profit growth is driven by volume growth in the market.
- McCauley Pharmacy Group acquisition completed in January 2023 with the integration progressing in line with expectations.
- New consumer products standalone distribution facility opened in 2023.

Wholesale
The Wholesale business delivered strong business volume growth in the period supported by demand from customers combined with overall growth in the market. Medicine shortages continue to challenge the business from an operational perspective in getting product distributed to customers in a timely and equitable manner. The business infrastructure has proven capable of responding to a strained supply chain with the continued growth highlighting the necessity of investing for the future. Progress is being made on our multi-year strategic investment programme in a new distribution facility. Once operational, this facility will encompass the latest technology enabling the doubling of existing capacity levels and ensuring that we continue to provide a market leading service offering to our customers.

Pre-wholesale
The pre-wholesale business performed well in the period and continues to be the partner of choice for manufacturers seeking pre-wholesale solutions in the Irish market. Cold chain pharmaceutical products continue to show volume growth and require more sophisticated capabilities that the business is experienced in delivering.

Retail
Our vertically integrated network of owned or franchised stores now amounts to 423 pharmacies that are supported through the Uniphar symbol group. Symbol group members are offered a range of both front and back-office support, in addition to a dedicated team on the ground to enable community pharmacies to better compete with the larger and multi-national owned chains.

Retail pharmacies performed strongly in the period driven by volume growth combined with the addition of the McCauley Group stores. Front-of-shop consumer products continue to be a growth opportunity and fits well with our existing distribution infrastructure. Our ambition is to continue to grow the consumer products category to become the go-to partner for brands seeking a presence on Irish pharmacy selves.

Acquisitions

The division completed the acquisition of the McCauley Pharmacy Group in January 2023 following approval from the CCPC. The McCauley Group brings an additional 34 pharmacies into the Group net of the three which were disposed to satisfy the CCPC agreed remedies. McCauley has built a strong consumer products offering that complements our existing estate and our ambition of becoming the go-to partner for brands seeking growth.

Financial Review

Summary financial performance

Six months ended 30 June	**2023 €'000**	2022 €'000	Growth Reported	Growth Constant currency
IFRS measures				
Revenue	**1,239,582**	991,831	25.0%	25.3%
Gross profit	**187,992**	146,135	28.6%	29.4%
Operating profit	**28,006**	25,078	11.7%	12.2%
Basic EPS (cent)	**5.5**	5.9		
Alternative performance measures				
Gross profit margin	**15.2%**	14.7%		
EBITDA	**51,126**	44,935	13.8%	14.2%
Adjusted EPS (cent)	**7.4**	8.4		
Net bank debt	**(178,045)**	(73,807)		
Return on capital employed	**14.7%**	16.6%		

Revenue

Revenue increased by 25.0%, which was achieved through a combination of organic growth, driven by a strong performance in the Supply Chain & Retail division together with the impact of the acquisitions completed since June 2022.

Gross profit

Gross profit has increased by 28.6% in the period primarily due to the factors impacting revenue outlined above. The Gross profit margin has increased from 14.7% to 15.2% reflecting the continued expansion of the Group into higher margin businesses and categories.

Divisional gross profit

Six months ended 30 June	**2023 €'000**	2022 €'000	Growth Reported	Growth Constant Currency
Commercial & Clinical	**62,041**	58,541	6.0%	7.2%
Product Access	**37,762**	21,818	73.1%	74.7%
Supply Chain & Retail	**88,189**	65,776	34.1%	34.1%
	187,992	146,135		

EBITDA

EBITDA has increased by €6.2m (13.8%) to €51.1m. This is driven by the organic growth in revenue and gross profit together with the impact of the acquisitions completed in the past year. Overheads have increased as a result of increased investment in the cost base to facilitate future growth combined with some inflationary pressures on cost.

Exceptional items

Exceptional costs amounted to €3.8m for the period and primarily relate to acquisition integration costs (€1.7m), loss on disposal of businesses and assets (€1.4m), redundancy and restructuring costs (€1.0m), strategic business transformation costs (€0.9m), professional fees associated with acquisitions (€0.8m) and other costs (€0.2m). These costs are offset by a decrease in deferred contingent consideration (€1.7m) and an exceptional income tax expense credit (€0.6m). Further details are provided in note 3.

Earnings per share

Basic earnings per share decreased from 5.9 cent to 5.5 cent. The decrease in earnings is primarily attributable to a reduction in the profit attributable to owners of €1.0m due to increased financing costs in the period. The weighted average number of shares in the period is 272,815,000 (2022: 272,297,000). The weighted average number of ordinary shares includes the effect of shares granted under the LTIP arrangement that have met the share price performance conditions but will not vest until 31 December 2024.

Adjusted earnings per share has decreased from 8.4 cent to 7.4 cent reflecting the increased financing costs in the period partially offset by increased operating profits arising from organic growth and acquisitions.

On a like for like basis, adjusted earnings per share decreased from 8.4 cent to 7.4 cent by applying the weighted average number of shares as at June 2023 to both periods, to provide a more meaningful comparison.

Cash flow and net bank debt

Reported free cash flow conversion in the six months to 30 June 2023 was 25.9% (2022: 47.5%) reflecting as expected the unwind of temporary favourable working capital positions from 2022 with the Group's net bank debt position being €178.0m. This reflects an increase in net bank debt of €86.8m primarily driven by investment in acquisitions and strategic capital projects.

Six months ended 30 June	**2023** **€'000**	2022 €'000
Net cash (outflow)/inflow from operating activities	**(12,996)**	10,708
Net cash outflow from investing activities	**(62,829)**	(25,538)
Net cash inflow from financing activities	**27,585**	5,541
Foreign currency translation movement	**194**	(433)
(Decrease)/increase in cash and cash equivalents in the period	**(48,046)**	(9,722)
Cash flow from movement in borrowings	**(38,782)**	(15,788)
Movement in net bank (debt)/cash	**(86,828)**	(25,510)

The cash outflow from operating activities of €12.9m is reflective of the unwind of temporary favourable working capital positions from 2022 combined with higher levels of interest payments and corporation tax payments compared to 2022. When adjusted for the unwind of the temporary timing positions in December 2022, the adjusted free cash flow is 67.8% which is within our target range of 60-70%.

