Trusted Global Partner

Delivering to over 160 countries worldwide

Annual Report **2019**

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287 Uniphar Symbol Group pharmacies

2,200+
Workforce

Operational and Financial Highlights

IPO complete

Successful dual listing on 17 July 2019 on the Euronext Growth (Dublin) and AIM (London) markets

Entry into the Nordics

Important milestone achieved in Q4 2019 through the acquisition of the EPS Group

Geographical expansion

Gross profit generated from outside of Ireland more than doubled in the year

EBITDA[4]

€48.0m

49% increase year on year, from €32.2m to €48.0m. Including the impact of IFRS 16 “Leases”, EBITDA was €58.6m

Gross Profit

€180.6m

56% increase year on year, rising from €115.7m to €180.6m

Organic Growth

7%

Strong gross profit growth across all divisions and geographies, with 7% organic gross profit growth

Return on capital employed

14.7%

In line with our medium term outlook. Including the impact of IFRS 16 “Leases”, ROCE was 15.2%

Group transformed

52%

52% (2018: 40%) of gross profit from growth divisions; Commercial & Clinical, and Product Access

Global platform

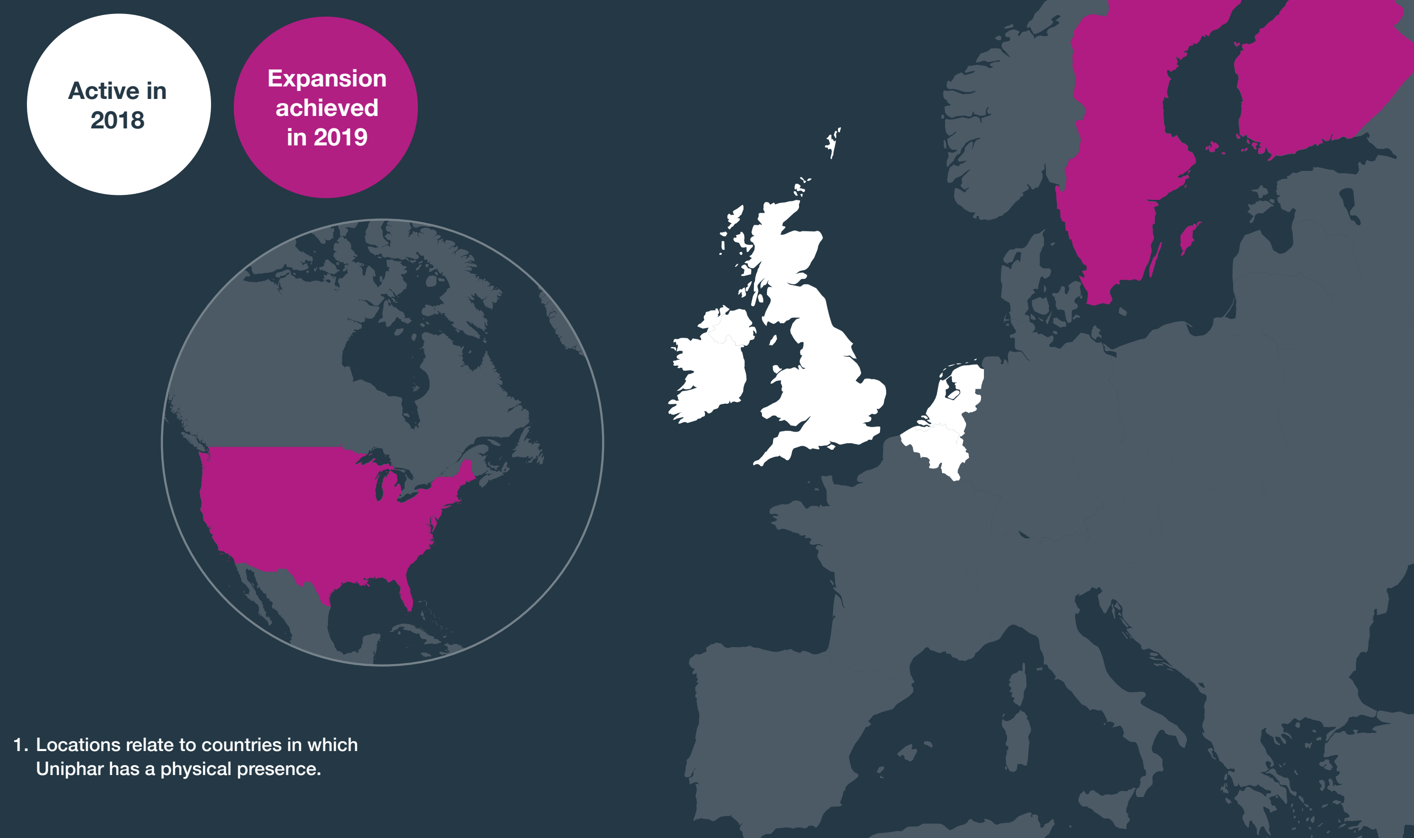
160+

Key strategic acquisition of Durbin completed, providing a global platform for Product Access to deliver to 160+ countries

Go to page 6 for more on our Investment Case

Locations[1]

Further expansion planned in the medium term in Northern Europe and the USA.



1. Locations relate to countries in which Uniphar has a physical presence.

Summary Financial Results

Financial Year Ended 31 December 2019

Year ended 31 December[2]	2019 €'000	2018 €'000	Growth Reported	Growth Constant Currency[3]
Revenue	1,665,283	1,417,895	17.4%	17.3%
Gross profit	180,602	115,717	56.1%	55.9%
Gross margin	10.8%	8.2%		
EBITDA	58,555	32,237	81.6%	81.4%
EBITDA excluding impact of IFRS 16[4]	48,022	32,237	49.0%	48.8%
Operating profit	28,207	15,826	78.2%	77.7%
Profit before tax excluding exceptional items	31,770	20,479	55.1%	55.0%
Net bank cash/(debt)[5]	26,622	(152,880)		
Basic EPS (cent)	11.5	7.3		
Adjusted EPS (cent)	14.3	15.0		

2. Additional information in relation to Alternative Performance Measures (APMs) are set out on pages 197 to 200.
3. Constant currency growth is calculated by applying the prior period’s actual exchange rate to the current period’s result.
4. IFRS 16 “Leases” was adopted from 1 January 2019. For comparative purposes, EBITDA has also been presented excluding the impact of the adoption of IFRS 16.
5. Net bank cash/(debt) represents the net total of current and non-current borrowings, cash and cash equivalents, and restricted cash as presented in the Group Balance Sheet.

Transformation to a diversified healthcare Group

Diversified healthcare services business focused on growth markets

Commercial & Clinical

MedTech | Pharma

- Building a pan-European platform
- Providing sales, marketing and distribution solutions to manufacturers
- Focused on speciality pharma and medical technologies

Product Access

Exclusive | On Demand

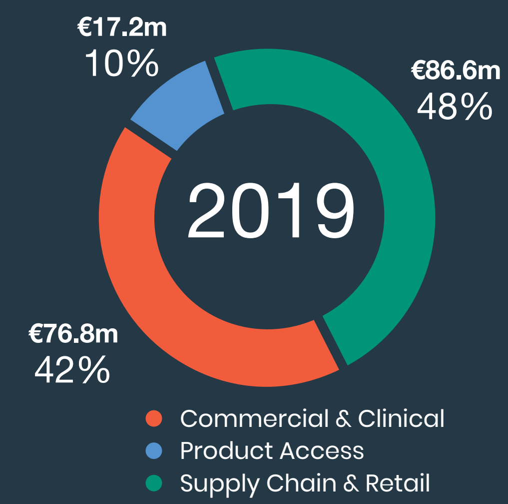
- Building a global capability
- Sourcing and supply of unlicensed medicines for pharmacy customers
- Managing the release of speciality medicines for pharma manufacturers

Supply Chain & Retail

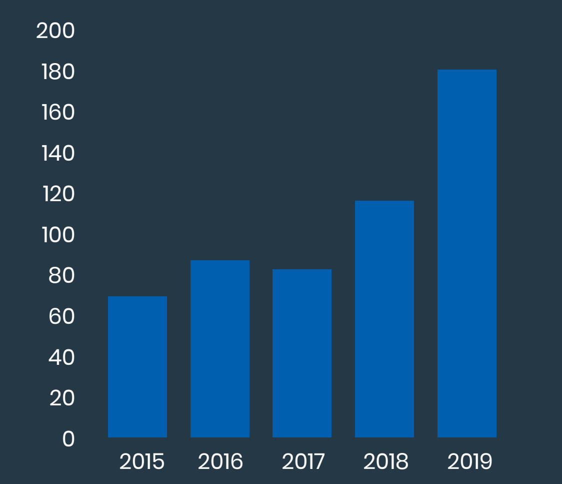
Supply Chain | Retail

- 50 years in Supply Chain
- #1 market position in wholesale in Ireland
- Supported by a network of owned and franchised pharmacies

Divisional Gross Profit



Gross Profit €'m



Uniphar at a Glance

A diversified international healthcare service provider.

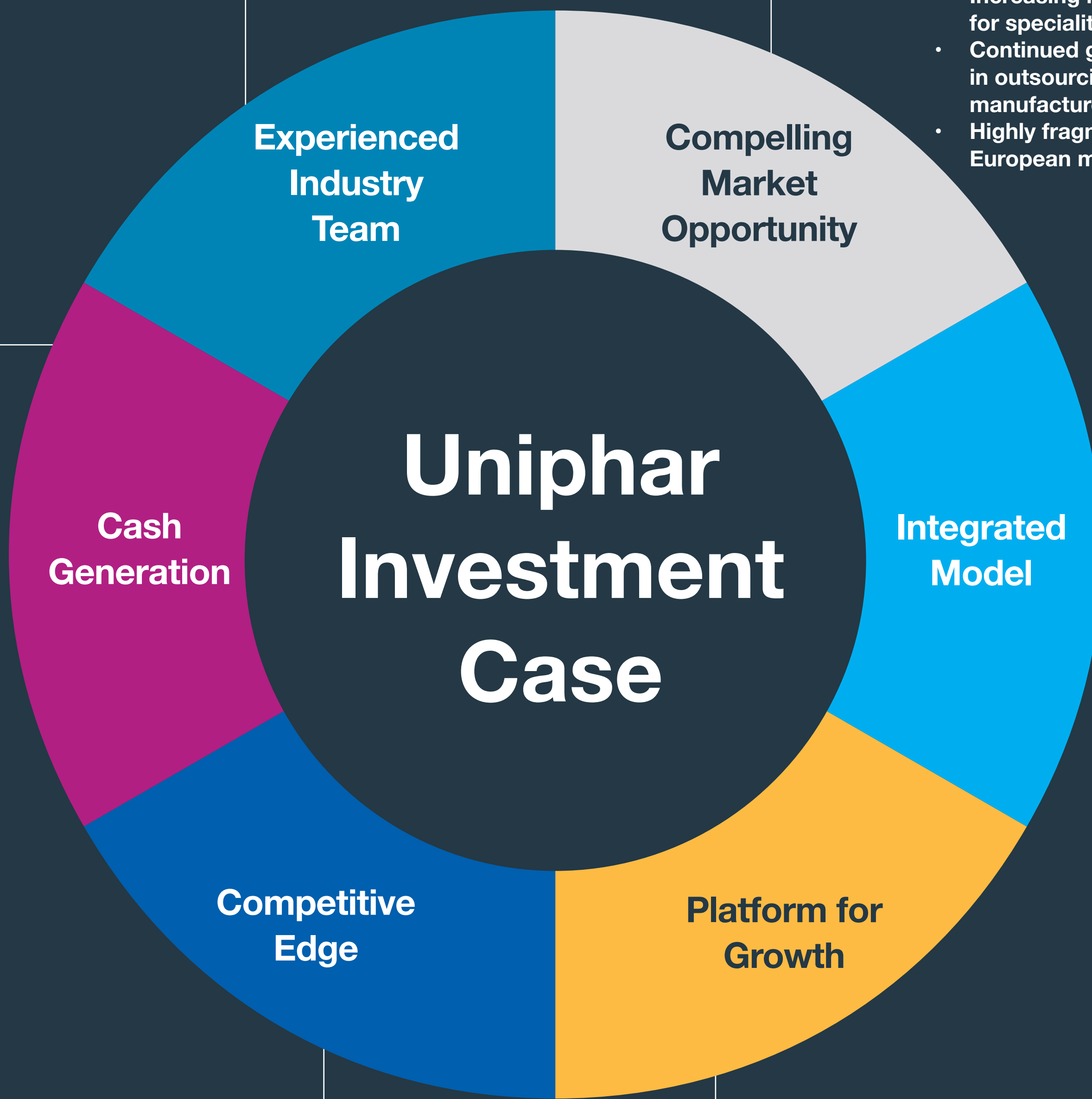
200+	Supporting over 200 multinational pharmaceutical and medical technology manufacturers across three divisions – Commercial & Clinical, Product Access and Supply Chain & Retail
2,200+	Workforce of more than 2,200
Geographic footprint	Active in Ireland, the UK, Benelux, USA and the Nordics
160+	Sourcing product from and serving 160+ countries.
7%	7% organic gross profit growth achieved in 2019 across three divisions
€1.7b	In 2019, the Group generated revenue of €1.7b, gross profit of €180.6m and EBITDA of €48.0m. Including the impact of the adoption of IFRS 16 "Leases", EBITDA increases to €58.6m

Investment Case

Diversified healthcare services business operating in growth markets

Go to page 18 for more on our Strategy

Go to page 42 for more on our Financial Review



Experienced Industry Team

- Executive management, line management and specialty/technical personnel with many years of relevant industry experience driving the business

Cash Generation

- Strong free cash flow generation supporting growth platform
- Capital allocation prioritised to support sustainable organic growth, accretive M&A and a progressive dividend policy

Compelling Market Opportunity

- Increasing requirements for speciality products
- Continued growth in outsourcing by manufacturers
- Highly fragmented European market

Competitive Edge

- High tech distribution infrastructure
- Longstanding manufacturer relationships
- Digital capabilities

Platform for Growth

- Building a pan-European Commercial & Clinical service offering for our manufacturer clients
- Exciting opportunity to integrate Durbin and scale our Product Access offering on a global basis
- Migrating existing manufacturer clients to multiple geographies and services

Integrated Model

- End to end solution across the value chain and throughout product lifecycle
- Leveraging existing facilities, technology and relationships to take advantage of substantial market opportunity in growth divisions

Chairman's Report

Dear Shareholders,

Overview

2019 was a transformative year for Uniphar. On July 17th 2019, Uniphar plc successfully completed our dual listing on the Euronext Growth (Dublin) and AIM (London) stock exchanges. It was a historic day for the Group, being both a recognition of how much the Group has developed and grown in the last ten years and a marker of the beginning of a new era for Uniphar. The successful IPO and dual listing represented the culmination of a huge improvement effort by the Board, management and staff of Uniphar.

The Group saw the benefit of our new status immediately and 2019 proved a successful year for the business in many ways. We made a number of key acquisitions and grew both organically and through acquisition. The significant progress made in the year is reflected in the financial performance, with Uniphar achieving 56% growth in gross profit, with EBITDA (pre-IFRS 16) growing by 49% year on year. Our loyal shareholders have, as a result, seen strong basic earnings per share of 11.5 cent and a return on capital employed of 14.7%. Each of the three operational divisions (Commercial & Clinical, Product Access and Supply Chain & Retail) contributed to this performance, with all delivering organic growth in line with medium-term guidance.

As Chairman it is my responsibility to oversee the corporate governance framework and to promote high standards throughout the Group. During 2019, the Directors took the decision to adopt the Quoted Companies Alliance Corporate Governance Code for small and mid-size quoted companies, which has become a widely recognised benchmark for companies of Uniphar's size, particularly companies trading on the AIM and Euronext Growth markets. It is my responsibility to hold the Company and its executives to account for progress towards meeting those standards and I am happy to report that the Group has made significant progress in that regard during 2019.

€139.4m

Successful IPO in July 2019 raising gross proceeds of €139.4m

Independent corporate governance review performed as part of IPO preparations

Strategy

During 2019, the Group invested in a number of companies in support of the strategy to build out our capability internationally, allowing us to offer global manufacturer clients a multinational service. As signalled during the IPO, we completed the strategic acquisition of Durbin, which provides Product Access with the global platform to operate and compete worldwide. We also completed the acquisition of the EPS Group delivering a presence in the Nordics from Q4 2019. Commercial & Clinical was further enhanced in November 2019 with the acquisition of M3 Medical, an Irish-based business which operates in similar areas of speciality.

There are a number of further potential acquisitions in the pipeline that will enhance our geographic footprint in both Commercial & Clinical and Product Access. The next 12 to 18 months will focus on, integrating recently acquired businesses and potential future acquisitions, and investing in their capability to scale the business to meet the needs of global manufacturers. The Board is cognisant of our responsibility to ensure that, as these acquired companies are integrated into the Group, our emphasis on strong corporate governance is carried through into these entities.