The net cash outflow from investing activities of €62.8m primarily consists of payments for acquisitions of €23.4m (net of cash acquired), capital investments of €14.0m, deferred and contingent consideration payments of €4.1m and repayment of debt acquired on acquisition of €22.7m. Of the capital investments, €10.4m is strategic in nature primarily relating to the commencement of investment in a new distribution facility.

The net cash inflow from financing activities of €27.6m was due to a drawdown of borrowings to support business growth offset by principal lease payments and the payment of dividends.

Taxation

The tax charge excluding exceptional items in the period is €4.0m and equates to an effective tax rate of 17.5%. This compares to a charge of €4.5m in the same period last year with an effective tax rate of 17.3%. The increase in the effective tax rate of 0.2% is attributable to the increased contribution of profits from higher tax rate jurisdictions coupled with the increase in the UK corporation tax rate from April 2023. The effective tax rate is calculated as the income tax charge for the period as a percentage of the profit before tax and exceptional items.

Foreign exchange

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

On a constant currency basis, revenue increased by 25.3% (vs 25.0% reported growth), gross profit increased 29.4% (vs reported growth 28.6%) and operating profit increased by 12.2% (vs 11.7% reported growth).

	H1 2023 Average	H1 2022 Average
GBP	**0.8764**	0.8422
US Dollar	**1.0804**	1.0928
Swedish Krona	**11.326**	10.476

Return on capital employed

Return on capital employed for the rolling 12-month period closed at 14.7% (December 2022: 17.3%) performing in line with the Group's medium-term target. The reduction of 2.6% since 2022 reflects the increased investment by the Group in strategic capital expenditure that will deliver growth to the Group in the medium term. The investments made during 2023, both from a capital and acquisitions perspective, will deliver further benefits and growth in the coming years.

Dividends

A final dividend of €3.1m relating to 2022 was paid in May 2023. The Board has committed to a progressive dividend policy and, reflective of this, a 2023 interim dividend of €0.0064 per ordinary share has been declared. It is proposed to pay the dividend on 20 October 2023 to ordinary shareholders on the Company's register on 29 September 2023.

In accordance with company law and IFRS, these dividends have not been provided for in the Balance Sheet at 30 June 2023.

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 include 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 2023.

Signed on behalf of the Board

M. Pratt G. Rabbette

13 September 2023

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 2023 Interim results of Uniphar Plc for the six month period ended 30 June 2023 (the "period").

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.

The interim financial statements, comprise:

- the Condensed Consolidated Group Balance Sheet as at 30 June 2023;
- the Condensed Consolidated Group Income Statement for the period then ended;
- the 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 2023 Interim results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

As disclosed in note 1 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.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' ("ISRE (Ireland) 2410") issued for use in 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 2023 Interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (Ireland) 2410. However future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The 2023 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 2023 Interim results in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union. In preparing the 2023 Interim results including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the 2023 Interim results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. 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.

PricewaterhouseCoopers
Chartered Accountants
13 September 2023
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 2023

		Six months ended 30 June 2023			Six months ended 30 June 2022		
	Notes	Pre-exceptional (unaudited) €'000	Exceptional (note 3) (unaudited) €'000	Total (unaudited) €'000	Pre-exceptional (unaudited) €'000	Exceptional (note 3) (unaudited) €'000	Total (unaudited) €'000
Revenue	2	1,239,582	-	1,239,582	991,831	-	991,831
Cost of sales		(1,051,590)	-	(1,051,590)	(845,696)	-	(845,696)
Gross profit		187,992	-	187,992	146,135	-	146,135
Selling and distribution costs		(38,912)	-	(38,912)	(34,747)	-	(34,747)
Administrative expenses		(115,177)	(4,643)	(119,820)	(80,545)	(5,784)	(86,329)
Other operating (expense) / income		166	(1,420)	(1,254)	19	-	19
Operating profit		34,069	(6,063)	28,006	30,862	(5,784)	25,078
Finance (cost) / income	4	(11,269)	1,654	(9,615)	(4,737)	-	(4,737)
Profit before tax		22,800	(4,409)	18,391	26,125	(5,784)	20,341
Income tax expense		(3,987)	615	(3,372)	(4,530)	284	(4,246)
Profit for the financial period		18,813	(3,794)	15,019	21,595	(5,500)	16,095
Attributable to:							
Owners of the parent				15,012			16,061
Non-controlling interests				7			34
Profit for the financial period				15,019			16,095
Attributable to:							
Continuing operations				15,019			16,095
Profit for the financial period				15,019			16,095
Earnings per ordinary share (in cent):							
Continuing operations				5.5			5.9
Basic and diluted earnings per share (in cent)	5			5.5			5.9

Condensed Consolidated Group Statement of Comprehensive Income
for the six months ended 30 June 2023

	Six months ended 30 June 2023 (unaudited) €'000	Six months ended 30 June 2022 (unaudited) €'000
Profit for the financial period	15,019	16,095
Other comprehensive income/(expense):		
Items that may be reclassified to the Income Statement:		
Unrealised foreign currency translation adjustments	943	(1,302)
Total comprehensive income for the financial period	15,962	14,793
Attributable to:		
Owners of the parent	15,955	14,759
Non-controlling interests	7	34
Total comprehensive income for the financial period	15,962	14,793
Attributable to:		
Continuing operations	15,962	14,793
Total comprehensive income for the financial period	15,962	14,793

Condensed Consolidated Group Balance Sheet
as at 30 June 2023

	Notes	30 June 2023 (unaudited) €'000	31 December 2022 (audited) €'000
ASSETS			
Non-current assets			
Intangible assets – goodwill	7	512,876	482,981
Intangible assets – other assets	7	37,867	24,459
Property, plant and equipment, and right-of-use assets	8	193,740	166,628
Financial assets - Investments in equity instruments		25	25
Deferred tax asset		10,781	9,020
Other receivables		1,755	509
Total non-current assets		757,044	683,622
Current assets			
Inventory		175,472	157,656
Trade and other receivables		213,662	164,212
Cash and cash equivalents		55,658	103,704
Assets held for sale	9	1,600	1,600
Total current assets		446,392	427,172
Total assets		1,203,436	1,110,794
EQUITY			
Capital and reserves			
Called up share capital presented as equity	10	21,841	21,841
Share premium		176,501	176,501
Share based payment reserve		2,203	718
Other reserves		2,951	2,008
Retained earnings		100,403	88,476
Attributable to owners		303,899	289,544
Attributable to non-controlling interests		246	239
Total equity		304,145	289,783
LIABILITIES			
Non-current liabilities			
Borrowings	11	216,997	187,431
Provisions	12	88,644	94,060
Lease obligations	13	123,487	105,919
Total non-current liabilities		429,128	387,410
Current liabilities			
Borrowings	11	16,706	7,490
Lease obligations	13	15,364	14,315
Trade and other payables		435,017	407,206
Corporation tax		3,076	4,590
Total current liabilities		470,163	433,601
Total liabilities		899,291	821,011
Total equity and liabilities		1,203,436	1,110,794

Condensed Consolidated Group Cash Flow Statement
for the six months ended 30 June 2023

	Notes	Six months ended 30 June 2023 (unaudited) €'000	Six months ended 30 June 2022 (unaudited) €'000
Operating activities			
Cash inflow from operating activities	15	3,770	19,166
Payment of deferred contingent consideration		-	(1,250)
Interest paid		(6,889)	(1,828)
Interest paid on lease liabilities	13	(2,308)	(1,824)
Corporation tax payments		(7,569)	(3,556)
Net cash (outflow)/inflow from operating activities		(12,996)	10,708
Investing activities			
Payments to acquire property, plant and equipment - Maintenance		(2,426)	(3,489)
Payments to acquire property, plant and equipment - Strategic projects		(7,379)	(5,461)
Receipts from disposal of property, plant and equipment (net of disposal expenses)		1,061	72
Receipts from disposal of businesses (net of disposal expenses)		745	-
Payments to acquire intangible assets - Maintenance		(1,209)	(821)
Payments to acquire intangible assets – Strategic projects		(2,990)	(1,670)
Payments to acquire subsidiary undertakings (net of cash acquired)		(23,369)	(11,874)
Repayment of debt acquired on acquisition of subsidiary undertakings		(22,664)	-
Payments on prior year acquisitions		(561)	-
Payment of deferred and deferred contingent consideration		(4,137)	(2,295)
Receipt of deferred consideration receivable		100	-
Net cash outflow from investing activities		(62,829)	(25,538)
Financing activities			
Proceeds from borrowings		30,000	15,133
Repayments of borrowings		(434)	(57)
Increase in invoice discounting facilities		9,216	-
Payment of dividends	6	(3,085)	(3,001)
Principal element of lease payments	13	(8,112)	(6,534)
Net cash inflow from financing activities		27,585	5,541
Decrease in cash and cash equivalents in the period		(48,240)	(9,289)
Foreign currency translation of cash and cash equivalents		194	(433)
Opening balance cash and cash equivalents		103,704	78,025
Closing balance cash and cash equivalents	14	55,658	68,303

Condensed Consolidated Group Statement of Changes in Equity
for the six months ended 30 June 2023

	Share capital €'000	Share premium €'000	Share based payment reserve €'000	Foreign currency translation reserve €'000	Revaluation reserve €'000	Capital redemption reserve €'000	Retained earnings €'000	Attributable to non-controlling interests €'000	Total Equity €'000
At 1 January 2022	21,841	176,501	183	4,604	700	60	47,555	120	251,564
Profit for the financial period	-	-	-	-	-	-	16,061	34	16,095
Movement in share-based payment reserve	-	-	213	-	-	-	-	-	213
Other comprehensive expenses:									
Movement in foreign currency translation reserve	-	-	-	(1,302)	-	-	-	-	(1,302)
Transactions recognised directly in equity:									
Dividends paid (Note 6)	-	-	-	-	-	-	(3,001)	-	(3,001)
At 30 June 2022 (unaudited)	21,841	176,501	396	3,302	700	60	60,615	154	263,569
At 1 January 2023	21,841	176,501	718	1,248	700	60	88,476	239	289,783
Profit for the financial period	-	-	-	-	-	-	15,012	7	15,019
Movement in share-based payment reserve	-	-	1,485	-	-	-	-	-	1,485
Other comprehensive expense:									
Movement in foreign currency translation reserve	-	-	-	943	-	-	-	-	943
Transactions recognised directly in equity:									
Dividends paid (Note 6)	-	-	-	-	-	-	(3,085)	-	(3,085)
At 30 June 2023 (unaudited)	21,841	176,501	2,203	2,191	700	60	100,403	246	304,145

Notes to the Consolidated Financial Statements
1. General information

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 interim consolidated financial statements has been prepared on a basis consistent with that adopted for the year ended 31 December 2022. The accounting policies applied in the interim financial statements are the same as those applied in the 2022 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 2022. 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 2022 in note 1 on pages 142 to 143.

The Group’s interim financial statements are prepared for the six-month period ended 30 June 2023. 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.

Going Concern

The Group Condensed Consolidated Interim Financial Statements have been prepared on the going concern basis of accounting. 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.

The Group has strong liquidity supported into the future by a banking facility with a remaining term extending to August 2027 (with two options to extend by a further one year). The Group renewed and expanded its banking facility during 2022 to provide it with the platform to fund continued growth.

Having regard to the factors outlined above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of 12 months from the date of approval of these 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.