Equally important to the Board is to ensure that newly acquired companies have strong ethical values and behaviours aligned to the culture of the Group as a whole. As a diverse Group, we rely on senior managers to reinforce our culture and to communicate our values consistently across each division. Our senior managers know our business, our people and our stakeholders and are the guardians of our culture. As the Group continues to grow, we are committed to reviewing and further developing and communicating our corporate culture across the enlarged Group and its stakeholders.

Capital structure

Following the IPO, the Group has a strong capital structure. There is a medium-term debt facility in place which has three years remaining, and this facility coupled with the capital structure and future cashflow projections, places the Group in a strong position. During the year the Group entered into a receivables purchase agreement with its banking partners which unlocked €68m of capital tied up in Supply Chain & Retail. This additional capital is now available to be redeployed to execute the strategy of our growth divisions.

Communication with shareholders

As a quoted company, communication with shareholders now follows a well-defined pattern, with key communications issued through the Regulatory News Service (RNS). Our shareholder base has changed considerably since the IPO, with a significant percentage of shares now held by new institutional investors. We have invested in improving our approach to communication with shareholders and the market, including building a new website, to ensure that potential investors understand the breadth of what we do and the potential the business has to offer.

Board and corporate governance

Last year, following an independent corporate governance review, we identified the need for a more diverse Board of Directors that better reflected the breadth of activity that the Group now undertakes. We saw considerable change in the composition of the Board of Directors in advance of the IPO, with long standing Board members stepping down and three new appointments made. Our new Board members have wide ranging experience at Board and senior management levels in the healthcare sector and with listed companies. The new appointees are Heather Ann McSharry, an experienced Non-Executive Director who has sat on the board of a number of listed companies, Paul Hogan, a senior industry figure with experience in both the US and Europe and Sue Webb, an industry veteran with experience at the highest level in a global pharmaceutical company. We are already seeing the benefit of their experience and contribution in Board discussions.

Our 2019 acquisitions support our growth strategy and build out of our capability internationally.

3 New Independent Non-Executive Directors appointed to the Board

On behalf of the Board, shareholders, management and staff, I would like to thank outgoing Non-Executive Directors, Matt Murphy, Michael Quinn and Criofan Shannon, for their hard work, integrity and diligence in the execution of their duties as Non-Executive Directors of Uniphar over many years. They remained steadfast through challenging economic periods and were instrumental in steering the Group towards its current position of strength. Their sterling contribution is very much appreciated.

As well as new Non-Executive Board members, the Group made a number of appointments at a corporate level to support the growth of the business and ensure adherence to high standards of corporate governance. In May 2019, Uniphar appointed a new General Counsel and Company Secretary, Group Director of Corporate Development and a senior industry figure as Managing Director of Commercial & Clinical Pharma. Each of these resources bring a wealth of experience in their respective fields. On behalf of the Board and our shareholders, I would like to extend a warm thanks to former Company Secretary, Rob Hanratty who has moved to a new role within the Group.

Sustainability and Governance

At Uniphar we are committed to growing shareholder value through a sustainable and responsible business model and we remain committed to managing our environmental responsibilities effectively. We understand that our work has an impact on the environment, the communities in which we operate and all stakeholders. We understand that our activities can have a lasting impact and we believe in protecting the environment for the benefit of future generations.

Further details on our approach to sustainability and governance is outlined on pages 34 to 39.

Dividend

The Board is committed to a sustainable and progressive dividend policy, and made a commitment at the time of the IPO to pay a dividend in 2020 in respect of the period from IPO to 31 December 2019. I am happy to confirm that following another set of positive results for the Group, the Board is in a position to propose a shareholder dividend of €2.0m, subject to approval at the Annual General Meeting.

Covid-19

Uniphar plays a significant role in the national healthcare infrastructure, ensuring continuity in the supply and distribution of much needed medicines, medical devices and related services. As we continue to prepare for the full impact of Covid-19, we remain focused on finding solutions to problems we've never encountered before.

We are taking all necessary measures to safeguard the wellbeing of our staff, while ensuring all healthcare stakeholders continue to receive both the medicinal and medical device products they urgently need.

I would like to thank all of our highly committed staff who are managing the evolving situation with dedication and resilience. We remain in close communication with Government and health authorities on contingency planning for the coming weeks in anticipation of wider outbreaks of the virus.

The nature of the product and services provided means that there is a continued requirement for these products. While there may be a reduction in the demand for certain products and services and in elective procedures, we expect the requirement for these services and procedures will still exist once the pandemic is brought under control.

Outlook

Looking to 2020, the Board will continue to focus on the Group's delivery against our ambitious strategic priorities. The strategic acquisitions completed in both our growth divisions, together with the successful IPO in 2019 have given the Group a strong platform for international growth, and continue to deliver consistent and sustained value for all stakeholders.

While Uniphar has made considerable progress in terms of corporate governance in the last 18 months, the Board recognises that there is always progress to be made and we will continue to ensure that shareholder value is protected and enhanced by continuously improving standards of corporate governance across the Group.

Finally, I would like to thank the staff, management and Board for the huge effort they have put in to preparing for our dual stock market listing and, most of all, I would like to thank shareholders, old and new, for their trust and support during a landmark year for Uniphar.

Maurice Pratt
Chairman

Looking to 2020, the Board will continue to focus on the Group's delivery against our ambitious strategic priorities.

Delivering to over 160 countries worldwide

Strategic Review

Chief Executive's Report

Dear Shareholders,

2019 marks a significant milestone in the history of Uniphar. Having listed the Company in Dublin and London in July this year, we are now well positioned to deliver the strategy of doubling 2018 pro-forma EBITDA within five years from IPO.

The structures are in place for our two growth divisions and we have made great progress against our strategic objectives, with the acquisitions of Durbin and the entry into the Nordic market. We are very pleased to have finished 2019 having delivered on our commitments to shareholders, firstly, to list Uniphar plc to secure the funding to double 2018 pro-forma EBITDA, and secondly, to provide liquidity in our shares for our committed and supportive shareholder base.

We find ourselves in a stronger position than ever before at the end of 2019. The Group's expertise, digital platforms, strong industry relationships and increasingly international business puts us in an excellent position to deliver on our strategy, through partnering with multinational manufacturer clients across multiple geographies. The depth of expertise and breadth of service offered across key therapeutic areas make Uniphar particularly attractive to specialist pharma and medtech manufacturers, both big pharma and emerging companies. Uniphar's fully integrated model allows us to support manufacturers right across the product lifecycle.

Financial Performance

Uniphar delivered an excellent performance in 2019, performing in line with expectations for the full year 2019, including our first five months as a listed company, with each division contributing strongly in the period. Top-line performance was strong with a year on year increase of over 56% in Gross Profit. Over the full year, EBITDA (pre-IFRS 16) increased by 49%, through a combination of organic growth and growth through acquisitions. The acquisitions completed in Commercial & Clinical contributed strongly to this growth. The Group saw organic gross profit growth of 7%, with each division contributing to the total.

Key Strategic Highlights

IPO complete providing the financial platform to deliver growth strategy

Durbin acquisition provides global capabilities in Product Access

Pan-European expansion on track in Commercial & Clinical

Operating Profit has jumped by 78% in the period, resulting in a significantly improved bottom line performance. Following strong cash performance in 2019, our successful IPO, and the execution of the non-recourse financing arrangement, the Group is now in a positive net bank cash position of €26.6m (2018: net bank debt €152.9m). This growth has enabled strong returns for shareholders, with adjusted earnings per share of 14.3 cent per share.

Organic growth of

7%

All three divisions performed well and contributed to gross profit growth

Strategic Review

Our strategy is underpinned by a number of structural drivers in the global pharma and medtech market:

- By 2023, speciality pharma is forecast to grow to 50% of total global pharma sales.
- There is a continued trend among pharmaco-medical manufacturers to outsource specialist and non-core activities.
- Fragmentation is a feature of the European pharmaco-medical market across EU member states and EEA countries all part of the single market, a large addressable market of more than 500 million people

We are well positioned to deliver our strategy, and double 2018 pro-forma EBITDA in the five years from IPO.

The Group's strategic objective is to double 2018 pro-forma EBITDA through building out a pan-European business in the Commercial & Clinical division and using the global platform provided by the acquisition of Durbin to grow a world class Product Access business. The Group lean on three strategic initiatives that will make this ambitious goal achievable: *Continued Client Growth* – growing with existing manufacturer clients into new services and new geographies, *Focused Market Leadership* – achieving a leading position in our chosen specialist therapeutic areas and *Scaling Through Digital* – using our proven strength in the use and development of digital technology to offer better service and outcomes to our manufacturer clients and patients. All of these initiatives are enabled through people. As we move forward, we believe it is the talent, expertise and drive of our teams that will deliver success for the Group.

During the year, Uniphar completed one strategic and two bolt-on acquisitions, as part of the strategy to build a global platform for Product Access and expand the pan-European footprint of Commercial & Clinical.

Uniphar is now one of the largest independent medtech sales, marketing and distribution companies in Europe with a significant pan-European footprint across Ireland, the UK, Benelux, and the Nordics, supporting more than 200 brands for over 70 key pharmaco-medical manufacturer clients. We will expand our presence in new geographies both organically and through acquisition, as appropriate. Already 45% of Commercial & Clinical's gross profit was generated in the UK and Europe and contribution from newer geographies will continue to increase in both our growth businesses.

The strategic acquisition of Durbin provides Product Access with global reach and global regulatory expertise. With offices in key hubs in the UK and the US, Durbin has the capability, regulatory and specialist expertise to ship medicinal products all over the globe.

In Supply Chain & Retail, we have outperformed our expectation of low single digit growth due to the excellent return delivered by the retail pharmacies acquired in 2018 and 2019, together with strong growth in our consumer product offerings. Their contribution demonstrates clearly the benefits the Uniphar symbol group can deliver to any pharmacy taken under its management. In 2019, we completed the acquisition of 17 retail pharmacies, increasing the number of pharmacies owned by the Group to 59 and the total number of pharmacies operating in the Uniphar symbol group to 287.

We are in a strong position to continue to deliver the Group's strategy

The strategy for acquisitions remains focused on higher margin opportunities particularly in our two growth divisions, Commercial & Clinical and Product Access. We will continue to target companies that are speciality focused, with a strong local presence, a talented management team with the desire to grow the business beyond what they might achieve alone, and a culture that is compatible with our own. We aim to generate ROCE of 12-15% in the medium term on new bolt-on investments, with latitude for a slower return in the short term on more strategic investments.

Divisional Performance

This year has been a transformational year for the Group with the integration of our strategic acquisitions into Commercial & Clinical and Product Access providing the Group with a strong platform for growth into 2020 and beyond, across all three trading divisions.

Commercial & Clinical

The goal in Commercial & Clinical is to continue to expand the division's pan-European service offering, commercialising speciality brands. Already we are seeing the benefit of this with existing clients, with whom we have key agencies, having expanded with us from Ireland and the UK into the Benelux, and now expecting to grow with us into the Nordic market. Key to the ability to succeed in new regions is:

- Having a sales-focused, clinically trained team;
- Leveraging our digitally enabled multi-channel account management system allowing us to communicate with healthcare professionals in their preferred medium. This allows the division to capitalise on richer interactions with HCPs, leading to better sales outcomes.

Our medtech business is focused on building in-depth therapeutic expertise across several high growth markets including Interventional Health Informatics, Orthopaedics, Ophthalmology, Minimally Invasive Surgery and Diagnostic Imaging.

Product Access

Our goal is to become a global leader in the provision of On Demand and Exclusive Access services. Following the acquisition of Durbin, the division is well-placed to achieve this through combining Uniphar's scale, relationships and digital platform with Durbin's traditional value proposition and global capabilities servicing over 160 countries.

This also strengthens the Group's pan-European Commercial & Clinical offerings, with both emerging and established pharmaco-medical clients. Our ability to now offer both Product Access and Commercial & Clinical solutions to manage speciality products across the entire lifecycle of a product is an attractive feature for speciality product manufacturers.

The core focus of the Exclusive Access business remains on key specialities and orphan drugs. There is a strong pipeline of new Exclusive Access opportunities to convert to revenue growth. The integration of Durbin is going well and we are pleased with the performance for the first five months post acquisition and excited for what we can achieve with this platform.

Supply Chain & Retail

In Supply Chain & Retail we have maintained a market-leading position in pharmaceutical wholesaling in Ireland. This business gives us high-tech distribution facilities, scalable digital infrastructure, longstanding manufacturer relationships, and deep market insights into a small, complex market. Importantly, this business also gives us a strong ability to generate cash for reinvestment.

Our market-leading position is supported by a network of over 287 owned and franchised pharmacies. While this is an Irish-only business, the manufacturer relationships, and the infrastructure are leveraged for the benefit of the growth divisions in other geographies. Our digital solutions are a key differentiator for us across all three divisions and we have grown revenue generated through our eCommerce Platform year on year by 36%.

People, Culture and Environment

Everything that we do is enabled through people. Our greatest asset is our relationship with pharmaco-medical manufacturer clients. These relationships exist because of the energy, expertise and customer focus of our people and our can-do culture.

As we expand the footprint of the business, we are increasingly aware of the importance of doing so responsibly and sustainably. We are moving to harmonise the Group's approach to sustainability, including reducing our impact on the environment and making our business more sustainable. We believe that it is the right thing to do for the communities we operate in and the right thing to do for shareholders.

Covid-19

While we continue to monitor ongoing Covid-19 developments, performance is ahead of our expectations for the first two months of 2020 and there has been limited disruption to our business.

As we prepare for the full impact of the Covid-19 crisis, we expect to continue to see increased volumes across the Group, with likely increases in costs as we invest in additional resources to manage significantly higher volumes. With potential sick leave, self-isolation or quarantine situations arising, we expect that we will have to deal with reduced availability of the workforce. Due to reprioritisation of resources within hospitals and other healthcare facilities we are preparing for a possible delay in Commercial & Clinical revenue if certain 'non-urgent' elective surgeries have to be postponed.

Using currently available information our best estimate, of a three month disruption, could result in a reduction of 2020 EBITDA in the region of €5m. We would, however, expect that this would be recovered in future periods as and when healthcare systems return to normal.

The Group has a strong capital structure in place with significant cash resources available. At the year-end, we held a net cash position of €26.6m, consisting of €116.2m of cash and cash equivalents and €89.6m of bank borrowings. I am confident based on the Group's financial position and strong liquidity that the Group remains in a strong position to deliver our strategy.

Outlook

Our strategic developments in 2019 have positioned us well to achieve our strategic objective of doubling EBITDA within 5 years of IPO.

Outside of Covid-19 preparedness, our priorities for 2020 are to continue to integrate and scale our 2019 acquisitions in the two growth divisions and carry on leveraging our key assets in Supply Chain & Retail to maintain a market leadership position. In the medium term, we plan to further enlarge our pan-European platform. Commercial & Clinical is already delivering well for shareholders and will continue to do so, as we convert existing clients into multi-territory customers in Europe. Our other growth division, Product Access, with the recent acquisition of Durbin, presents a significant opportunity for the Group.

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

Gerard Rabbette

Gerard Rabbette
Chief Executive Officer

Go to page 40 for details of our Performance Review

Our Strategy

2019 was an important year in the progression of the Group's strategy. The acquisition of Durbin provides Product Access with a global platform delivering to over 160 countries. EPS Group broadens the pan-European offering of the Commercial & Clinical business, giving a strong local presence in the wider Nordic market.

Padraic Dempsey
Chief Commercial Officer

Our Vision

To improve patient access to pharmaco-medical products and treatments by enhancing connectivity between manufacturers and healthcare stakeholders.

Our Strategy

Double 2018 pro-forma EBITDA over the five years from IPO, by expanding the pan-European Commercial & Clinical offering and developing the global Product Access capabilities to meet the increasing needs of speciality product and innovative medical technology manufacturers.

Our business has always been built on strong relationships with all healthcare stakeholders, particularly with manufacturers, healthcare professionals and patients. Core to our strategy is focusing on speciality medtech and pharma products and leveraging our relationships, deep insights digital platforms and highly skilled workforce. In Commercial & Clinical, we are building a pan-European platform and in Product Access we aspire to be a global leader.

In the first five months since the IPO, we have taken important steps to execute our strategy on a new larger stage. We have acquired and are in the process of integrating Durbin, which has given Product Access a global platform and links us to over 160 countries around the world.

We have acquired the EPS Group, broadening the pan-European offering of Commercial & Clinical, and giving us a strong local presence in the wider Nordic market. This is a significant step in the pan-European strategy for Commercial & Clinical, where we now have a presence in Ireland, the UK, Benelux, and the Nordics.

Our strategy is to continue to grow and develop the business in existing markets, with existing clients, as well as targeting new markets and clients that would benefit from the services we offer. We see speciality pharmaceuticals and medical devices as key market segments for us and we are working to build deeper strategic partnerships with manufacturers that will allow us to support them across multiple markets and geographies, with a broader range of services through the full lifecycle of the product.

Key structural drivers underpinning this strategy are the trend towards speciality-focused development, a fragmented European sales channel for manufacturers and the growing trend for manufacturers to outsource.

Strategy in Action

Our strategic focus is to grow EBITDA in a sustainable and focused way. In formulating our strategy, the Board are conscious of our responsibility not only to provide strong returns to shareholders but to create good quality employment for our workforce and to minimise our impact on the planet, while focusing on our core mission, to connect the manufacturer to healthcare stakeholders and thereby improve patient access to pharmaco-medical products.