New Standards, Amendments, and Interpretations

The following standards and interpretations are effective for the Group from 1 January 2023 but do not have a material effect on the results or financial position of the Group:

- Amendments to IAS 1, ‘Presentation of Financial Statements’
- Amendments to IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’
- Amendments to IAS 12, ‘Income Taxes’

New Standards and Interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been 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.

2. Revenue and segments

	2023 €'000	2022 €'000
Revenue	1,239,582	991,831

	2023 €'000	2022 €'000
Commercial & Clinical - MedTech	128,835	118,873
Commercial & Clinical - Pharma	26,004	43,449
Commercial & Clinical	154,839	162,322
Product Access	253,060	74,474
Supply Chain & Retail	831,683	755,035
Total Revenue	1,239,582	991,831

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 Europe (including UK). The Group also operates in the US and Asia Pacific region 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 the country of domicile (Ireland) and countries with material revenue.

	2023 €'000	2022 €'000
Ireland	947,387	853,798
Rest of Europe, including UK	223,522	110,313
Rest of the World	68,673	27,720
	1,239,582	991,831

Operating segments

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

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

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

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

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

Operating segments results

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

	Commercial & Clinical	Product Access	Supply Chain & Retail	Total
	Six months ended 30 June 2023			
	€'000	€'000	€'000	€'000
Revenue	154,839	253,060	831,683	1,239,582
Gross profit	62,041	37,762	88,189	187,992
	Six months ended 30 June 2022			
	€'000	€'000	€'000	€'000
Revenue	162,322	74,474	755,035	991,831
Gross profit	58,541	21,818	65,776	146,135

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

3. Exceptional charge

	2023 €'000	2022 €'000
Professional fees including acquisition costs	824	2,014
Acquisition integration costs	1,729	1,060
Redundancy and restructuring costs	1,007	2,710
Strategic business transformation	860	-
Loss on disposal of businesses and assets	1,420	-
Other exceptional costs	223	-
Exceptional charge recognised in operating profit	6,063	5,784
Decrease in deferred contingent consideration	(1,654)	-
Exceptional credit recognised in finance costs	(1,654)	-
Exceptional credit recognised in income tax expense	(615)	(284)
Total exceptional charge	3,794	5,500

Professional fees including acquisition costs
Professional fees including acquisition costs incurred during 2023 are primarily relating to costs relating to the acquisition disclosed in note 17 together with costs incurred on transactions currently under consideration.

Acquisition integration costs
Acquisition integration costs primarily relate to costs incurred on the integration of recent acquisitions into the expanded Group. They also include professional fees relating to specialist industry and market insights to optimise the integration of recent acquisitions.

Redundancy and restructuring costs
Redundancy and restructuring costs are primarily redundancy and ex-gratia termination costs arising on reorganisations and recent acquisitions.

Strategic business transformation
Strategic business transformation are costs incurred associated with reorganising and establishing a strategic presence in the US market. The costs include initial setup costs, relocation costs and a long term incentive plan associated with building a strategically significant business in the US market.

Exceptional credit recognised in tax charge
The tax credit recognised in the tax charge is the tax impact of the components of the Exceptional charge listed above.

Loss on disposal of businesses and assets

	Notes	Businesses 2023 €'000	Assets 2023 €'000	Total 2023 €'000
Property, plant and equipment, and right-of-use assets	8	(810)	(538)	(1,348)
Goodwill	7	(1,097)	(887)	(1,984)
Inventories		(308)	(216)	(524)
Trade and other receivables		(222)	(388)	(610)
Cash Disposed		(133)	(2)	(135)
Trade and other payables		305	209	514
Other non-current liabilities		598	193	791
		(1,667)	(1,629)	(3,296)
Consideration				
Cash received		878	1,526	2,404
Disposal related costs		-	(528)	(528)
		878	998	1,876
Loss on disposal of businesses and assets		(789)	(631)	(1,420)

Net cash inflow on disposal:	Businesses 2023 €'000	Assets 2023 €'000	Total 2023 €'000
Cash received	878	1,526	2,404
Less: Cash disposed	(133)	(2)	(135)
Less: Disposal related costs paid	-	(528)	(528)
Net cash inflow on disposal	745	996	1,741

Loss on disposal of businesses

On 31 May 2023 the Group disposed of 100% of the share capital of McHugh's Pharmacy Limited and Sam McCauley Chemists (Bunclody) Limited both of which traded as retail pharmacies. These disposals were completed as a binding commitment from Uniphar to the CCPC associated with the acquisition of the McCauley Pharmacy Group. The combined consideration from these disposals amounted to €878,000 resulting in a loss on disposal of these businesses of €789,000.

Loss on disposal of assets

During the period, the Group disposed of the assets of a retail pharmacy in Navan further to a binding commitment to the CCPC associated with the acquisition of the McCauley Pharmacy Group. In addition, the Group disposed of a legacy distribution facility in Limerick that is included in property, plant and equipment. The combined consideration from these disposals amounted to €1.5m resulting in a net loss on disposal of €631,000.

4. Finance cost / (income)

	2023 €'000	2022 €'000
Interest on lease obligations	2,308	1,824
Interest payable on borrowings and non-recourse costs	7,633	1,848
Fair value adjustment of deferred and deferred contingent consideration	1,283	953
Amortisation of refinancing transaction fees	215	133
Interest receivable	(170)	(21)
Finance cost before exceptional credit	11,269	4,737
Decrease in deferred contingent consideration (note 3)	(1,654)	-
Exceptional credit recognised in finance cost	(1,654)	-
Total Finance cost / (income)	9,615	4,737

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:

	2023	2022
Profit for the financial period attributable to owners (€'000)	15,012	16,061
Weighted average number of shares ('000)	272,815	272,297
Earnings per ordinary share (in cent):		
- Basic	5.5	5.9
- Diluted	5.5	5.9

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

	2023 €'000	2022 €'000
Profit for the financial period attributable to owners	15,012	16,061
Exceptional charge recognised in operating profit (note 3)	6,063	5,784
Exceptional credit recognised in finance costs (note 3)	(1,654)	-
Exceptional credit recognised in income tax (note 3)	(615)	(284)
Tax credit on acquisition related intangibles	(174)	(178)
Amortisation of acquisition related intangibles (note 7)	1,636	1,423
Profit after tax excluding exceptional items	20,268	22,806
Weighted average number of shares in issue in the period (000's)	272,815	272,297
Adjusted basic and diluted earnings per ordinary share (in cent)	7.4	8.4

The weighted average number of ordinary shares includes the effect of shares granted under the LTIP arrangement that have met the share price performance conditions during the period but will not vest until 31 December 2024.

6. Dividends

A final dividend of €3.1m (€0.0113 per ordinary share) relating to 2022 was declared and paid in May 2023 (June 2022: €3.0m). Continuing with the Board's commitment to a progressive dividend policy, the Board declared a 2023 interim dividend of €0.0064 per ordinary share. It is proposed to pay the dividend on 20 October 2023 to ordinary shareholders on the Company's register on 29 September 2023.

In accordance with company law and IFRS, these dividends have not been provided for in the Balance Sheet at 30 June 2023.

7. Intangible assets, and right-of-use assets

	Computer software €'000	Trademark €'000	Goodwill €'000	Technology asset €'000	Brand Names €'000	Customer Relationships €'000	Total €'000
Cost							
At 1 January 2023	41,947	189	501,690	3,047	11,238	3,322	561,433
FX movement	20	-	(531)	(57)	-	(83)	(651)
Acquisitions	-	-	32,410	-	10,947	-	43,357
Additions	6,704	15	-	-	-	-	6,719
Disposals/retirements	(2,896)	-	(1,984)	-	-	-	(4,880)
At 30 June 2023	45,775	204	531,585	2,990	22,185	3,239	605,978
Accumulated Amortisation							
At 1 January 2023	30,033	154	18,709	1,319	2,339	1,439	53,993
FX movement	6	-	-	(19)	-	(40)	(53)
Amortisation	1,600	5	-	290	1,018	328	3,241
Disposals/retirements	(1,946)	-	-	-	-	-	(1,946)
At 30 June 2023	29,693	159	18,709	1,590	3,357	1,727	55,235
Net book amounts							
At 31 December 2022	11,914	35	482,981	1,728	8,899	1,883	507,440
At 30 June 2023	16,082	45	512,876	1,400	18,828	1,512	550,743
Intangible assets	16,082	45	512,876	1,400	18,828	1,512	550,743
Right-of-use assets	-	-	-	-	-	-	-
At 30 June 2023	16,082	45	512,876	1,400	18,828	1,512	550,743

Included in intangible assets are assets under construction to the net book value of €5,453,000 (2022: €2,323,000). Amortisation has not commenced on these assets.

Reconciliation to Balance Sheet	30 June 2023 €'000	31 December 2022 €'000
Intangible assets- goodwill	512,876	482,981
Intangible assets- other assets	37,867	24,459
Intangible assets total	550,743	507,440

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).

There is no material change to the circumstances that existed at 31 December 2022 and consequently no impairment indicators were identified. The Group's annual impairment assessment will be performed at 31 December 2023.

8. 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 2023	149,672	16,183	39,662	14,192	6,742	7,825	6,568	240,844
Foreign exchange movement	16	19	24	68	9	30	-	166
Additions	1,838	84	8,705	472	558	1,341	837	13,835
Acquisitions	20,567	6,592	-	1,328	704	12	-	29,203
Disposals/retirements	(3,355)	(417)	(25)	(1,131)	(403)	(1,859)	(449)	(7,639)
At 30 June 2023	168,738	22,461	48,366	14,929	7,610	7,349	6,956	276,409
Accumulated depreciation								
At 1 January 2023	34,557	4,622	17,397	6,245	4,097	3,851	3,447	74,216
Foreign exchange movement	66	11	50	54	13	10	-	204
Charge for the period	7,313	852	1,595	1,122	876	1,164	894	13,816
Disposals/retirements	(1,695)	(227)	(23)	(1,054)	(394)	(1,732)	(442)	(5,567)
At 30 June 2023	40,241	5,258	19,019	6,367	4,592	3,293	3,899	82,669
Net book value								
At 31 December 2022	115,115	11,561	22,265	7,947	2,645	3,974	3,121	166,628
At 30 June 2023	128,497	17,203	29,347	8,562	3,018	4,056	3,057	193,740
Reconciliation to Balance Sheet								
Property, plant and equipment	7,505	17,203	29,164	8,562	3,018	529	3,057	69,038
Right-of-use assets	120,992	-	183	-	-	3,527	-	124,702
Net book value at 30 June 2023	128,497	17,203	29,347	8,562	3,018	4,056	3,057	193,740

Included in property, plant and equipment are assets under construction to the net book value of €18,659,000 (31 December 2022: €10,708,000). Depreciation has not commenced on these assets.

9. Assets held for sale

	Properties €'000	Total €'000
At 1 January 2023	1,600	1,600
At 30 June 2023	1,600	1,600

Properties held for sale relate to properties acquired on completion of the acquisition of Bradley's Pharmacy Group in November 2018. 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 of €4,000,000 which are secured by these properties. These borrowings have a carrying value of €1,600,000 at 30 June 2023 (31 December 2022: €1,600,000).

The 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 properties are being actively marketed and the Group is committed to its plan to sell these properties in an orderly manner.

10. Called up share capital presented as equity

	30 June 2023 €'000
Authorised:	
453.2 million (31 December 2022: 453.2 million) ordinary shares of 8c each	36,256
16.0 million (31 December 2022: 16.0 million) "A" ordinary shares of 8c each	1,280
	37,536

Movement in the period in issued share capital presented as equity	30 June 2023 €'000
Allotted, called up and fully paid ordinary shares	
At 1 January - 273,015,254 ordinary shares of 8c each	21,841
At 30 June - 273,015,254 ordinary shares of 8c each	21,841
Total allotted share capital:	
At 30 June - 273,015,254 (31 December 2022: 273,015,254) ordinary shares	21,841

11. Borrowings

Bank loans are repayable in the following periods:

	30 June 2023 €'000	31 December 2022 €'000
Amounts falling due within one year	16,706	7,490
Amounts falling due between one and five years	216,997	187,431
	233,703	194,921

The Group's total bank loans at 30 June 2023 were €233,703,000 (31 December 2022: €194,921,000). Bank loans falling due within one year include €1,600,000 (31 December 2022: €1,600,000) arising on the acquisition of the Bradley's Pharmacy Group which is secured by a property acquired on the acquisition which is classified as held for sale. Following the disposal of this property the loan is required to be repaid (note 9).