Strategic Initiatives

Our Strategy continued

The table below explains our strategic initiatives and charts our progress against them during 2019:

Strategic Initiatives	Continued Client Growth	Focused Market Leadership	Scaling Through Digital
Why it's important	Growing our client base is central to achieving our organic growth and geographical expansion targets.	Creating and sustaining leading positions in each of the targeted market sectors in which we operate.	Optimising and leveraging our key digital platforms differentiates us from our peers and drives organic growth across each division.
What we achieved in 2019	- Achieved organic gross profit growth of 7% across the Group. - Developed a global platform, now offering patients access to unlicensed and speciality medicine in over 160 countries. - Expanded our pan-European offering with entry into the Nordics with the acquisition of the EPS Group. - Leveraged our relationships with long term clients to continue to grow across all of our geographic markets.	- The combined Uniphar & Durbin offering creates a global platform in which to become a market leader in Product Access. - Uniphar is now one of the largest independent sales, marketing & distribution companies in Europe in our targeted speciality medtech and pharma sectors. - Continued to grow market share in Supply Chain & Retail in the Irish wholesale market to retail/hospital pharmacies.	- Leveraged our digital platform & infrastructure to provide global product access programs on behalf of pharmaceutical manufacturers across the globe. - Expanded our MCAM model and Patient Management System to enable preferred HCP and patient communication channels. - Enhanced our market leading Supply Chain e-commerce platform, enabling a tailored solution to be provided to each symbol group member, driving organic growth.
Key Performance Indicators	Organic gross profit growth of 7% achieved.	Gross profit from outside of Ireland more than doubled in the year.	Over 30,000 patients now enrolled on Patient Management System.

How we create value

- We focus on excellent customer service and build strong, lasting customer relationships.
- We maintain high standards of corporate governance.
- We use digital platforms as a differentiator to provide a superior experience for healthcare stakeholders.
- We drive innovation through applying deep insights gained through closely working with all healthcare stakeholders.
- We employ people who are focused, driven and innovative.
- We acquire businesses with strong management teams and high growth potential that support the delivery of our strategy.
- We maintain tight financial discipline and strong quality control.
- We balance our portfolio of businesses across service and geography, not reliant on any one business area or market.
- We build sustainable businesses with strong fundamentals.

Value Created in 2019

Revenue
€1,665.3m
(2018: €1,417.9m)

Gross Profit
€180.6m
(2018: €115.7m)

EBITDA:
€48.0m
(2018: €32.2m), including impact of IFRS 16 EBITDA was €58.6m

ROCE:
14.7%
(2018: 15.3%), including impact of IFRS 16 ROCE was 15.2%

Basic EPS:
11.5
cent per share
(2018: 7.3 cent per share)

Adjusted EPS:
14.3
cent per share
(2018: 15.0 cent per share)

Dividend proposed:
€2.0m
(2018: €nil)

Business Model

A key strength of Uniphar's business model is the ability to offer pharmaco-medical companies support across the whole lifecycle of a product.

Uniphar has designed its fully integrated platform around the provision of outsourced solutions to meet the growing needs of specialist pharmaceutical and medical device manufacturers across the lifecycle of their products.

The development of this business model has resulted in strong manufacturer relationships, deep insights, scalable digital platforms and a highly skilled workforce.

We are in a strong position to meet the needs of manufacturer clients seeking a strategic partner across multiple geographies, who can take a pharmaceutical product from early market access, through commercialisation in target markets and on towards brand fostering at the end of the product lifecycle.

Go to page 46 of our Performance Review section for more understanding of operations of each division

Market Drivers

- Increasing complexity in the commercialisation of speciality products
- Continuing growth in demand for outsourcing
- Highly fragmented European market
- Barriers in establishing European presence (regulatory, language, tax, diversity)
- Increasing prevalence of outcome-based reimbursement

What Uniphar Offer

- Sales and marketing expertise in therapeutic areas
- Regulatory support
- Global access
- Global high-tech distribution infrastructure
- Ability to partner across multiple geographies
- Digital platforms including, multi-channel capabilities and patient management system
- Access to the patient through pharmacy or direct platforms

Outputs for Manufacturers

- Product that reaches its full potential throughout its lifespan across all geographies
- Patient centric service
- Global product access for patients
- Connectivity between manufacturers to healthcare stakeholders
- Digital tracking of patient adherence and outcomes
- Simplicity despite fragmented and complex market - One team supporting the product across multiple geographies

Key Performance Indicators

The Group has a range of Key Performance Indicators ('KPIs') which are used to monitor Group performance, operations and measure progress against our strategy.

56% Gross Profit Growth

Financial

Key Performance Indicators		Why we measure it	Performance in 2019
Gross Profit (€m)	2019 180.6 2018 115.7	Gross profit is viewed by the Board as the best measure of top-line performance. It allows management to assess the performance of the business and is a key profit measure in the assessment of divisional performance.	The improvement in gross profit is driven by increased revenues in our core businesses, together with the impact of recent acquisitions. This increase in revenues, coupled with significant growth in gross margin percentage, contributed to 56% growth in gross profit during the period (7% on an organic basis).
EBITDA excluding impact of IFRS 16 (€m)	2019 48.0 2018 32.2	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.	EBITDA performance has been strong in 2019, driven by the continued expansion into higher margin businesses through the two growth divisions. EBITDA excluding IFRS 16 increased by 49% during the year to €48.0m. Including the impact of IFRS 16, EBITDA increased to €58.6m.
Free Cash Flow Conversion (%)	2019 82.6 2018 (4.7)	Free cash flow represents the funds generated from the Group's ongoing operations. These funds are available for reinvestment, and for future acquisitions as part of the Group's growth strategy. A high level of free cash flow is key to maintaining a strong, liquid balance sheet.	Strong free cash flow conversion of 82.6%. The Group's medium-term free cash flow conversion target is 60-70%. The high conversion rate in 2019 reflects one off timing impacts which will unwind in early 2020.
Return on Capital Employed (%)	2019 14.7 2018 15.3	This measure allows management to monitor business performance and review potential investment opportunities.	The Group's ROCE for 2019 was 14.7%, with this increasing to 15.2% when the impact of IFRS 16 is included. This is in line with our medium-term target, with the integration of recent acquisitions progressing well.
Adjusted Earnings per Share (cent)	2019 14.3 2018 15.0	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.	Adjusted earnings per share is 14.3 cent in 2019. Underlying earnings have increased by 48% from €17.8m in 2018 to €26.3m in 2019, which has been offset by the significant increase in the weighted average number of shares in issue during the year following the IPO in July.

Medium Term Outlook

In the medium term, acquisitions are expected to make a meaningful contribution to gross profit in addition to organic growth

FCF Conversion

60%–70%

ROCE

12%–15%

Peak Net Bank Debt / EBITDA

2.0x to 2.5x

Dividend

Intention to pay progressive dividend

Non-Financial

Key Performance Indicators		Why we measure it	Performance in 2019
Number of Exclusive Access Programmes	2019 46 2018 6	A key strategic priority of Product Access is the successful operation of exclusive access programmes, enabling the connection of the manufacturer to the patient. The number of these programmes in operation during the year is a key metric in measuring progress against this priority, as well as the strength of our manufacturer relationships.	Significant progress has been made during 2019, both through the acquisition of Durbin, and in the success of the combined Uniphar/Durbin service offering. This combined offering has enabled the Group to win a number of high profile global and European programmes, as more manufacturers recognise our unique combination of technical and global market expertise.
HCP Interactions	2019 580k 2018 340k	In Commercial & Clinical, interactions with healthcare professionals form an integral part in connecting the manufacturer to the patient and the success of the business.	The significant increase of c.70% reflects the achievement of strong organic growth together with the impact of our recently completed acquisitions.
Symbol Group Pharmacy Numbers	2019 287 2018 235	The Uniphar Symbol Group consists of owned and franchised pharmacies operating under our Allcare and Life pharmacy brands. The number of pharmacies operating under the Symbol Group provides management with insight into the strength of these brands in the marketplace.	2019 has seen strong growth in our Symbol Group pharmacy numbers, through new pharmacies signing up to the benefits of the Symbol Group, and the integration of the 17 retail pharmacies acquired during the year. The growth is underpinned by our market leading supply chain e-commerce platform which enables a tailored solution to be provided to each Symbol Group member.

Medium Term Outlook

Divisional Guidance
Medium term organic gross profit growth

Product Access
Double Digit

Commercial & Clinical
Mid Single Digit

Supply Chain & Retail
Low Single Digit

Risk Management

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.

Risk Management and Internal Control

The Directors have overall responsibility for the Group's system of internal control and for reviewing its effectiveness. Through the activities of the Audit, Risk and Compliance Committee, the effectiveness of these internal controls are regularly reviewed.

As part of the IPO preparation the Group engaged an independent adviser, to assist it in a review of its risk identification and reporting structures and the population of a risk appetite statement to ensure a clear and comprehensive approach to risk within the business. The Board adopts practices designed to identify areas of business risk and to effectively manage those risks in accordance with the Group's risk appetite.

In addition, during 2019 the Group appointed a new dedicated Head of Internal Audit who meets with the Audit, Risk and Compliance Committee to monitor the adequacy of the Group's internal control systems. The Audit, Risk and Compliance Committee also meets with and receives reports from the external auditors. The Chairman of the Audit, Risk and Compliance Committee reports to the Board on all significant issues considered by the Committee.

The Group operates a Group-wide risk register which is reviewed and updated on a regular basis and is presented to the Audit, Risk and Compliance Committee where they consider the risk identified and the appropriateness of the mitigating action taken, focusing on those deemed most critical.

Where necessary, the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

Risk Management Framework

The Group's risk management framework provides the structure by which the principal risks are managed. The Group has implemented a three lines of defence approach to ensure that risks are effectively managed across the Group. Each of these three "lines" play a distinct role within the Group's wider governance framework.

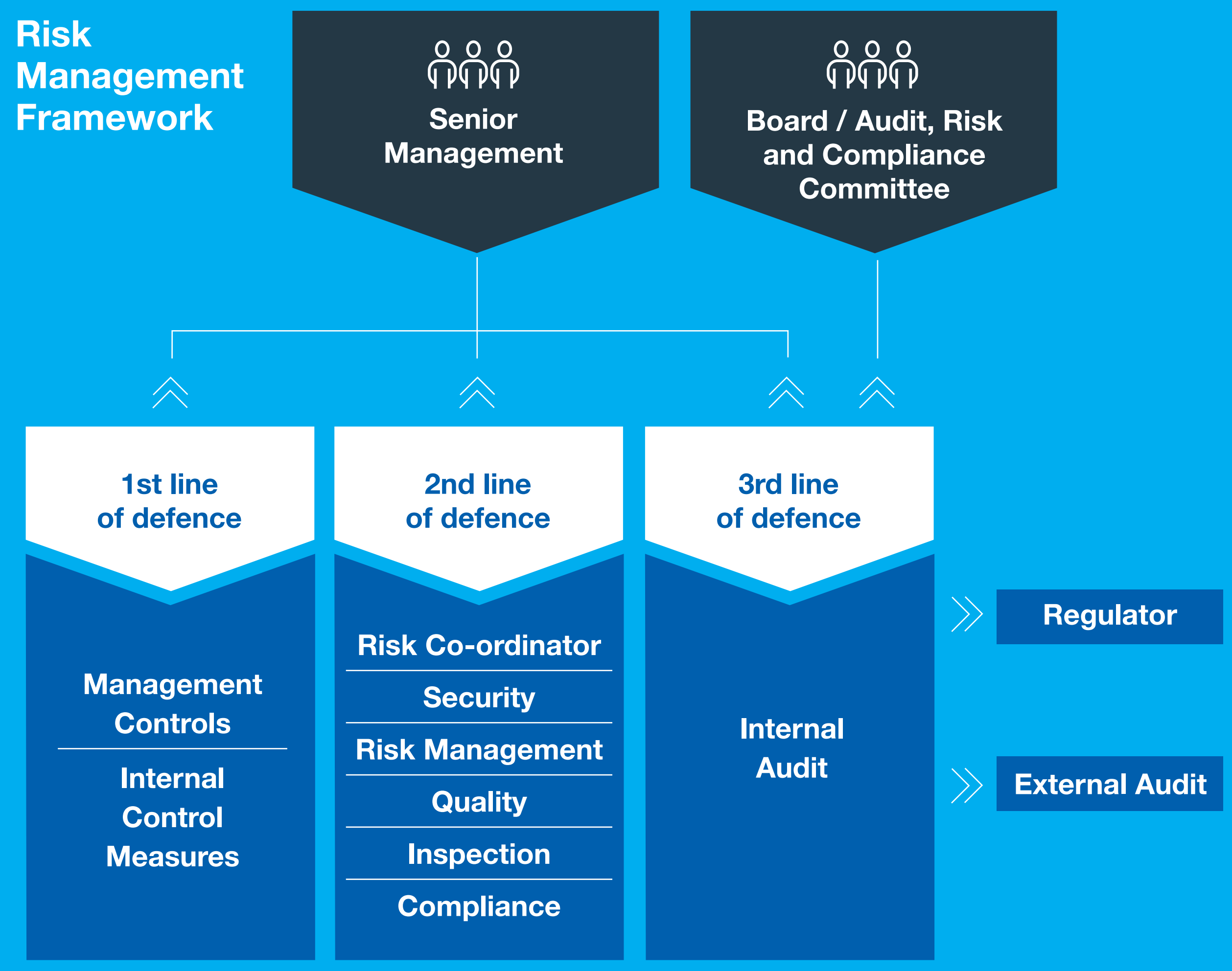
Risk Register Process

The Group's risk register process is based on a Group-wide approach. Risks are identified, assessed and monitored with a clear focus on the assignment of responsibility to each risk owner.

Individual risks are assessed with a rating assigned based on potential EBITDA impact and likelihood of occurrence. The risk register is reviewed regularly, and new risks are added as they are identified and assessed.

Divisional management are responsible for maintaining divisional risk registers setting out the risks and mitigation factors pertaining to their area. These are reviewed and approved by executive management and the Group risk register is updated to reflect any significant changes at divisional level.

The Audit, Risk and Compliance Committee and the Board carry out a robust review of the risk register and communicate any required changes in mitigating actions back into executive and divisional management levels.



Principal Financial and Reporting Risks and Uncertainties

Set out in the following tables are the principal risks and uncertainties facing the business, which have potential to have a direct impact on the key strategic objectives of the Group. The principal risks are categorised as Strategic, Operational and Financial.

Included is a key to the strategic initiatives that the risk relates to, the impact and mitigation measures.

These are not listed in order of priority nor do they represent an exhaustive list of all risks currently affecting the business. Some risks may not be known to the Board at this time or may not be of material consequence at this time. The mitigation factors that are in place do not represent an absolute level of protection and elimination against the risk. They are designed to give reasonable protection against the impact of the risk.

Key to strategic initiatives

- Continued Client Growth
- Focused Market Leadership
- Scaling Through Digital

Go to page 18 for more on Our Strategy

Strategic Risks		
Risk	**Impact**	**Mitigation**
Brexit	The United Kingdom leaving the EU poses several risks for the Group due to uncertainty and complexities as to the future fiscal and regulatory landscape in the United Kingdom. This may have a negative impact on supply and trade. Brexit also has the potential to create market uncertainty and currency fluctuations which could impact the translation of our UK operations into the Group reporting currency.	The uncertainty caused by Brexit, which saw the UK leave the EU in January 2020, and the continued uncertainty into 2020 as negotiations on a trade deal continue has been an important consideration for the business. A Brexit Plan is in place to manage the risks across the Group. The Group has worked with its manufacturer customers and suppliers to prepare and minimise the potential impact of any related disruption on the business, customers and patients. Brexit also presents opportunities in Product Access which provides specialist procurement services. The Group is continuing to expand its operations in Europe and the U.S. creating geographical diversity.
Acquisitions	Growth through acquisition 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.	All potential acquisitions are assessed to measure their strategic fit and financial return. Specialist advisers are appointed to provide robust and thorough due diligence. Experienced management and project teams ensure integration is managed effectively to achieve identified benefits and minimise potential risks.
Economic & geopolitical risk	The global macroeconomic, regulatory, political and legal environment may impact the markets in which we operate and in turn our client and supplier base. This may adversely affect the financial and operational results of the Group.	The Group closely monitors global political and economic conditions and responds quickly to any changes in circumstances or events. The Group has increased its geographical footprint to now include Ireland, the UK, the USA, Benelux, and the Nordics, thus decreasing the reliance on one geographic market.

Risk	Impact	Mitigation
Key personnel & succession planning	The success of the Group is directly correlated to the effectiveness and talent of its people, including Directors, senior management, and personnel across all divisions. If the Group fails to attract, retain and develop the skills and expertise of its individuals, this may adversely impact the Group's performance.	Succession planning and talent management is implemented across the Group ensuring that the appropriate skills, knowledge and diversity are in place to ensure the future success of the Group.
Market perception & reputational risk	Uniphar plc is now a publicly listed company and must communicate to the market and stakeholders regularly with updates on financial performance and key metrics. Failure to deliver in line with expectations may result in reputational damage impacting the Group's ability to achieve strategic targets.	The Group has financial reporting structures and timelines in place to ensure accurate and timely reporting. The Board reviews the financial and operating performance, together with the implementation of the strategic plan. The Group has appointed a Group Director of Corporate Development to ensure timely and accurate communication.
Operational Risks		
Pandemic risk Covid-19	The spread of Covid-19 and its implications are continuing to evolve and change. The risks outlined below are based on current knowledge and projections of the circumstances. Risk to product availability due to potential disruption to supply chains or shipping routes. Operational impact due to unavailability of the workforce caused by measures taken by either the Group or Government to contain an outbreak. The Group recognises the wider risk of a change in demand and lower general economic activity in the countries where it operates in the event of a prolonged outbreak of the virus.	Uniphar plays a significant role in the healthcare infrastructure. The warehouse capacity created across multiple locations, together with exclusive distribution agreements, and our strong manufacturer relationships, enables the Group to ensure continuity of services to the healthcare sector and to meet the needs of customers in the event of any disruption to normal supply chain routes. The Group is following Government guidance in each country it operates in, concerning travel restrictions on colleagues and self-isolation guidance for any colleagues returning from impacted areas. Communications have been sent to all colleagues advising them on the necessary precautions and will be updated as necessary. Business continuity and contingency plans are in place in anticipation of wider outbreaks of the virus. The nature of the product and services provided means that there is a continued requirement for pharmaco-medical products. While there may be a reduction in the demand for certain products and services and in elective procedures, the requirement for these services and procedures will still exist once the pandemic is brought under control.

Risk Management continued

Risk	Impact	Mitigation
IT systems	The Group is reliant on the effectiveness of its IT systems and network. Any interruption or downtime may have a negative impact on the Group's operations, financial conditions and competitive position.	The Group actively monitors the performance and robustness of IT systems in place. Uniphar's in-house IT team works in tandem with external providers to ensure all business-critical processes are safeguarded. The Group has a Business Continuity Plan in place to ensure processes are in place and enable the restoration of key systems if necessary.
Cybercrime	Failure to protect against the threat of a cyber-attack could lead to a breach in security, impacting operations, financial transactions and sensitive information.	The Group have IT security processes in place to minimise the occurrence of cyber-attacks. External audit/penetration testing is also carried out to identify vulnerable areas and put in place mitigating controls.
Business interruption	The Group may be unable to provide a service to customers due to external factors affecting its operations such as, natural disasters, environmental hazard or industrial disputes, resulting in potential lost sales and loss of customer loyalty.	A business continuity and disaster recovery plan is in place and is updated and reviewed continuously to mitigate the risks to operational continuity.
Health & safety	Uniphar distributes pharmaceuticals and medical devices to pharmacies, hospitals and patients. Failure to implement and follow proper health and safety procedures in the distribution and administration of these products and the provision of proper handling information may have adverse effects on employees or patients.	Dedicated quality functions are in operation across the Group ensuring adherence and compliance with good distribution practice, pharmacovigilance and regulatory requirements. A robust health and safety framework is in place to ensure effective health and safety processes are in operation.

Risk	Impact	Mitigation
Laws, regulations & Compliance	Uniphar operates in a highly regulated environment and as such is subject both local and international laws and regulations in the jurisdictions it operates in. Failure to operate under any of these stringent laws and regulations could result in financial penalties, reputational damage and risk to business operations.	A strong culture of corporate governance exists, and the Group's Code of Business Conduct sets out the best practice in relation to regulatory and compliance matters amongst others. The Group General Counsel and Company Secretary has responsibility for ensuring compliance across the Group, together with a dedicated GDPR officer and Quality officers. Education and internal training is provided on updates to laws and regulations as considered appropriate.
Financial Risks		
Foreign currency	The Group's reporting currency is the Euro. The Group operates in jurisdictions outside the Eurozone and, therefore is exposed to foreign exchange risk.	The Groups' activities are primarily conducted in the local currency of the operation, which results in low levels of transactional risk. The Group reduces its exposure to currency fluctuation by matching foreign currency payments and receipts across business units.
Treasury	The Group is exposed to liquidity, interest rate and credit risks	The Group Treasury Policy sets out how these risks are managed. The policy is reviewed and approved by the Audit Risk and Compliance Committee. Cash forecasting and effective management reports are in place to monitor and minimise the financial risk.
Inventory losses & provisions	Uniphar holds a large amount of inventory across our locations – both pharmaceutical and medical devices of varying values. Inventory losses may occur due to theft, loss, fire, spoilage of stock and obsolescence.	The Group has systemised controls together with robust policies and procedures in operation to minimise inventory losses.

Sustainability and Governance

Working towards a Group-wide approach

Uniphar places a strong emphasis on working responsibly and sustainably to ensure long term viability. We understand that our work has an impact on the environment, the communities in which we operate and all our stakeholders, and we are committed to working in a sustainable and socially responsible manner.

As Uniphar has matured and grown as an organisation, the strategic importance of being conscious not only of our markets and our customers but of our environment and communities has come to the fore. The principles of best practice in operating a responsible and sustainable business have always been important to Uniphar. We have always tried to meet and, where possible, exceed these expectations.

2019 saw a number of successful initiatives across each of our four pillars of Sustainability and Governance and our aim for 2020 is to work with each of the companies within the Group to harmonise our approach in this area, with a view to rolling out successful initiatives Group wide to enhance their effectiveness and benefit.

The principles of best practice in operating a responsible business have always been important to Uniphar.

What Sustainability and Governance means to us

Sustainability and Governance

People and Workplace
- Inclusivity & Diversity
- Health & Safety
- Employee wellbeing

Community Involvement
- Serving the community
- Supporting good causes

Environment and Sustainability
- Minimising our impact
- Meeting our responsibilities

Governance, Quality and Compliance
- Continuous improvement
- Quality culture

Go to page 58 for our Corporate Governance Report

1. People and Workplace

As a knowledge-based organisation, we understand that our people are our most important asset and we are committed to making Uniphar a fulfilling and inclusive place to work. We are a people-based business operating in healthcare markets that are highly regulated and demand high quality and compliance standards.

Inclusivity & Diversity

At Uniphar the different experiences and attitudes of our people bring diverse perspectives and ideas to the Group, which together can create better outcomes.

Uniphar's employment policies, procedures and practices promote full equality of opportunity in all areas and comply with the provisions of the Employment Equality Acts 1998 to 2011 and the Equal Status Acts 2000 to 2012. 2019 saw the appointment of two female Independent Non-Executive Directors, increasing the female representation on the Board and bringing the total female representation on the Board to 25%, four years ahead of the Irish Governments, 'Balance for Better Business' Initiative which is targeting 25% female Board membership for all Irish listed companies by 2023. Diversity remains a key focus in Board succession planning for the future.

Uniphar has long been an employer that works to provide suitable and rewarding jobs for adults with intellectual disabilities and we have a number of long serving and valued team members who came to us via this route. We are committed to creating a supportive, respectful, inclusive, and equal opportunity working environment where every employee can reach their full potential.

Health & Safety in Practice

Action

In the spirit of continuous improvement and monitoring, in 2019, the number of risk assessments carried out across our Irish supply chain locations increased by 14% on 2018 numbers. Improved processes and procedures, increased training and more robust incident reporting has led to a reduction in overall claims.

Outcome

Measures implemented across our supply chain business in the previous two years have seen a decrease in employer liability claims of 20% and a decrease in public liability claims of 33% since 2018.

Health & Safety

Uniphar provide the highest standards of health and safety throughout the organisation, ensuring that all relevant statutory requirements are complied with, and best practice is adhered to.

The health, safety and wellbeing of all employees, both inside and outside of work, is paramount and Uniphar runs regular training courses throughout the year, including targeted health & safety courses to benefit our employees outside the workplace. For example, in November the Citywest facility ran a Christmas Health & Safety at home training course to highlight health & safety risk management measures which employees can use at home. Certain training courses which run during the year have mandatory attendance including manual handling training.

Uniphar is constantly reviewing and refining its approach to Health & Safety and incident reporting and the results of these efforts are seen throughout the Group.

Wellbeing

The Group runs Wellness at Work programmes. Each month has a wellbeing theme ranging from mental health to personal finance, fitness to nutrition. We also encourage employees to take part in a range of staff-run sports activities.

We engage external professionals to lead our Employee Assistance Programme allowing employees and retired staff to seek assistance, advice and information for a range of personal and professional issues in a safe and confidential environment.

2. Community Involvement

On the international stage, Durbin's Aid and Development business has worked with United Nation agencies such as WHO and UNICEF for over 30 years, and is one of the preferred suppliers of medicines, medical equipment and medical disposables for their programmes internationally. In 2019, Durbin's Aid and Development team supplied more than 750,000 items to more than 100 charitable organisations in over 100 countries around the world.

Supporting employees to actively participate in the local communities where we are based is a critical objective for the Group, and is achieved through serving the community and supporting good causes.

Serving the Community is at the core of what we do

As a global healthcare provider, Uniphar's business is intrinsically linked to serving the community.

Across each of our three divisions Uniphar provides vital medicines, the highest quality medical devices and access to life saving drugs both nationally and across the globe. Our involvement in managed access programmes, facilitates the supply of life saving treatments to individual patients around the world who would not otherwise have access to such medicines.

Supporting good causes – Uniphar's Charity Partners

At a local level, Uniphar is committed to supporting the community through educational outreach programmes, charitable donations and staff volunteering, with a focus on education, and employability.


Cycling in support of our charity partners C.R.O.S.S.

As part of our commitment to the community, Uniphar actively encourages employees to support their local communities through fundraising. Sometimes the activity is led by the organisation, but on many occasions it is our employees who instigate projects and initiatives around something that they feel passionately about.

In recent years, Uniphar has facilitated its employees to support over 30 charities in Ireland and the UK.

Uniphar actively encourages employees to support their local communities through fundraising.

C.R.O.S.S. is a charity which supports early stage cancer research. It was founded in 2014 as a joint venture between St James' Hospital and Trinity College Dublin, who together carry out the research.

For the last four years, Uniphar has sponsored a round-Ireland cycle, encouraging not just staff but customers, suppliers and friends to take part and raise funds for the organisation. Staff train for the cycle together and there is a strong wellbeing and enjoyment aspect for all the staff who take part.

Funds raised have been used to improve both the infrastructure and technical support required to advance the operation of the cancer research activities. Advancing these operations will increase collaborative activity with other leading cancer institutes globally. We are proud to support the life-changing work that they carry out through their ongoing research.

3. Environment and Sustainability

We have a pro-active approach to managing our environmental obligations. As the business grows and our geographical footprint expands, we remain committed to managing our environmental responsibilities effectively. We understand that our activities can have a lasting impact and we believe in protecting the environment for the benefit of future generations.

Minimising our Impact - Energy and Carbon Management

We continue to work hard to manage and reduce our carbon footprint. We are conscious of the impact climate change has on people and the environment, and we continue to examine how we can manage the risks and opportunities that this presents for our business. Throughout the Group we continue to actively engage in projects that will reduce our energy consumption levels and environmental impact.

Uniphar is conscious that Co2 emissions from our distribution network and logistic partners is a large part of our environmental impact. As Uniphar outsources most of our logistics services, it is key to us that we partner with the right companies who share the same values. From July 2019 Uniphar's largest outsourced provider of logistic services switched their courier van fleet to vans with lower Co2 emissions, resulting in an annual reduction of approximately 14 tonnes of Co2.

Meeting our Responsibilities - Waste Management

Across all our sites we are continuously exploring ways to reduce, reuse and recycle. Uniphar are compliant with the European Union (Packaging) Regulations 2014 and 2015, which require suppliers/producers of packaging and packaged products to fund the recovery and recycling of their used packaging. As a Group we have been proactive in this measure and have been a member of Repak since 1999. Across the business we have also increased our efforts to remove single use plastics in the business and will continue to further reduce the use of these going forward.

Citywest – a Pilot Project

Inspired by the low carbon footprint of our newest warehouse in Greenogue, a highly automated 'dark warehouse' which uses light only when there are people in a given area, we identified that there was potential to reduce energy consumption levels across our warehouse network, starting with our largest facility in Citywest.

Action

- Invested in two new high efficiency packaged air cooled chillers for our Citywest warehouse.
- Upgraded our energy monitoring system in Citywest to allow full visibility of our energy usage.

Outcome

- Achieved energy savings of 334 tonnes of Co2 in 2019, 16% savings on 2018.
- The savings were delivered despite a significant increase in warehouse activity of approximately 13% from 2018.
- Our plan is to implement these initiatives in other Uniphar locations from 2020.

4. Governance, Quality and Compliance

The Group's approach to Governance, Quality & Compliance is to seek continuous improvement. The governance of our business is dealt with in extensive detail in our corporate governance section of this report on pages 58 to 66.

Continuous Improvement - Quality and compliance growing in importance

The healthcare industry is a highly regulated industry and this regulation is essential to protect the health and safety of people who use the products and services we supply. The Group works hard to ensure that the products we supply reach the patient in perfect condition, without any impact on their safety and efficacy, and that we provide all services in an ethical and compliant manner.

Governments and regulatory agencies are increasingly extending the regulatory remit, for example the new Falsified Medicine Directive and Medical Device Directive and programs to support and encourage pharmaceutical innovation. There has been a move towards greater cross body co-operation for some time, in the form of supra-national bodies such as the International Conference of Drug Regulatory Authorities and the International Council for Harmonisation. This trend towards the harmonisation of pharmaceutical regulation across the globe should improve patient outcomes and increase patient access to new pharmaceutical and medical technologies, which is key to the Group's vision.

All these initiatives and changes means an ever-evolving regulatory and compliance environment which requires agility and readiness to adapt from companies, like Uniphar, operating within its scope.

Uniphar has in place a robust quality management system which allows us to comply with the many regulatory regimes, including:

- Storage and distribution of product in accordance with EU GDP regulations.
- Importation of products from 3rd Countries in accordance with GMP requirements.
- Dispensing through our community pharmacy network in line with local pharmaceutical society codes of conduct and medicinal product legislation.
- Promotion of and engagement with pharmaceutical and medical device manufacturers in an ethical and complaint manner.

Every applicable legal or regulatory framework is important and demands the utmost integrity and compliance and control.

The Quality Culture at Uniphar

At Uniphar, quality is an integral part of what we do.

2019 has seen the commencement of a project to harmonise our approach to quality across all our locations with the roll-out of our electronic quality management system across all divisions and business units. It is this investment in technology that allows the Group to put quality at the centre of what we do. It means that both we and our customers can be assured that the Group have a best in class comprehensive quality and compliance system to meet business needs, and to implement in new acquisitions within a short time frame.

Uniphar is committed to successful collaboration with all our customers, partners and stakeholders to ensure their regulatory expectations and needs are met at all times. This is achieved through the training we provide to all our employees in their relevant fields. Through extensive training the Group places a focus on a quality culture and a strong understanding of quality risk management which allows us to meet or exceed the requirements and expectations of our customers and partners.

The Group follows a path of continuous improvement, which is supported through internal monitoring and audits. This allows for the detection and prevention of regulatory and compliance concerns.

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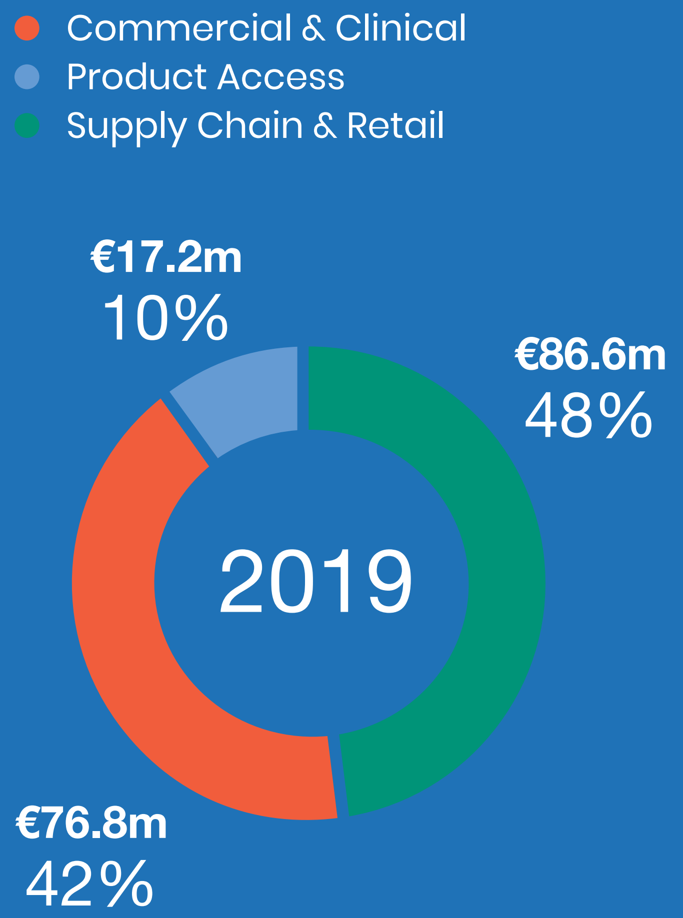
Divisional Gross Profit



Performance Review

Financial Review

The Group delivered a strong financial performance in 2019, with growth across all divisions and geographies, driven by 7% organic gross profit growth. We were particularly pleased with the strengthening of our Balance Sheet, providing us with the financial platform to continue our growth strategy and double our 2018 pro-forma EBITDA within five years from IPO.