At 30 June 2023, the Group's revolving credit facility loans in use were subject to an interest margin of +1.5% (2022: +1.5%) on inter-bank interest rates (EURIBOR, GBP SONIA and USD SOFR).

Bank security

Bank overdrafts (including invoice discounting) and bank loans of €233,703,000 (31 December 2022: €194,921,000) are secured by cross guarantees and fixed and floating charges from the Company and certain subsidiary undertakings.

12. Provisions

	Deferred contingent consideration €'000	Lease dilapidation €'000	Warranty provision €'000	Other €'000	Total €'000
At 1 January 2023	91,798	488	133	1,641	94,060
Recognised during the period	-	-	110	-	110
Unwinding of discount	1,281	-	-	-	1,281
Utilised during the period	(4,328)	-	-	-	(4,328)
Released during the period	(1,654)	(30)	-	-	(1,684)
Arising on acquisition	-	350	-	-	350
Foreign currency movement	(1,110)	-	6	(41)	(1,145)
At 30 June 2023	85,987	808	249	1,600	88,644

Deferred contingent consideration

Deferred contingent consideration represents the present value of deferred contingent consideration which would become payable based on pre-defined profit thresholds being met. During the period, €4,328,000 of the provision was utilised in respect of prior periods acquisitions of which payments of €3,713,000 were made and €615,000 transferred to accruals pending payment. Deferred contingent consideration of €1,654,000 in respect of acquisitions completed in prior years were released in the period following a review of expected performance against earn-out targets.

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 2049.

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.

Other

Other provisions relate to a management retention bonus payable in relation to the acquisition of RRD International, LLC in 2020.

13. Leases

(i) Amounts recognised in the Balance Sheet

The Balance Sheet shows the following amounts relating to leases:

	30 June 2023 €'000	31 December 2022 €'000
Right-of-use assets:		
Buildings	120,992	107,268
Plant and equipment	183	278
Motor vehicles	3,527	3,441
Computer Software	-	1,139
Net book value of right-of-use assets	124,702	112,126
Lease liabilities:		
Current	15,364	14,315
Non-current	123,487	105,919
Total lease liabilities	138,851	120,234

Right-of-use assets are included in the lines 'Intangible assets' and 'Property, plant and equipment' on the Balance Sheet, and are presented in note 7 and 8.

Additions to the right-of-use assets during the period ended 30 June 2023 were €2,608,000 (30 June 2022: €1,959,000).

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:

	Six months ended 30 June 2023 €'000	Six months ended 30 June 2022 €'000
Buildings	7,113	5,481
Plant and equipment	95	254
Motor vehicles	1,090	1,241
Right-of-use assets depreciation charge	8,298	6,976
Computer Software	190	190
Right-of-use assets amortisation charge	190	190
Interest on lease obligations (note 4)	2,308	1,824
Principal repayments	8,112	6,534
Total cash outflow in respect of leases	10,420	8,358

14. Analysis of net debt

	30 June 2023 €'000	31 December 2022 €'000	30 June 2022 €'000
Cash and cash equivalents	55,658	103,704	68,303
	55,658	103,704	68,303
Bank loans repayable within one year	(16,706)	(7,490)	(1,664)
Bank loans payable after one year	(216,997)	(187,431)	(140,446)
Bank loans	(233,703)	(194,921)	(142,110)
Net bank debt	(178,045)	(91,217)	(73,807)
Current lease obligations	(15,364)	(14,315)	(12,097)
Non-current lease obligations	(123,487)	(105,919)	(105,370)
Lease obligations	(138,851)	(120,234)	(117,467)
Net debt	(316,896)	(211,451)	(191,274)

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

	Six months ended 30 June 2023 €'000	Six months ended 30 June 2022 €'000
Operating profit before exceptional items	34,069	30,862
Cash related exceptional items	(12,145)	(5,081)
	21,924	25,781
Depreciation	13,816	11,497
Amortisation of intangible assets	3,241	2,576
Increase in inventory	(8,114)	(16,270)
Increase in receivables	(44,298)	(13,195)
Increase in payables	15,357	8,755
Share based payment expense	1,485	-
Foreign currency translation adjustments	359	22
Cash inflow from operating activities	3,770	19,166

16. Financial instruments

Financial instruments by category

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

	Financial assets at FVOCI*	Financial assets at amortised cost	Total	Fair value
	€'000	€'000	€'000	€'000
Financial assets				
30 June 2023:				
Investments in equity instruments	25	-	25	25
Trade and other receivables **	-	186,883	186,883	186,893
Cash and cash equivalents	-	55,658	55,658	55,658
	25	242,541	242,566	242,576

* Fair value through other comprehensive income.

** Excluding prepayments and accrued income.

	Financial liabilities at FVTPL***	Financial liabilities at amortised cost	Total	Fair value
	€'000	€'000	€'000	€'000
Financial liabilities				
30 June 2023:				
Borrowings	-	233,703	233,703	233,703
Deferred acquisition consideration	-	100	100	100
Trade and other payables ****	-	268,777	268,777	268,777
Deferred contingent consideration	85,987	-	85,987	85,987
Lease liabilities	-	138,851	138,851	138,851
	85,987	641,431	727,418	727,418

*** 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 six months, the nominal amount is deemed to reflect fair value. For loans with repricing dates of greater than six 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 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 2022.