Tim Dolphin
Chief Financial Officer

2019 Financial Highlights

Gross Profit (up 56%)
€180.6m
(2018: €115.7m)

Gross Profit Organic Growth
7%

EBITDA (up 49%)
€48.0m
(2018: €32.2m)

Net bank cash (up €179.5m)
€26.6m
(2018: net bank debt €152.9m)

ROCE
14.7%
(2018: 15.3%)

Basic earnings per share (up 4.2c)
11.5cent
(2018: 7.3 cent)

Summary financial performance

Year ended 31 December	2019 €'000	2018 €'000	Growth Reported	Growth Constant Currency
IFRS measures				
Revenue	1,665,283	1,417,895	17.4%	17.3%
Gross profit	180,602	115,717	56.1%	55.9%
Operating profit	28,207	15,826	78.2%	77.7%
Basic EPS (cent)	11.5	7.3		
Alternative performance measures				
Gross margin	10.8%	8.2%		
EBITDA	58,555	32,237	81.6%	81.4%
EBITDA excluding impact of IFRS 16	48,022	32,237	49.0%	48.8%
Adjusted EPS (cent)	14.3	15.0		
Net bank cash/(debt)	26,622	(152,880)		
Return on capital employed	14.7%	15.3%		

Revenue

Revenue growth of 17% across all three divisions, was achieved through a combination of strong organic growth, together with the impact of the 2018 Commercial & Clinical acquisitions, and the acquisition of Durbin during 2019 in Product Access.

Gross profit

The increase in revenues, coupled with significant growth in our gross margin percentage from 8.2% to 10.8% due to improvements in our revenue mix principally in the two growth divisions, contributed to 56% growth in gross profit during the period (7% on an organic basis). The improvement is primarily driven by the strategy of expanding into higher growth, higher margin businesses, with the acquisitions completed during 2018 and 2019, in our two growth divisions, Commercial & Clinical and Product Access. Gross profit generated from outside of Ireland more than doubled in the year, with the expansion of the pan-European footprint in Commercial & Clinical, and also reflecting the new geographies which we are operating in following the acquisition of Durbin in Product Access.

Divisional gross profit

Year ended 31 December	2019 €'000	2018 €'000	Growth Reported	Growth Constant Currency
Commercial & Clinical	76,754	35,378	117.0%	116.6%
Product Access	17,199	10,338	66.4%	65.5%
Supply Chain & Retail	86,649	70,001	23.8%	23.8%

Go to page 90 for our Financial Statements

EBITDA

Year on year, EBITDA has increased by €15.8m (49%) to €48.0m, benefiting from the increase in gross profit. The impact of the adoption of IFRS 16 resulted in a further increase of €10.6m to €58.6m.

Exceptional items

Exceptional costs incurred during the year of €5.3m are primarily due to acquisition related costs, and costs associated with our IPO, and are partially offset by the release of deferred contingent consideration following a review of the expected performance against earn-out targets. See note 5 in the financial statements for further details.

Earnings per share

The basic earnings per share amounted to 11.5 cent, increasing from 7.3 cent in 2018, with the increase driven by the improved trading performance of the Group and the reduction in exceptional costs in 2019.

Adjusted earnings per share reduced to 14.3 cent in 2019, from 15.0 cent in 2018. The lower adjusted earnings per share in 2019 reflects the improved underlying trading performance of the Group, offset by the increase in the weighted average number of shares in issue during the year as a result of the IPO.

The weighted average number of shares in 2019 was 183,546,000 compared to 119,044,000 in 2018, following our successful IPO in July. The full year dilutionary impact of the IPO on the weighted average number of shares will come through in 2020.

Impact of IFRS 16 'Leases'

IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. The Group has applied IFRS 16 from its effective date using the cumulative catch up approach. The adoption of IFRS 16 has resulted in cost of sales reducing by €1.1m, and operating expenses reducing by €9.4m for the year ended 31 December 2019, as before IFRS 16, accounting standards required the recognition of operating lease expenses in the Income Statement.

Depreciation and finance costs as currently reported in the Group Income Statement have increased by €9.5m and €2.6m respectively, as under the new Standard the right-of-use asset has been capitalised and is now being depreciated over the term of the lease with an associated finance cost applied annually to the lease liability.

Strong financial indicators

14.7%
ROCE

82.6%
Free cash flow conversion

On adoption at 1 January 2019, a right-of-use asset of €80.9m has been recognised in the Group Balance Sheet included within property, plant and equipment, with a corresponding lease liability recognised for this amount in the Group Balance Sheet.

Cash flow and net debt

2019 showed a strong cash performance, driven by free cash flow conversion of 82.6%, with the Group's net bank cash position being €26.6m (2018: net bank debt €152.9m).

The increase in our cash balances of €179.5m reflects the successful completion of the IPO in July 2019, and strong cash generated by our operating activities which includes the successful execution of the non-recourse financing arrangement unlocking €68.0m of cash in Supply Chain & Retail for reinvestment.

	2019	2018
	€'000	€'000
Net cash inflow/(outflow) from operating activities	106,997	(8,738)
Net cash outflow from investing activities	(45,644)	(82,005)
Net cash inflow from financing activities	42,148	100,094
Increase in cash and cash equivalents in the year	103,501	9,351
Movement in restricted in restricted cash	(210)	210
Cash flow from movement in borrowings	76,211	(111,939)
Movement in net bank cash/(debt)	179,502	(102,378)

The Group has remained focused on strong working capital management, and together with the successful execution of the non–recourse financing arrangement which generated a cash inflow of €68.0m, is reflected in cash generated from our operating activities of €107.0m. Free cash flow conversion in 2019 of 82.6% is calculated excluding the impact of the non-recourse financing arrangement. The high conversion in 2019 reflects one off timing impacts which will unwind in early 2020. The Group's medium-term free cash flow conversion target is 60-70%.

The net cash outflow from investing activities consisted of acquisitions completed during the year of €38.3m, deferred consideration of €1.3m, and capital investment of €6.4m primarily in Commercial & Clinical. The Group completed one strategic (Durbin), and two bolt–on acquisitions (EPS Group, and M3 Medical), as part of our strategy to build a global platform for Product Access and expand the European footprint of Commercial & Clinical. The Group also completed the acquisition of 17 retail pharmacies in Supply Chain & Retail.

Cash generated from financing activities of €42.1m was principally due to the net proceeds from our successful IPO in July of €127.3m. This was partially offset by the repayment of banking facilities (including invoice discounting facilities), and the payment of the principal element of lease liabilities.

Taxation

The effective tax rate has increased from 13% in 2018 to 17% in 2019, primarily due the increase in profits generated from outside of Ireland in higher tax rate jurisdictions. The effective tax rate is calculated as the income tax charge for the year as a percentage of the profit before tax and exceptional items.

Foreign exchange

The Group's expansion into new geographies, and the continued growth in existing geographies operating outside of the Euro, 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.

The re-translation of overseas profits to Euro has resulted in a marginal increase in our operating results for 2019. On a constant currency basis, revenue increased by 17.3% (vs 17.4% reported growth), gross profit increased 55.9% (vs reported growth 56.1%) and operating profit increased by 77.7% (vs 78.2% reported growth). This is primarily due to the strengthening of the GBP sterling against the Euro in the year versus 2018.

	2019	2018
	Average	Average
GBP	0.87756	0.88458
US Dollar	1.11949	1.17997
Swedish Krona	10.58475	10.25418

Return on capital employed ('ROCE')

The Group's ROCE was 14.7% for the year (2018: 15.3%). Including the impact of IFRS 16, ROCE was 15.2%. This modest decrease in ROCE versus the prior year principally reflects the impact of the substantial acquisition spend during the current and prior year as the Group invested in the growth divisions and entered new geographies. Details on how this was calculated are included in the APMs section on pages 197 to 200.

Dividends

The Board made a commitment at the time of IPO to pay a dividend in 2020 in respect of the period from IPO to 31 December 2019. Following another set of positive results for the Group, the Directors are proposing a final dividend of €2.0m. Subject to approval at the Annual General Meeting, it is proposed to pay the dividend to ordinary shareholders on the Company's register on 1 May 2020.

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

Non-recourse financing arrangement

In December 2019 the Group entered into a new receivables purchase arrangement with its existing banking partners, which generated a cash inflow of €68.0m. Under the terms of this non-recourse agreement, the Group has transferred substantially all credit risk and control of certain trade receivables mainly within Supply Chain & Retail, unlocking the cashflow value for further reinvestment. For further detail see note 32 in the financial statements for further details.

IPO on AIM and Euronext Growth

The Group successfully listed on the AIM and Euronext Growth markets of the London Stock Exchange and Euronext Dublin on 17 July 2019. As part of the placing, 117,391,304 new ordinary shares were issued by the Company, at a listing price of €1.15 per share, resulting in gross share proceeds from the issuance of these ordinary shares of €135.0m. Market capitalisation on the day of Admission was approximately €310m.

Subsequently, on 16 August, the over-allotment option was exercised in respect of 3,818,004 ordinary shares in the Company, resulting in an additional €4.4m of gross proceeds being received by the Company, bringing the total gross proceeds from the placing to €139.4m.

Tim Dolphin
Chief Financial Officer

Commercial & Clinical

Supporting Manufacturers to Commercialise Speciality Brands in Pharma & Medtech
Commercial & Clinical provides outsourced sales, marketing and distribution solutions to pharmaceutical and medical device manufacturers. The division is focused on the commercialisation of speciality brands and on building a pan-European presence.

With a workforce of over 900 across Europe, supporting more than 200 brands for 70 key pharmaco-medical manufacturer clients, Commercial & Clinical represents 42% of the Group's gross profit in 2019.

Uniphar's Fully Integrated Model Provides the Competitive Edge
Uniphar has built the business to meet the emerging needs of speciality pharma and medtech product manufacturers and offer the most effective route to market in our chosen geographies.

Speciality products require more targeted, expertise-led sales solutions due to the complex nature of treatments. Although the pharmaceutical and medtech industries use different commercial models, they share the same operational requirements which Uniphar's fully integrated model is designed to meet.

Scaling Geographically, Leveraging Our Expertise In New Markets
In the last two years, Uniphar has successfully scaled the division and expanded in Europe, entering the Benelux (2018) and Nordic (2019) markets. By leveraging the recruitment offering of Commercial & Clinical, we ensure access to the strongest local talent which drives our capability in producing high performing speciality sales outcomes. The approach has been to acquire complementary bolt-on acquisitions with strong local expertise and accelerate their ability to scale and grow organically by bringing new efficiencies through technology and leveraging the Group's strong manufacturer relationships.

Pharma

The pharma team are focused on providing insight-driven, multi-channel solutions for pharmaceutical partners. This allows the engagement with the right healthcare professional, in a way that is convenient and comfortable for them and with clear, targeted information that helps them to understand better what the particular specialist product might do for their patient cohort.

European Expansion Fuelling Organic Growth
The pharma business has demonstrated strong organic growth across Ireland and the UK with a combination of leading and emerging pharmaceutical clients. Over the last 12 months, Uniphar has built and deployed several multi-channel enabled teams across the UK and succeeded in moving a number of existing manufacturer clients in Ireland and the UK into the Benelux.

Commercial & Clinical

			Growth	
Year ended 31 December	2019 €'000	2018 €'000	Reported	Constant Currency
Revenue	204,031	102,558	98.9%	98.5%
Gross Profit	76,754	35,378	117.0%	116.6%
Gross Profit Margin	37.6%	34.5%	312bps	

900+
Workforce

200+
Supporting more than 200 brands for 70 key pharmaco-medical manufacturer clients

These new wins and a strong speciality focused business development pipeline demonstrate that Uniphar's fully integrated multi-channel enabled solution underpinned by its suite of digital capabilities, is a differentiated and compelling alternative for speciality manufacturers, compared to managing sales in-house or procuring a more traditional CSO solution.

Medtech

The Commercial & Clinical medtech business provides a fully integrated solution to our clients across sales, marketing and distribution of medical devices. The medtech business is focused on building in-depth therapeutic expertise across several high value market opportunities.

Growing Pan-European Business Organically and by Acquisition
Following the successful acquisitions of Sisk Healthcare, Macromed and Angiocare in 2018, the business continues to grow its pan-European business both organically and by acquisition. Now with a presence in Benelux and following the acquisition of the EPS Group in Sweden and Finland in Q4 2019, the division has expanded into the Nordics.

The 2018 acquisitions have been successfully integrated into Commercial & Clinical and are performing well, with the Nordics integration underway. In terms of organic growth, significantly, we have taken several key agencies into new markets, with an expectation that they will move into the Nordics with us in due course.

The medtech business has represented 90% of its top 20 clients for more than nine years, with significant opportunity for organic growth on a pan-European basis.

The ability to attract hi-tech medical device technologies will continue to support the financial performance of this division. New business wins combined with the businesses ability to retain highly experienced sales and clinical teams gives the Board confidence in achieving the strategic objectives.

Commercial & Clinical is supported by a centralised head office in Dublin, which drives therapeutic focus, operational excellence and shared services for account management, training and business development. The UK and European teams will continue to leverage the central support services of the Dublin headquarters and will focus on commercial activities in their regions.

Outlook

The expansion into Benelux and the Nordic markets have been successful and provides the opportunity to grow long–standing manufacturer partners into new geographies as well as providing a multi geography platform to new clients. In the medium term, the Group is focused on identifying further bolt on acquisitions in European markets to further grow our pan–European platform.

Due to ongoing Covid-19 developments, hospitals and other healthcare facilities may reprioritise resources and as such we are preparing for a possible delay in medical device revenue if certain 'non-urgent' elective surgeries have to be postponed. We would, however, expect that this would be recovered in future periods as and when healthcare systems return to normal. In Pharma, our mutli-channel account management and digital capabilities are proving valuable and offer the Group alternatives to in-person visits across our contract sales teams.

Go to page 18 for more on Our Strategy

Product Access

New Global Platform for Product Access
Product Access has continued to show strong growth throughout 2019, delivering 16% organic gross profit growth. The division specialises in two primary business areas: (i) On Demand Access, i.e. sourcing and supplying unlicensed medicines for pharmacy customers, and (ii) Exclusive Access, which is managing the release of medicines for pharmaceutical manufacturers to specific, approved patient populations. The division has been transformed into a global market access business of significant scale, key to this transformation is the acquisition of Durbin, completed in August 2019.

This acquisition expands Uniphar's Product Access footprint to over 160 countries and adds significant capability in regulatory affairs and compliance across multiple geographies. The combination of Uniphar's robust I.T. infrastructure and innovative use of digital technology, together with Durbin's market reach and experience, puts Product Access in a strong position to operate as the trusted global partner of leading and emerging speciality product manufacturers.

The acquisition has enabled the organisation to win a number of high profile global and European Managed Access Programmes (MAPs). New business opportunities have developed as more manufacturers recognise our unique combination of technical and global market expertise.

On Demand

Over the past eight years, experienced Uniphar personnel have developed the On Demand service offering in response to an increasing need by pharmacists to access unlicensed medicines, or other medicines that are in short supply or difficult to source. The team of pharmacy technicians consult with customers on their requirements, providing a value-added service to pharmacists and working with them to source medicines to solve particular challenges for their patients. Uniphar's e-commerce platform enables this demand to be met in a highly efficient way with over 7,000 products presently listed.

Durbin has positioned itself as a major global supplier of unlicensed medicines to specialist importers. The integration of Durbin has given Uniphar a far-reaching customer network for unlicensed medicines which enables the continued growth of our geographic footprint. The implementation of the e-commerce platform in Durbin is progressing well and we believe, will facilitate growth in the On Demand business.

Product Access

			Growth	
Year ended 31 December	**2019 €'000**	**2018 €'000**	**Reported**	**Constant Currency**
Revenue	**132,245**	74,416	77.7%	76.5%
Gross Profit	**17,199**	10,338	66.4%	65.5%
Gross Profit Margin	**13.0%**	13.9%	(89)bps	

Exclusive Access

Product Access delivers bespoke, controlled and supervised mechanisms for the release of speciality medicines to approved patient populations. They provide an important mechanism for the manufacturer and the payor of ensuring that an expensive resource is used appropriately. The strategy is to target key therapeutic areas to ensure value to manufacturer partners is maximised.

Uniphar's MAP capabilities have been developed through working with several leading multinational pharmaceutical companies and the combined skillsets around distribution, regulatory and reimbursement expertise, patient enrolment and restricted release. A health data and analytics capability has also been developed, which provides a controlled environment to capture patient and prescriber information and produce informed insights to support better outcomes.

MAPs allow pharmaceutical companies to provide medicines to patients when a product has not yet been licensed in a jurisdiction, or has been licensed, but has not yet been accepted for reimbursement by the relevant authority. Speciality medicines are classified as high-cost, difficult to administer, and are often used to treat complex or rare conditions.

The Exclusive Access business is currently operating over 40 exclusive access programmes, which demonstrates strong organic growth over the last 12 months.

Outlook

Uniphar's ability to offer an integrated solution to manage speciality products across their entire lifecycle is a key differentiator and allows us to fill the role of a trusted global partner for manufacturers, particularly in the case of specialist and orphan drugs which tend to require bespoke solutions and a high level of expertise. The combination of strong relationships, market leading digital platforms and strong financial management capabilities, together with Durbin's excellence in global regulation and distribution, provides a compelling offering to manufacturers. Covid-19 has not had a negative impact on divisional performance to date and we continue to monitor developments closely.

170+
expert employees

5m
Supplying more than 5 million units

160+
Delivering to over 160 countries annually

40+
Managing MAPs for 40+ global manufacturers, from offices in Ireland, the UK and the US

The Product Access business has continued to show strong growth throughout 2019, delivering 16% organic gross profit growth.

Go to page 18 for more on Our Strategy

Supply Chain & Retail

Uniphar operates in a highly concentrated Irish pre-wholesale and wholesale market. We are an established market leader in Supply Chain in Ireland with c.50% of the wholesale market to hospital/retail pharmacies, supported by a network of 287 owned and franchised pharmacies.

Price deflation on patent expired products has been a feature of the wholesale market, as has price pressure. To counteract this, there has been the growth of speciality products, as well as a move by the business to an activity-based costing model. Supply Chain & Retail has been active in finding new avenues for the creation of profitability, sustainability and growth in the business.

Organic gross profit growth in 2019 was an exceptional 8%, and we would expect rates of between 3 and 4% next year. In addition, we have invested in ownership of retail pharmacies and in the development of select consumer brands, both of which have been successful, with retail sales growing by 142% and consumer sales growing by 27%. We have also moved more of our back office and customer-facing activities to digital platforms, which has been highly effective in lowering costs and improving efficiency. In 2019, the growth in sales made through digital platforms was 36%.

Key Enabler for the Growth Divisions

Supply Chain is where Uniphar has its roots. Today, while many of the disciplines learned in that highly competitive business, (such as prudent financial management, tight cost control and the importance of constant technological innovation to improving productivity and returns), are embedded in the culture and apply across the organisation. The Supply Chain business is an enabler of growth for the Group. Supply Chain & Retail is currently an Irish-only business for Uniphar, with the manufacturer relationships and infrastructure of the division also utilised for the benefit of the growth divisions.

Strong Pre-Wholesale Performance

Our pre-wholesale business had a very strong year, seeing growth in revenues of 6%, as a result of increased business with existing manufacturer clients and our success in securing a number of new principals during the period.

In 2019, the unresolved Brexit situation continued to impact our pre-wholesale business. The key focus for the year was meeting the requirements of our existing customers for more warehouse capacity, as manufacturers tried to ensure that their companies had sufficient stock in the country to secure continuity of supply and meet the needs of their customers in the event of any Brexit-related disruption to normal supply chain and shipping routes. The additional capacity created at our Greenogue campus has proved invaluable and allowed us to facilitate our customers' requirements and flex to their needs.

Looking to 2020 the outlook remains positive through a combination of potential new business wins and continued organic growth within the strong portfolio of manufacturers we represent.

Supply Chain & Retail

			Growth	
Year ended 31 December	2019 €'000	2018 €'000	Reported	Constant Currency
Revenue	1,329,007	1,240,921	7.1%	7.1%
Gross Profit	86,649	70,001	23.8%	23.8%
Gross Profit Margin	6.5%	5.6%	88bps	

50%

Approximately 50% of the wholesale market to retail/hospital pharmacies

287

Network of 287 Uniphar Symbol Group pharmacies

Established Market Leader in Ireland

Supply Chain & Retail has established a market leadership position with approximately 50% of the Irish wholesale market to hospital/retail pharmacies. Uniphar has a significant market share in high street retail pharmacy, operating a vertically integrated model. Our two retail pharmacy brands, Allcare Pharmacy and Life Pharmacy put us in pole position in terms of market share in retail pharmacy.

Uniphar provides twice daily deliveries, Monday to Friday, to more than 950 pharmacies and holds 50,000 SKUs in stock. In addition to the division's high-tech warehouse facilities at Citywest and Greenogue, it also operates three regional depots to provide nationwide coverage. There is limited direct to pharmacy activity, which is confined to high-tech products in the Irish market. Of the 287 Uniphar Symbol Group supported pharmacies, 59 are owned by the Group.

The retail pharmacy market is highly fragmented with approximately 65% of pharmacies classified as independently owned. Supply Chain & Retail competes by offering a service focused on enabling community pharmacists to compete with the larger and multi-national owned chains. Supporting them with services such as a B2B e-commerce hub, and a range of consumer and own brand products. Experienced teams also provide advice and support on retail category development through a strong focus on training and category management and a range of other back office support services including regulatory audit support, claims and marketing.

Newly Acquired Pharmacies Show Strong Gross Profit Growth

In 2018, the Group acquired the Bradley's Pharmacy Group chain of 19 retail pharmacies. These pharmacies have been integrated into the Group's existing pharmacy network and all but two have already been rebranded under the Allcare brand. These newly acquired pharmacies have achieved strong gross profit growth year on year, demonstrating the expertise, support and purchasing power which the Uniphar symbol group offering brings to pharmacies under its management. In August 2019, the Group completed the acquisition of 15 Inischem retail pharmacies, which have been operating under the Allcare brand throughout the Republic of Ireland, with the acquisition of an additional two retail pharmacies completed in Q4 2019.

Outlook

While 2019 outperformed, we expect to return to low single digit growth in 2020 in line with our medium–term guidance. The Group's key assets – high tech distribution facilities, longstanding manufacturer relationships and scalable digital infrastructure were developed within Supply Chain & Retail or from insights based on the division's operations and experienced personnel.

The strategy for Supply Chain & Retail is to continue to leverage these key assets to maintain market leadership in Ireland, while supporting increasing service levels and managing continued operational and financial efficiency within this division.

Covid-19 has not had a negative impact on divisional performance to date and we continue to monitor developments closely. However, the outbreak has demonstrated the significance of the role Uniphar plays in the national healthcare infrastructure in Ireland and also highlighted some of the constraints when demand increases exponentially for a prolonged period. To continue to capitalise on our growth and ensure we can offer a robust service as part of the healthcare infrastructure we will invest in a regional facility in 2020.

Go to page 18 for more on Our Strategy

Governance

The Company adopted the QCA Code of Corporate Governance in June 2019 in advance of the IPO.

In Uniphar, we have a strong commitment to ensuring that the highest standards of corporate governance are maintained throughout the organisation.

Company Information

Board of Directors

M. Pratt (Chairman)
G. Rabbette (Chief Executive Officer)
T. Dolphin (Chief Financial Officer)
P. Dempsey (Chief Commercial Officer)
H. McSharry
P. Hogan
J. Holly
M. McConn
M. Moran
G. Penny
P. Staunton
S. Webb

Registered Number:

224324

Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1
D01 X9R7

Legal Adviser

William Fry
2 Grand Canal Square
Dublin 2
D02 A342

Nomad and Euronext Growth Advisor

Davy
Davy House
49 Dawson Street
Dublin 2
D02 PY05

Website

Further information on Uniphar plc
is available on the Group's website:
www.uniphar.ie

Company Secretary and Registered Office

A. McCarthy
Uniphar plc
4045 Kingswood Road
Citywest Business Park
Co. Dublin
D24 V06K

Registrar

Computershare Investor Services (Ireland) Limited
3100 Lake Drive
Citywest Business Campus
Dublin 24
D24 AK82

Principal Bankers

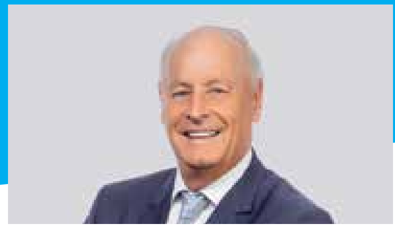
Bank of Ireland
Allied Irish Banks
Ulster Bank Ireland

Joint Brokers

Davy
Davy House
49 Dawson Street
Dublin 2
D02 PY05

RBC Capital Markets
Thames Court
One Queenhithe
London
EC4V 3DQ

Board of Directors



Maurice Pratt
Non-Executive Chairman

Nationality: Irish
Appointed: July 2003
Independent: No

Committee Memberships:
Nomination, Remuneration

Skills and Experience:
Former Chief Executive Officer of Tesco Ireland Limited and C&C plc. Maurice is also a former president of IBEC the leading Irish business lobby group, and his previous board roles include Eircom, Irish Heart Foundation, Tourism Ireland and Bank of Scotland Ireland. He also has significant skills and experience obtained from his current external directorships. Maurice was appointed Chairman of the Uniphar Board in 2009.

Current External Directorships of note:
Maurice is currently Chairman of Barretstown, European Movement Ireland, B&B Ireland, Nursing Homes Ireland, and Serious Fun Children's Network.

Ger Rabbette
Chief Executive Officer

Nationality: Irish
Appointed: March 2010
Independent: No

Skills and Experience:
An industry veteran, Ger joined Uniphar from Celesio, where he was Managing Director of Movianto Ireland and Head of Celesio Manufacturing Solutions Ireland. Ger is a Chartered Accountant by training and has held a range of senior positions in supply chain with Cahill May Roberts and the wider Celesio Group.

Tim Dolphin
Chief Financial Officer

Nationality: Irish
Appointed: July 2010
Independent: No

Skills and Experience:
Formerly a member of the senior management team at Topaz Energy Limited, Tim has held various senior financial positions with Shell in Ireland, and is an EY trained Chartered Accountant.

Current External Directorships of note:
Tim is currently a member of the board of the Irish Medicines Verification Organisation and the Pharmaceutical Distributors Federation Ireland CLG.

Padraic Dempsey
Chief Commercial Officer

Nationality: Irish
Appointed: March 2017
Independent: No

Skills and Experience:
Padraic has significant senior management experience in the healthcare sector. A business and legal graduate, Padraic joined Uniphar from UDG Healthcare plc in 2014.

Heather Ann McSharry
Senior Independent Director

Nationality: Irish
Appointed: June 2019
Independent: Yes

Committee Memberships:
Nomination

Skills and Experience:
Heather Ann has significant healthcare industry experience from her roles as Managing Director (Ireland) of Reckitt Benckiser and Managing Director (Ireland) of Boots Healthcare. Heather Ann was previously on the Board of Bank of Ireland.

Current External Directorships of note:
Heather Ann is currently on the Board of the following three publicly listed companies: CRH plc, Greencore Plc, and Jazz Pharmaceuticals Plc.

Paul Hogan
Non-Executive Director

Nationality: American/Irish
Appointed: June 2019
Independent: Yes

Committee Memberships:
Audit, Risk and Compliance

Skills and Experience:
Until early 2020, Paul was the Chief Financial Officer at Nelipak Healthcare, a specialist healthcare packaging business in Rhode Island, US. Paul was previously the Director of Development and Chief Financial Officer of the Clondalkin Group. He trained in audit and business advisory in PwC, and is a Chartered Accountant by training.

John Holly
Non-Executive Director

Nationality: Irish
Appointed: September 2009
Independent: No

Committee Memberships:
Audit, Risk and Compliance

Skills and Experience:
John is a retired community pharmacist based in Wicklow. Prior to his appointment to the Board, John had previously sat on the boards of a number of Uniphar's main trading entities.

Marie McConn
Non-Executive Director

Nationality: Irish
Appointed: September 2009
Independent: No

Committee Memberships:
Nomination

Skills and Experience:
Marie is a community pharmacist based in Limerick and a former President of the Irish Pharmacy Union.

Mark Moran
Non-Executive Director

Nationality: Irish
Appointed: August 2018
Independent: No

Committee Memberships:
Nomination

Skills and Experience:
Mark was Chairman of Sisk Healthcare Group, is a former CEO of Mater Private Hospital, and a former Chairman of Galway University Foundation. Mark has also served as Chairman of EBS Building Society and director of the Irish Blood Transfusion Service.

Current External Directorships of note:
Mark is currently a director of the Fitzwilliam Hotel Group.

Ger Penny
Non-Executive Director

Nationality: Irish
Appointed: August 2018
Independent: No

Committee Memberships:
Audit, Risk and Compliance

Skills and Experience:
Ger is the Chief Financial Officer of the Sisk Group, where he leads the finance and IT functions. He also serves as Chairman to the Group's non-construction businesses, and has recently been appointed as a director of the Irish Cancer Society. A qualified accountant and chartered director, Ger also spent 12 years with Diageo plc., where he held a number of senior finance, strategy and operational roles in Dublin, Belfast & London.

Current External Directorships of note:
Ger is currently a director of a number of Sisk Construction companies, and the Irish Cancer Society.

Padraic Staunton
Non-Executive Director

Nationality: Irish
Appointed: September 2009
Independent: No

Committee Memberships:
Remuneration

Skills and Experience:
A retired community pharmacist based in Meath, Padraic has also held a number of senior positions on pharmacy industry committees.

Sue Webb
Non-Executive Director

Nationality: English
Appointed: June 2019
Independent: Yes

Committee Memberships:
Remuneration

Skills and Experience:
Sue has held a variety of sales and marketing roles for Novartis Pharmaceuticals UK Ltd, most recently as Country President, UK & Region Head of Country Management, Europe. Previously, Sue worked for Ortho McNeil in the US and Janssen-Cilag in the UK, with significant experience in pricing, strategy, country reorganisation and launches for pharmaceutical products.

Corporate Governance Report

3 New Independent Non-Executive Directors appointed to the Board

In Uniphar, we have a strong commitment to ensuring that high standards of corporate governance are maintained throughout the organisation. As the Group grows, the Board ensures that we are taking a reasonable strategic approach and managing risk and resources in a balanced and ethical manner.

Preparations for the Company's IPO, in July 2019, involved considerable work to ensure that the Company could meet the more stringent standards of corporate governance expected of a listed company. The Company adopted the QCA Code of Corporate Governance in June 2019 in advance of the IPO. The QCA Code has become a widely recognised benchmark for corporate governance of small and mid-sized companies, particularly companies admitted to trading on AIM and Euronext Growth.

The QCA Code provides the Company with the framework to help ensure that a strong level of governance is maintained, enabling the Company to embed the governance culture that exists within the Group as part of building a successful and sustainable business for all of its stakeholders. It is the Board's intention to continue to enhance its corporate governance framework and to transition to compliance with the UK Code within three years from IPO.

This report outlines the clear roles and structures we have in place for managing corporate governance and seeking to ensure that the Group is positioned to meet high standards of corporate governance at all times.

Corporate Governance Statement

The Directors acknowledge the importance of good corporate governance and believe that good corporate governance creates shareholder value by improving performance, whilst reducing or mitigating the risks that a company faces as it seeks to create sustainable growth over the medium to long-term.

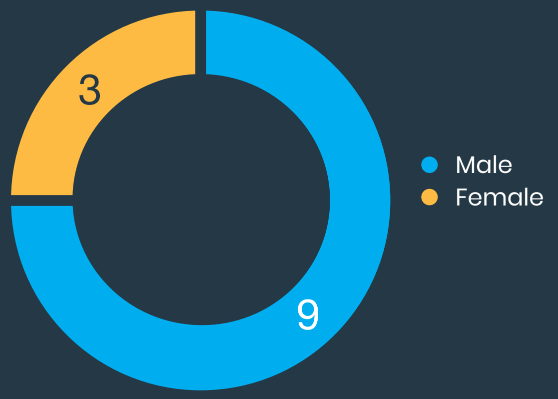
The QCA Code requires the Company to apply ten principles of good corporate governance and publish certain disclosures in its annual report and also on its website. The Company has committed to applying these principles within its business and the full details of the application of these principles are contained on our website, www.uniphar.ie.

Board of Directors

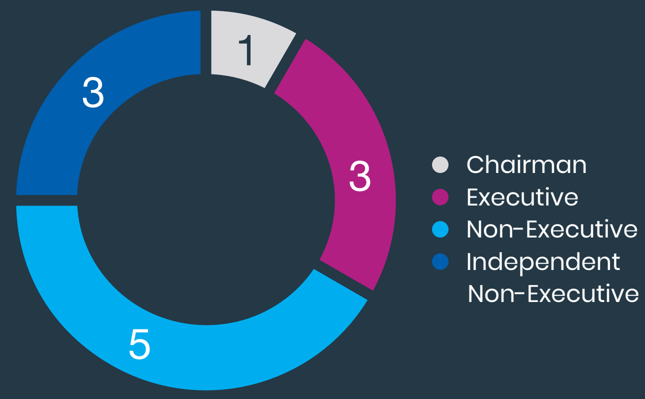
The Board comprises of twelve Directors, three of whom are Executive Directors and nine of whom, including the Chairman, are Non-Executive Directors, reflecting a blend of different experience and backgrounds. Of the Non-Executive Directors, three of these have been deemed by the Board to be independent. Biographies of all of the Directors are set out on pages 56 and 57.