The significant unobservable inputs are:

- Pre-defined profit thresholds which have not been disclosed due to their commercial sensitivities; and
- Risk adjusted discount rate of between 2.5% and 4% (2022: between 2.5% and 4%).

For the fair value of deferred contingent consideration, a 1% increase in the risk adjusted discount rate at 30 June 2023, holding the other inputs constant would reduce the fair value of the deferred contingent consideration by €1.2m. A 1% decrease in the risk adjusted discount rate would result in an increase of €1.2m in the fair value of the deferred contingent consideration.

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

	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Recurring fair value measurements				
At 30 June 2023				
Investments in equity instruments	-	-	25	25
Deferred contingent consideration	-	-	(85,987)	(85,987)
	-	-	(85,962)	(85,962)

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 2023:

	Shares in unlisted companies €'000	Deferred contingent consideration €'000	Total €'000
At 1 January 2023	25	(91,798)	(91,773)
Recognised during the period	-	3,713	3,713
Unwinding of discount*	-	(1,281)	(1,281)
Released during the period*	-	2,269	2,269
Foreign currency movement	-	1,110	1,110
At 30 June 2023	25	(85,987)	(85,962)

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

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

The Group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, currency risk, interest risk and price risk. The condensed 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 2022 Annual Report.

17. Acquisitions of subsidiary undertakings

A key strategy of the Group is to expand into higher growth sectors and extend the capabilities the Group can offer our clients. In line with this strategy, the Group completed the following acquisition during the financial period:

- **McCauley Pharmacy Group**
  The Group acquired 100% of the ordinary share capital of LXV Remedies Holdings Limited for consideration of €26,743,000. LXV Remedies Holdings Limited operates a network of retail pharmacies in Ireland.

Goodwill is attributable to the future economic benefits arising from assets which are not capable of being individually identified and separately recognised. The significant factors giving rise to the goodwill include the value of the teams within the business 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 initial assignment of fair values to net assets acquired has been performed on a provisional basis in respect of the acquisition completed during 2023, due to its recent acquisition date. 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 12-month period from the date of acquisition will be disclosable in the 2023 Annual Report as stipulated by IFRS 3, Business Combinations.

The acquisition completed in 2023 has contributed €34.2m to revenue and €14.6m of gross profit for the period since the date of acquisition. The proforma revenue and operating profit before exceptional items for the Group for the period ended 30 June 2023 would have been €1,246.4m and €28.0m respectively had the acquisitions been completed at the start of the current reporting period.

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

	€'000
ASSETS	
Non-current assets	
Intangible assets	10,947
Property, plant and equipment	8,636
Property, plant and equipment - Right of use assets	20,567
Other non-current assets	1,320
	41,470
Current assets	
Inventory	10,225
Trade and other receivables	5,707
Other current assets	105
Cash and cash equivalents	2,874
	18,911
Total assets	60,381
LIABILITIES	
Non-current liabilities	
Lease obligations	22,304
Bank borrowings	22,664
	44,968
Current liabilities	
Trade and other payables	16,406
Lease obligations	3,901
Deferred tax liability	773
	21,080
Total liabilities	66,048
Identifiable net liabilities acquired	(5,667)
Group share of net liabilities acquired	(5,667)
Goodwill arising on acquisition	32,410
Consideration	26,743

The acquisition in the 2023 financial year of the McCauley Pharmacy Group has been determined to be a substantial transaction and separate disclosure of the fair values of the identifiable assets and liabilities has therefore been made. There were no other business combinations completed during the period.

The gross contractual value of the trade and other receivables as at the respective dates of acquisition amounted to €5.7m. The fair value of these receivables is estimated at €5.7m (all of which is expected to be recoverable).

In the period to 30 June 2023, the Group incurred acquisition costs of €0.8m relating to acquisitions completed during the period together with costs incurred on transactions currently under consideration (30 June 2022: €2.0m). These have been included in administrative expenses in the Group Income Statement.

2022 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 2022 were performed on a provisional basis. The fair values attributable to the assets and liabilities of these acquisitions remain provisional with the exception of Dr Hauschka Limited, Orspec Pharma Group, Inspired Health and four ICP acquisitions which were purchased prior to October 2022. There were no fair value adjustments made to the comparative figures during the subsequent reporting window within the measurement period imposed by IFRS 3.

18. Post balance sheet events

On 3 July 2023, the Group reached agreement to acquire a further shareholding in Innerstrength Limited which increases the Group's shareholding from 82.3% to 99.0%.

On 4 August 2023, the Group reached agreement to acquire part of the business and assets of Pivot Digital Health Limited. This acquisition further expands our digital offering in the omni-channel consultancy and healthcare practitioner (HCP) engagement areas.

There have been no other material events subsequent to 30 June 2023 that would require adjustment to or disclosure in this report.

19. Approval by the Board of Directors

The Directors approved the interim financial statements on 13 September 2023.

Additional Information

ALTERNATIVE PERFORMANCE MEASURES

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

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

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

	Definition	Why we measure it
EBITDA **&** **Adjusted EBITDA**	Earnings before exceptional items, net finance expense, income tax expense, depreciation, and intangible assets amortisation. Earnings before exceptional items, net finance expense, income tax expense, depreciation, and intangible assets amortisation, adjusted for the impact of IFRS 16 and the pro-forma EBITDA of acquisitions.	EBITDA provides management with an assessment of the underlying trading performance of the Group and excludes transactions that are not reflective of the ongoing operations of the business, allowing comparison of the trading performance of the business across periods and/or with other businesses. Adjusted EBITDA is used for leverage calculations.
Net bank debt	Net bank 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 debt is used by management as it gives a summary of the Group's current leverage which management will consider when evaluating investment opportunities, potential acquisitions, and internal resource allocation.
Net debt	Net debt represents the total of net bank debt, plus current and non-current lease obligations as presented in the Group Balance Sheet.	Net debt is used by management as it gives a complete picture of the Group's debt including the impact of lease liabilities recognised under IFRS 16.
Leverage	Net bank debt divided by adjusted EBITDA for the period.	Leverage is used by management to evaluate the Group's ability to cover its debts. This allows management to assess the ability of the company to use debt as a mechanism to facilitate growth.
Adjusted Operating Profit	This comprises of operating profit as reported in the Group Income Statement before amortisation of acquired intangible assets and exceptional items (if any).	Adjusted operating profit is used to assess the underlying operating performance excluding the impact of non-operational items. This is a key measure used by management to evaluate the businesses operating performance.