The Board believes that there is an appropriate balance between Executive and Non-Executive Directors for governing the business effectively and promoting shareholder interests. The Board believes this combination of Executive and Non-Executive Directors allows it to exercise objectivity in decision making and proper control of the Group's business and that this composition is appropriate in view of the current size of the Board and requirements of the Group's business.

Board Diversity



Board Composition



Division of Responsibilities

The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive team. The Board has a collective responsibility and legal obligation to promote the interests of the Group and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the Chairman.

The roles of Chairman and Chief Executive Officer are not combined and there is a clear division of responsibilities between them. The Chairman's responsibility is to lead the Board and this ensures that the Board is effective and efficient. The Chief Executive Officer is accountable to the Board for all authority delegated to the executive team.

Chairman
The Chairman has overall responsibility for corporate governance and for promoting high standards throughout the Group. He leads and chairs the Board, ensuring that Committees are properly structured and operate with the appropriate terms of reference. He ensures that all Directors contribute effectively in the development and implementation of the Group's strategy whilst ensuring that the nature and extent of the significant risks the Group is willing to embrace in the implementation of its strategy are determined and challenged. The Chairman is involved in the development of strategy and setting objectives together with the Chief Executive Officer and oversees communication between the Company and its shareholders.

Chief Executive Officer
The Chief Executive Officer provides coherent leadership and management of the Group, leads the development of objectives, strategies and performance standards as agreed by the Board. He monitors, reviews and manages key risks and strategies with the Board, and ensures that the assets of the Group are maintained and safeguarded. He also takes a leading role on investor relations activities to ensure communications and the Company's standing with shareholders and financial institutions is maintained. The Board has delegated responsibility for the management of the Group, through the Chief Executive Officer, to the executive team.

Non-Executive Directors
The Non-Executive Directors contribute independent thinking and judgement through the application of their external experience and knowledge, scrutinise the performance of management, provide constructive challenge to the Executive Directors and ensure that the Group is operating within the governance and risk framework approved by the Board.

Company Secretary
The Company Secretary is responsible for providing clear and timely information flow to the Board and its Committees and supports the Board on matters of corporate governance and risk. All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with. The appointment and removal of the Company Secretary is a matter for the Board.

Senior Independent Director
In June 2019 Heather Ann McSharry was appointed to the role of Senior Independent Director. This role provides a sounding board for the Chairman and serves as an intermediary for the other Directors when necessary. The Senior Independent Director is also available to shareholders if they have concerns.

Committees
The Board is supported in its function by the Audit, Risk and Compliance Committee, the Nomination Committee and the Remuneration Committee and reports from each of these Committees are contained on pages 67 to 80.

Schedule of Matters Reserved for the Board

The Board meets at least six times a year to review, formulate and approve the Group's strategy, budgets and corporate actions and oversee the Group's progress towards its goals.

A formal Schedule of Matters Reserved for the Board is in place and is reviewed annually. Specific responsibilities reserved for the Board include:

- responsibility for the overall leadership of the Group and setting the Group's values and standards;
- approval of the Group's purpose, strategic aims and objectives;
- promoting the long-term sustainable success of the Group, generating value for shareholders and contributing to wider society;
- embodying and promoting a corporate culture that is based on sound ethical values and behaviours and using it as an asset and a source of competitive advantage;
- undertaking an assessment of the prospects of the Group, over a defined period and determining why it considers that period to be appropriate;
- ensuring maintenance of an effective system of internal control and risk management;
- approving changes to the structure, size and composition of the Board, following recommendations by the Nomination Committee;
- undertaking a formal and rigorous review of its own performance, that of its Committees and individual Directors, and the division of responsibilities;
- considering the balance of interests between shareholders, employees, customers and the community.

Appointment of Directors

The Board put in place a formal Board appointments policy in June 2019 which sets out the procedure and criteria to be applied when considering the appointment of new individuals to the Board.

Re-election of Directors

The Articles provide that at least one third of the Company's Directors must retire annually by rotation and are then eligible for re-election in accordance with the Articles.

Directors appointed to the Board during a year must submit themselves to shareholders for election at the Annual General Meeting following their appointment. The Board has determined that when a Non-Executive Director has served on the Board for more than nine years, that Director will be subject to annual re-election.

Induction, development and training

The Directors believe that the Board has significant industry, financial, public markets and governance experience, possessing the necessary mix of experience, skills, personal qualities and capabilities to deliver the strategy of the Group for the benefit of shareholders over the medium to long-term.

In early 2019, the Board engaged external advisers to carry out an independent review of the Board structure and composition. This detailed review focused on the skills and experience of each Board member and identified areas where additional experience and diversity would be appropriate following our IPO to enhance the collective Board composition. Following this review, the Chairman engaged leading organisational consultants to assist with the search for additional Independent Non-Executive Directors for the Board who would possess the skills and diversity profile sought for the Board. The outcome of this process saw the appointment of Paul Hogan, Heather Ann McSharry and Sue Webb as new Independent Non-Executive Directors increasing the independent representation on the Board.

In addition, the Board engaged external experts including legal advisers, accountants, Nominated Adviser and Euronext Growth Adviser and brokers in accordance with fundraising and normal legal and financial processes associated with being a company admitted to trading on AIM and Euronext Growth.

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The Board is kept abreast of key developments regarding corporate governance and AIM and Euronext Growth regulation by its Nominated Adviser and Euronext Growth Adviser, and its legal advisers. The Company's legal advisers provide updates on relevant legal and governance issues with the Nominated Adviser and Euronext Growth Adviser providing the Board with training on the AIM Rules and Euronext Growth Rules (as applicable) and refresher training as and when required. The Company Secretary also helps keep the Board up to date on corporate governance developments and liaises with the Nominated Adviser and Euronext Growth Adviser on areas of AIM and Euronext Growth Rules requirements.

The Directors have access to the Nominated Adviser and Euronext Growth Adviser, Company Secretary, lawyers and auditors as and when required and are able to obtain advice from other external bodies when necessary.

A new Board induction procedure was put in place in June 2019 and as a result, when new Directors join the Board they are provided with extensive briefing materials on the Group and its operations, as well as training where appropriate.

Board Evaluation

The Board believes that, in addition to dealing with any matters as they arise, it is appropriate to carry out a formal evaluation of the performance of the Board each year. This is intended to ensure that the Board remains effective, well-informed and able to make high quality and timely decisions for the benefit of all stakeholders of the Group.

The Board has recently put a formal annual performance evaluation procedure in place. As part of the annual evaluation process, the performance of the Board as a whole, Board processes, its Committees, the Chairman, and individual Directors on an individual basis shall be assessed. The Board will conduct a self-evaluation of its performance on an annual basis and a separate external evaluation of the Board will be facilitated at least every three years. The Chairman is responsible for overseeing the annual evaluation process.

The annual performance evaluation procedure includes an evaluation of:

- the composition and structure of the Board, to include balance of skills, experience and knowledge on the Board;
- the Boards' diversity, to include gender, social and ethnic backgrounds, and cognitive and personal strengths;
- independence of the Board and individual Directors;
- how the Board works together as a unit to achieve objectives and fulfil responsibilities;
- how the Board discharges its roles and responsibilities;
- Board processes, to include effectiveness of meetings, agendas, forward planning and reporting;
- the Chairman's leadership style and approach;
- performance of Committees; and
- individual Directors' performance and ability to contribute effectively and ongoing commitment to their role as Director and, if relevant, Committee members.

Board succession planning

The Board plans for its own succession with the assistance of the Nomination Committee and has prepared a succession plan to ensure that the Board has continuity of relevant skills and independence in the future. In so doing, the Board considers the skill, knowledge and experience necessary to enable it to meet the strategic vision for the Group.

Independence

In 2019, the Board engaged the services of independent consultants to undertake a search for suitable candidates to serve as Independent Non-Executive Directors.

The Board has determined that Paul Hogan, Heather Ann McSharry and Sue Webb are independent in character and judgement and that there are no relationships or circumstances which could materially affect or interfere with the exercise of their independent judgement. The Board has also determined that each of the other Non-Executive Directors are not independent based on either their tenure on the Board or their nominee status arising from the acquisition of Sisk Healthcare.

Time Commitment

Each Board member commits sufficient time to fulfil their duties and obligations to the Board and the Group and expectations in terms of time commitment are clearly set out in the terms of appointment of all Non-Executive Directors.

There were 15 formal meetings of the Board during 2019. Details of Directors' attendance at those meetings are set out in the table above. The Chairman sets the agenda for each meeting, in consultation with the Chief Executive Officer and the Company Secretary. Board papers are circulated to Directors in advance of meetings. The Non-Executive Directors met frequently during 2019 without Executive Directors present and discussed a wide range of issues including those brought to it by the various standing Board Committees.

In June 2019, Matt Murphy, Michael Quinn and Criofan Shannon retired from the Board. Subsequently, the Board approved the appointment of Paul Hogan, Heather Ann McSharry and Sue Webb as new Independent Non-Executive Directors enhancing the independent representation on the Board. Heather Ann McSharry was appointed as Senior Independent Director.

Board Committees

The Board has three permanent Committees to assist in the execution of its responsibilities. These are the Audit, Risk and Compliance Committee, the Nomination Committee and the Remuneration Committee. Ad hoc committees are formed from time to time to deal with specific matters. For example, the Board constituted an IPO sub-committee in 2018 to consider matters relating to the IPO.

Each of the permanent Committees has terms of reference under which authority is delegated to them by the Board. The Chair of each Committee reports to the Board on its deliberations, attends the Annual General Meeting and is available to answer questions from shareholders.

The current membership of each Committee, details of attendance, each member's tenure, and the roles and responsibilities of each Committee are set out in the individual Committee reports on pages 67 to 80.

Attendance at Board and Board Committee meetings in 2019

	Board		Audit, Risk and Compliance Committee		Nomination Committee		Remuneration Committee	
Director	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
M. Pratt	15	15	-	-	3	3	1	1
G. Rabbette	15	14	-	-	-	-	-	-
T. Dolphin	15	15	-	-	-	-	-	-
P. Dempsey	15	13	-	-	-	-	-	-
H. McSharry	5	5	-	-	0	0	-	-
P. Hogan	5	4	2	2	-	-	-	-
J. Holly	15	13	10	10	-	-	-	-
M. McConn	15	13	-	-	3	3	-	-
M. Moran	15	12	-	-	3	3	-	-
G. Penny	15	13	2	2	-	-	-	-
P. Staunton	15	13	-	-	-	-	1	1
S. Webb	5	5	-	-	-	-	0	0
M. Murphy	10	9	8	8	-	-	-	-
M. Quinn	10	8	8	8	-	-	1	1
C. Shannon	10	9	-	-	3	3	-	-

Column A indicates the number of meetings held during the period in which the Director was a member of the Board and/or Committee.
Column B indicates the number of meetings attended during the period in which the Director was a member of the Board and/or Committee.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee consists of three Non-Executive Directors: Paul Hogan, John Holly and Ger Penny. Paul Hogan is Chair of this Committee and is considered by the Board to be independent. Paul Hogan and Ger Penny also have extensive financial experience and expertise. It will be seen from the Directors' biographical details appearing on pages 56 and 57 that the members of the Committee bring to it a wide range of experience and expertise. The Committee met 10 times during 2019. The Chief Financial Officer, and senior members of the Group Finance team, normally attend meetings of the Committee while the Chief Executive Officer attends when necessary. The external auditors attend as required and have direct access to the Committee Chair at all times. During the year, the Committee met with the external auditors without management being present.

Nomination Committee

The Nomination Committee consists of four Non-Executive Directors: Heather Ann McSharry, Maurice Pratt, Marie McConn and Mark Moran. Heather Ann McSharry is Chair of this Committee and is considered by the Board to be Independent. The Committee assists the Board in ensuring that the composition of the Board and its Committees is appropriate to the needs of the Group.

In discharging its responsibilities, the Committee uses the services of independent consultants as required.

Remuneration Committee

The Remuneration Committee consists of three Non-Executive Directors: Maurice Pratt, Padraic Staunton and Sue Webb. During 2019, Maurice Pratt was the Chair of this Committee and was succeeded as Chair by Sue Webb in March 2020. The Board has determined that Sue Webb is independent.

The Committee receives advice from leading independent firms of compensation and benefits consultants when necessary and the Chief Executive Officer is fully consulted about remuneration proposals.

Communications with Shareholders

The Company has established a framework for stakeholder engagement which identifies the key stakeholders of the Group (including shareholders), sets out mechanisms for engaging and communicating with them and details key responsibilities.

The Company's main method of communication with its shareholders has traditionally been through its Annual Report and AGM process. The Board recognises that understanding and meeting shareholder needs and expectations is a key business objective in and of itself. The Group appointed a Group Director of Corporate Development in May 2019, who manages investor relations and shareholder communications on behalf of the Group. In 2019, the Group also put in place an investor relations policy to:

- outline the Company's methods of communication to shareholders;
- ensure that the Company communicates effectively with all shareholders; and
- ensure that the Company discloses information correctly, in a balanced, transparent and timely way and simultaneously to shareholders.

Shareholders are kept up to date on matters of a material substance and/or a regulatory nature via announcements made through the regulatory news service and updates are provided to the market via this regulatory news service.

The Company's AGM is an opportunity for shareholders to meet with the Chairman and other members of the Board. The meeting is open to all shareholders, giving them the opportunity to ask questions and raise issues during the meeting or more informally following the meeting. The results of the Company's AGM will be announced via the regulatory news service.

In 2019, the Company also implemented a "Significant Votes Against a Resolution Procedure" which will ensure that where 20% or more of votes have been cast against the Board's recommendation for a resolution at a general meeting of shareholders, the Board will engage with shareholders and seek to understand their views in relation to the significant vote against.

The Board views the Annual Report as well as its interim results as key communication channels through which progress in meeting the Group's objectives and updating its strategic targets can be given to all shareholders. In addition, the Board uses the AGM as a primary mechanism to engage with shareholders, both to give information and receive feedback about the Group and its progress.

With the Company's successful dual listing on the Euronext Growth (Dublin) and AIM (London) markets in July 2019, there was c.200 meetings and conferences calls with existing and prospective shareholders during 2019, including:

Date	Activity
April 2019	Investors presentations in Dublin and London
June 2019	Annual General Meeting, Dublin
June 2019	IPO pilot fishing
July 2019	IPO roadshows in Dublin, London, Edinburgh, Frankfurt, Paris and New York
September 2019	Interim results for six months ended 30 June 2019
September 2019	Roadshows in Dublin, London, Frankfurt and Paris
October 2019	USA roadshow and investor calls
November 2019	Investor meetings and calls
December 2019	Investor meetings and calls

Internal control and risk management

The Directors have overall responsibility for the Group's system of internal control and for reviewing its effectiveness. This system is designed to help the Group meet its business objectives by appropriately managing, rather than eliminating, the risks to those objectives. Through the activities of the Audit, Risk and Compliance Committee, the effectiveness of these internal controls is regularly reviewed.

The Group's Risk Management Policy is designed to provide the framework to identify, assess, monitor and manage the risks associated with the Group's business. Further details in relation to the Group's risk management framework are set out on pages 28 to 33.

Culture

The Directors are committed to upholding ethical values and behaviours both at Board level and throughout the Group.

The Schedule of Matters Reserved for the Board includes an obligation on the Board to:

- embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage; and
- establish a framework for setting, promoting, monitoring and assessing culture.

The Group is mindful that its corporate culture transcends all three business divisions. The Group is committed to reviewing and further developing and communicating its corporate culture across the enlarged Group and to its stakeholders.

Go to page 6 for more on our Investment Case

Case Study

Corporate Governance

Strengthening the Board and improving gender balance

Issue

We have a strong commitment to ensuring that high standards of corporate governance are maintained throughout the organisation. As the Group grows, the Board of Directors ensures that we are taking a reasonable strategic approach and managing risk and resources in a balanced and ethical manner. Therefore, it is essential that the Board has the skills, experience and independence to fulfil this important role.

As part of the constant drive to enhance standards of corporate governance, we identified an opportunity to improve the diversity and broaden the skillset of our Board during 2019.

Action

- Working with an independent resourcing consultancy firm, we began an international search for suitably qualified candidates who could bring significant added value to the Board.
- We were conscious of identifying candidates with international experience in healthcare as well as experience of listed plc boards.
- Improving the gender balance and independence of the Board were key focuses of the search.

Outcome

- Following the extensive search process, we made three new appointments to the Board, adding diversity, independence and listed plc experience to the Board.
- The new appointments saw an increase in independence to 25% and an increase in female representation, bringing the total female representation on the Board to 25%.
- The addition of board members with extensive international senior management experience from the US and the UK.

Audit, Risk and Compliance Committee Report

I succeeded Michael Quinn as Chair of the Audit, Risk and Compliance Committee on my appointment to the Board in June 2019. On behalf of the Committee, I am pleased to present the report of the Committee for the year ended 31 December 2019, which provides a summary of the Committee's role and responsibilities, and how the Committee discharged these during 2019.

Membership

The members of the Committee are set out in the table below, along with the date of appointment of each member, and details of their attendance at Committee meetings during the year. During 2019, Matt Murphy and Michael Quinn retired from the Board and the Committee and Ger Penny and I were appointed to the Committee. The Committee member's biographies are set out on pages 56 and 57.