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

EBITDA

		Six months ended/as at 30 June 2023 €'000	Six months ended/as at 30 June 2022 €'000
Operating profit	*Income Statement*	28,006	25,078
Exceptional charge recognised in operating profit	*Note 3*	6,063	5,784
Depreciation	*Note 8*	13,816	11,497
Amortisation	*Note 7*	3,241	2,576
EBITDA		51,126	44,935
Adjust for the impact of IFRS 16		(10,421)	(8,349)
Pro-forma EBITDA of acquisitions		33	454
Adjusted EBITDA		40,738	37,040

Net bank debt

		30 June 2023 €'000	31 December 2022 €'000	30 June 2022 €'000
Cash and cash equivalents	*Balance Sheet*	55,658	103,704	68,303
Bank loans repayable within one year	*Balance Sheet*	(16,706)	(7,490)	(1,664)
Bank loans payable after one year	*Balance Sheet*	(216,997)	(187,431)	(140,446)
Net bank debt		(178,045)	(91,217)	(73,807)

Net debt

		30 June 2023 €'000	31 December 2022 €'000	30 June 2022 €'000
Net bank debt	*APMs*	(178,045)	(91,217)	(73,807)
Current lease obligations	*Balance Sheet*	(15,364)	(14,315)	(12,097)
Non-current lease obligations	*Balance Sheet*	(123,487)	(105,919)	(105,370)
Net debt		(316,896)	(211,451)	(191,274)

Leverage

		30 June 2023 €'000	31 December 2022 €'000	30 June 2022 €'000
Net bank debt	*APMs*	(178,045)	(91,217)	(73,807)
Rolling 12 months adjusted EBITDA		91,182	91,370	75,999
Leverage (times)		1.95	1.0	0.97

Adjusted operating profit

		30 June 2023 €'000	30 June 2022 €'000
Operating profit	*Income Statement*	28,006	25,078
Amortisation of acquisition related intangibles	*Note 7*	1,636	1,423
Exceptional charge recognised in operating profit	*Note 3*	6,063	5,784
Adjusted operating profit		35,705	32,285

Adjusted earnings per share

	Six months ended 30 June 2023 €'000	Six months ended 30 June 2022 €'000
Adjusted earnings per share has been calculated by reference to the following:		
Profit for the financial period attributable to owners	15,012	16,061
Exceptional charge recognised in operating profit (note 3)	6,063	5,784
Exceptional credit recognised in finance costs (note 3)	(1,654)	-
Exceptional credit recognised in income tax (note 3)	(615)	(284)
Tax credit on acquisition related intangibles	(174)	(178)
Amortisation of acquisition related intangibles (note 7)	1,636	1,423
Profit after tax excluding exceptional items	20,268	22,806
Weighted average number of shares in issue in the period (000's)	272,815	272,297
Adjusted basic and diluted earnings per ordinary share (in cent)	7.4	8.4
Like for like weighted average number of shares (000's)	272,815	272,815
Like for like adjusted earnings per ordinary share (in cent)	7.4	8.4

Free cash flow conversion

		Six months ended 30 June 2023 €'000	Year ended 31 December 2022 €'000	Six months ended 30 June 2022 €'000
EBITDA	*APMs*	51,126	98,040	44,935
Increase in inventory	*Note 15*	(8,114)	(15,130)	(16,270)
(Increase)/decrease in receivables	*Note 15*	(44,298)	2,934	(13,195)
Increase in payables	*Note 15*	15,357	2,700	8,755
Share based payment expense	*Note 15*	1,485	535	-
Foreign currency translation adjustments	*Note 15*	359	1,393	22
Payments to acquire property, plant and equipment – maintenance	*Cash Flow*	(2,426)	(8,299)	(3,489)
Payments to acquire intangible assets - maintenance	*Cash Flow*	(1,209)	(3,448)	(821)
Settlement of acquired financial liabilities*		938	2,138	1,429
Free cash flow		13,218	80,863	21,366
EBITDA		51,126	98,040	44,935
Free cash flow conversion		25.9%	82.5%	47.5%

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

Return on capital employed

	30 June 2023 €'000	30 June 2022 €'000	30 June 2021 €'000
Rolling 12 months operating profit	56,084	46,616	43,503
Adjustment for 12 months exceptional costs	16,694	15,508	10,871
Acquisition related 12 months intangible amortisation	2,921	2,813	897
Adjusted 12 months rolling operating profit	75,699	64,937	55,271
Total equity	304,146	263,569	217,697
Net bank debt/(cash)	178,045	73,807	30,341
Deferred contingent consideration	85,987	89,971	81,455
Deferred consideration payable	100	3,977	4,244
Total capital employed	568,278	431,324	333,737
Average capital employed	499,801	382,531	
Adjustment for acquisitions (note A / B below)	14,258	7,909	
Adjusted average capital employed	514,059	390,440	
Return on capital employed	14.7%	16.6%	

Note A: Adjustment for acquisitions (2023)	Capital employed €'000	Completion Date	Adjustment €'000
McCauley Pharmacy Group	49,407	Feb-23	(4,117)
BModesto Group	41,901	Nov-22	6,984
Other acquisitions completed during 2022 and 2023	33,532	Various	11,391
Adjustment for acquisitions			14,258

Note B: Adjustment for acquisitions (2022)	Capital employed €'000	Completion Date	Adjustment €'000
Dr Hauschka	1,541	Mar-22	(257)
Other acquisitions completed during 2021 and 2022	53,909	Various	8,166
Adjustment for acquisitions			7,909

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