The Committee is appointed by the Board and the terms of reference of the Committee state that the composition should comprise of a minimum of three Independent Non-Executive Directors, to the extent possible. The Committee does not currently meet this independence criteria. However, 2019 saw the appointment of an Independent Chair to the Committee and the Board is committed to ensuring that the Committee transitions to meeting this independence requirement in the future, once the composition of the Board permits this.

The members of the Committee bring to it a wide range of experience and expertise including significant financial experience, and knowledge of financial reporting principles.

Committee Member	Position	Appointed	Resignation	Attendance
Paul Hogan	Committee Chair	June 2019	N/A	2 / 2
John Holly	Non-Executive Director	Sept. 2010	N/A	10 / 10
Ger Penny	Non-Executive Director	June 2019	N/A	2 / 2
Matt Murphy	Non-Executive Director	Sept. 2010	June 2019	8 / 8
Michael Quinn	Non-Executive Director	Sept. 2002	June 2019	8 / 8

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for the Independent
Auditors' Report

Role of the Audit, Risk and Compliance Committee

The Committee is responsible for ensuring that the financial performance of the Group is accurately reported. The Committee's role includes;

- monitoring the integrity of the financial statements of the Group;
- reviewing significant financial reporting issues;
- reviewing the effectiveness of the internal controls;
- monitoring and reviewing the effectiveness of the internal audit function; and
- making recommendations to the Board on the appointment or removal of the external auditors as well as approving their remuneration and terms of engagement and evaluating their performance.

A copy of the terms of reference of the Committee is available on the Group's website, www.uniphar.ie.

Meetings of the Committee

The Committee met 10 times during 2019. The Chief Financial Officer and senior members of the Group Finance team normally attend meetings of the Committee while the Chief Executive Officer attends when necessary. The external auditors attend as required and have direct access to the Committee Chair at all times. During the year, the Committee met with the external auditors without management being present.

The main activities of the Committee during the year included:

- review of the Working Capital Report, Financial Position and Prospects Procedures Report together with risk and compliance related policies and procedures as part of the IPO preparations;
- review of the annual and interim reports and related statements and recommendation of these to the Board for approval;
- approval of the external audit plan and identification of significant risks;
- approval of the internal audit plan and internal audit charter;
- approval of fees paid to the external auditors for audit and non-audit services;
- review of the independence, objectivity, performance and effectiveness of the external auditors;
- review of the integrity and consistency of the key accounting judgements;
- review of principal risks and uncertainties; and
- review of the Group's accounting for significant acquisitions.

Financial Reporting and Key Areas of Focus

The Committee has an important oversight role in providing the Board with assurance as to the propriety of the financial reporting process. As part of this role, the Committee considers significant accounting policies, any changes to them and any significant judgements and estimates. During the year the Committee reviewed the clarity and integrity of disclosures in the financial statements and reviewed in detail the goodwill impairment assessment. The Committee also had detailed discussions on these matters with senior management and the external auditor.

The Committee reviewed the Annual Report and were able to confirm to the Board that, in its view, it was fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Goodwill Impairment Assessment

For the purposes of its annual impairment testing process, the Group assesses the recoverable amount of each of the Group's cash generating units ("CGUs") based on the calculation of the value-in-use or fair value less costs to sell. The annual goodwill impairment testing was conducted by management, and papers outlining the methodology and assumptions used in, and the results of, that assessment were presented to the Committee. Through discussion with both management and the external auditors, the Committee reviewed management's goodwill impairment testing methodology and processes. In this regard the Committee specifically assessed the key assumptions used to estimate the recoverable amount of each CGU, including future cash flows and discount rates applied in the calculation of the value in use, along with the sensitivity analysis performed. The Committee found the methodology to be robust and the results of the assessment, together with the disclosures in note 12 of the financial statements, to be appropriate.

Risk Management

The Group's internal control and risk management framework is embedded within the organisational structure. The Committee is responsible for reviewing the adequacy and effectiveness of the internal control system and risk management on behalf of the Board.

During the year, the Committee reviewed in depth the process followed by the Group to identify and manage risk and to determine the principal risks faced by the Group. The Committee is satisfied that the risk management process is robust.

Further details on the Group's risk management is contained on pages 28 to 33.

Internal Audit

The Group has an internal audit function appropriate to the Group's current size and complexity. During 2019 the Group appointed a new dedicated Head of Internal Audit who meets with the Committee to monitor the adequacy of the Group's internal control systems.

External Auditor

The Committee has an important role in supporting the Board in discharging its duties by providing independent oversight over the external audit.

Independence and Objectivity

The Committee is responsible for ensuring that the external auditor is objective and independent. PwC as external auditor is precluded from engaging in certain non-audit services which would compromise its independence, violate any laws and regulations and affect its appointment as external auditor.

During 2019, as presented in the financial statements, the level of non-audit fees received by PwC was €2.0m. The non-audit services performed by PwC during the year largely related to advisory work in connection with the IPO, due diligence and tax advice on acquisitions completed during the year.

The Committee performed a review of the audit and non-audit services provided by the external auditor and the fees charged for those services in respect of the year ended 31 December 2019. Following this review and the confirmation in writing received from the Group's external auditor re-affirming its independence and objectivity, the Committee is satisfied as to PwC's independence and objectivity.

Effectiveness

The external audit plan for the year ended 31 December 2019 was presented by PwC to the Committee at its meeting in November 2019. The Committee reviewed and appropriately challenged the external auditor before agreeing the proposed audit scope and approach.

PwC subsequently presented a detailed report of their audit findings to the Committee at its meeting in March 2020.

In determining the appropriateness of the external auditor, the Committee had full regard to the auditor's competence, the quality and efficiency of the audit, and whether the audit fee is appropriate in relation to the size, complexity, and risk and control profile of the Group. After taking into account all of the above factors, the Committee continues to be satisfied with the performance of PwC and has informed the Board accordingly.

Areas of Focus for 2020

Looking ahead to 2020, the Committee will continue to focus on external audit planning, rigorous risk management and internal controls.

On behalf of the Committee

Paul Hogan
Chair of the Audit, Risk and Compliance Committee

Nomination Committee Report

I succeeded Maurice Pratt as Chair of the Nomination Committee on my appointment to the Board in June 2019. On behalf of the Committee I am pleased to present the report for the year ended 31 December 2019, which provides a summary of the Committee's role and responsibilities, and how the Committee discharged these during 2019.

Membership

The members of the Committee are set out in the table below, along with the date of appointment of each member and details of their attendance at Committee meetings during the year. During 2019, Criofan Shannon retired from the Board and the Committee, Mark Moran and I were appointed as members of the Committee. Biographies of each Committee member are set out on pages 56 and 57.

The Committee is appointed by the Board and the terms of reference of the Committee state that the composition should comprise of a minimum of three Directors, the majority of whom must be Independent Non-Executive Directors. The Committee does not currently meet this independence criteria. However, 2019 saw the appointment of an independent Chair of the Committee. In line with the Board's commitment to transition to compliance with the UK Code within three years from IPO, the Committee composition will be refreshed to meet the independence requirements set out in the Committee's terms of reference, whilst balancing the need for continuity in the short term.

Each appointment to the Committee is for a term of up to three years, which may be extended by up to two further three-year terms, provided the Director in question continues to meet the criteria for membership of the Committee. Both Maurice Pratt and Marie McConn have served on the Committee for over 10 years. In reviewing the composition of the Committee during 2019, and in light of the appointment of both Mark Moran and myself as new members of the Committee, the Board and the Committee were cognisant of the need to ensure continuity and have extended the tenure of both Maurice Pratt and Marie McConn beyond that set out in the Committee terms of reference.

Under the terms of reference, the Chair of the Committee may be either the Chair of the Board or another Independent Non-Executive Director. Following my appointment to the Board in June 2019, I was delighted to be appointed as Chair of the Committee.

Committee Member	Position	Appointed	Resignation	Attendance
Heather Ann McSharry	Committee Chair	June 2019	N/A	0 / 0*
Maurice Pratt	Non-Executive Chairman	Oct. 2009	N/A	3 / 3
Marie McConn	Non-Executive Director	Oct. 2009	N/A	3 / 3
Mark Moran	Non-Executive Director	May 2019	N/A	3 / 3
Criofan Shannon	Non-Executive Director	Oct. 2009	June 2019	3 / 3

** No formal meetings of the Committee were held after June 2019.*

Role of the Nomination Committee

The Committee is responsible for overseeing succession planning for the Board and senior management and assessing the leadership needs for the Group in terms of the ability of the Group to compete effectively. In that regard the Committee's roles include:

- reviewing the structure, size and composition of the Board including the skills, knowledge and experience of the Directors;
- making recommendations to the Board with regard to any changes to its composition or that of the Committees;
- identifying and nominating candidates to fill Board vacancies;
- overseeing the performance evaluation of the Board; and
- succession planning for senior management.

A copy of the terms of reference of the Committee is available on the Group's website, www.uniphar.ie

Meetings of the Committee

The Committee met three times during 2019. The principal matters dealt with by the Committee included the following:

- consideration of the independent adviser's report on Board composition;
- evaluation of potential independent non-executive candidates;
- Board succession and retirement by rotation;
- resignations of the outgoing Directors;
- recommendation of the new Independent Non-Executive Directors for appointment to the Board and Committees and the appointment of the new Company Secretary;
- review and recommendation for approval of new policies to enhance Board governance.

Board and Committee Composition

Elections and re-elections at AGM

The Articles provide (1) that at least one third of the Directors must retire annually by rotation and (2) the terms on which they are eligible for re-election. Re-appointment is not automatic.

Directors seeking re-election are subject to a performance appraisal which is overseen by the Committee. Directors appointed to the Board during a year must submit themselves to shareholders for election at the Annual General Meeting following their appointment. The Board has determined that when a Non-Executive Director has served on the Board for more than nine years, that Director will be subject to annual re-election.

Tim Dolphin, Padraic Dempsey, John Holly, Marie McConn, Padraic Staunton, Matt Murphy, Michael Quinn and Criofan Shannon were re-elected by the shareholders as Directors at the Company's AGM on 12 June 2019.

On 27 June 2019, Michael Quinn, Matt Murphy and Criofan Shannon retired from the Board and three new Independent Non-Executive Directors were appointed – Paul Hogan, Sue Webb and myself.

Michael Quinn, Matt Murphy and Criofan Shannon all contributed hugely to the Board during their respective terms and on behalf of the Committee and the Board, I would like to extend a warm thanks to each of them for their commitment and contributions to the Group over the past decade.

Appointment of Company Secretary

In 2019, the Committee recommended the appointment of Aisling McCarthy as Group Company Secretary and the Board approved her appointment on 1 May 2019.

Appointment of Non-Executive Directors

As part of the Company's IPO preparations, the Board appointed external advisers to carry out an independent review of the Board structure and composition. This detailed review focused on the skills and experience of each Board member and identified areas where additional experience and diversity would be appropriate post-IPO to enhance the collective Board composition. Following this review, the Chairman engaged a leading firm of organisational consultants to assist with the search for additional Independent Non-Executive Directors for the Board who possess the skills/diversity profile sought of the Board. The outcome of this process saw the appointment of Paul Hogan, Sue Webb and myself as new Independent Non-Executive Directors increasing the

The Board is keen to ensure the Group benefits from the expertise and insights of a high-quality Board comprising of individuals with an appropriate balance of skills and experience.

independent representation on the Board. I was also appointed as Senior Independent Director on my appointment to the Board.

Appointment of Board Committees

During 2019 the Committee and Board completed a review of the composition of the main Board Committees (Audit, Risk and Compliance Committee, Nomination Committee and Remuneration Committee) having regard to skills, experience, diversity and the time required of each of the Non-Executive Directors in discharging their responsibilities.

The composition of the Committees does not currently meet the independence criteria contained in the terms of reference for those Committees. However, following the appointment of Sue Webb as Chair of the Remuneration Committee in March 2020, each Board Committee now has an independent Chair and in line with its commitment to further enhance its corporate governance standards the Board intends to increase independent representation on the Board and its Committees in the near term.

Each appointment to a Board Committee is for a term of up to three years, which may be extended by up to two further three-year terms, provided the Director in question continues to meet the criteria for membership of the relevant committee. A number of the Board Committees currently have members serving in excess of this term and it is the Board's intention that these members will transition off these Committees as the Board moves to increase independence across all Committees.

Boardroom Diversity

The Board is keen to ensure the Group benefits from the expertise and insights of a high-quality Board comprising of individuals with an appropriate balance of skills and experience. Each year the Committee reviews the businesses evolving needs and the core competencies and construct of our Board. Diversity and equality in all aspects remain key values in relation to Board appointments.

On the appointment of Sue Webb and myself to the Board in June 2019, in addition to Marie McConn's continued position on the Board, the Committee is pleased that the Board now comprises of 25% female members, four years ahead of the Irish Governments, 'Balance for Better Business' Initiative which is targeting 25% female Board membership for all Irish listed companies by 2023.

Succession Planning

Board succession was a key focus of the Committee in 2019 as a number of long-serving members of the Board resigned and three new Independent Non-Executive Directors were appointed. As the Board stated at the time of the IPO, it is the Board's objective to continue to enhance its corporate governance structures and to transition to full compliance with the UK Code within three years from IPO. The Committee is cognisant that in order to achieve this objective a series of further Board changes will need to occur within this timeframe. The Committee has therefore put in place a detailed succession plan which balances the need for stability and continuity with the need to move towards a smaller, more independent Board.

Length of Tenure

The length of tenure on the Board and on the three main Board Committees as at 31 December 2019 is set out below:

	Board of Directors Years	Audit, Risk and Compliance Committee Years	Remuneration Committee Years	Nomination Committee Years
Executive Directors				
Ger Rabbette	9.8	-	-	-
Tim Dolphin	9.4	-	-	-
Padraic Dempsey	2.8	-	-	-
Non-Executive Directors				
Maurice Pratt	16.5	-	10.2	10.2
Heather Ann McSharry	0.5	-	-	0.5
Paul Hogan	0.5	0.5	-	-
John Holly	10.3	10.2	-	-
Marie McConn	10.3	-	-	10.2
Mark Moran	1.4	-	-	0.7
Ger Penny	1.4	0.5	-	-
Padraic Staunton	10.3	-	10.2	-
Sue Webb	0.5	-	0.5	-
Average tenure	**6.1**	**3.7**	**7.0**	**5.4**

A number of the Non-Executive Directors, including our Chairman, have served on the Board for longer than nine years. The succession plan that the Committee and the Board have approved will see a number of changes to the composition of the Board over the next three years as the Board moves to comply with the corporate governance standards set out in the UK Code. In the interests of maintaining stability and to have an orderly transition at a time of significant change, the Board and the Committee believe that our current Chairman is best placed to continue to Chair the Board through this transitional phase.

Areas of Focus for 2020

A key area of focus for the Committee in 2020 will be the implementation of the Board succession plan. As our business continues to grow, the Committee will also focus on senior management succession planning to ensure the Group continues to have the depth of resources required to compete effectively in all markets in which it operates.

In 2020, the Board also intends to review the terms of reference of the Committee to ensure it will keep up to date on evolving corporate governance requirements and make recommendations to the Board on any updates required to reflect developing best practice.

On behalf of the Committee

Heather Ann McSharry
Chair of the Nomination Committee

Remuneration Committee Report

As outgoing Chair of the Remuneration Committee, I am pleased to present the report for the Committee for the year ended 31 December 2019.

The objective of this Report is to provide the shareholders with information to enable them to understand the remuneration structures in place and how they relate to the Group's financial performance. The report also provides a summary of the Committee's roles and responsibilities and how these were discharged during 2019.

The Committee has ensured that the disclosures in relation to the remuneration structures reflect best corporate governance practice, having regard to the Group's size and the markets on which its shares are listed.

Membership

The members of the Remuneration Committee are set out in the table below, together with the date of appointment of each member, and attendance details.

During 2019, Michael Quinn retired from both the Board and the Committee. Sue Webb joined the Board and the Committee during 2019 and took over from me as Chair of the Committee in March 2020. I would like to wish her well in her new role and I look forward to serving on the Committee alongside her.

The Committee member's biographies are set out on pages 56 and 57.

Committee Member	Position	Appointed	Resignation	Attendance
Maurice Pratt	Committee Chair	Oct. 2009	N/A	1 / 1
Sue Webb	Independent Non-Executive Director	June 2019	N/A	0 / 0*
Padraic Staunton	Non-Executive Director	Oct. 2009	N/A	1 / 1
Michael Quinn	Non-Executive Director	Sept. 2002	June 2019	1 / 1

**No formal meetings of the Committee were held after June 2019*

Members are appointed to the Committee for a term of up to three years, which may be extended by up to two further three-year terms, provided (where relevant) the Director in question remains independent. The terms of reference of the Committee also require that there is a minimum of three Directors on the Committee with, at least two being Independent Non-Executive Directors. Currently the tenures of both Padraic Staunton and myself are in excess of the maximum nine-year term and the Committee does not currently meet the independence criteria set out in the terms of reference. However, the Board is committed to ensuring that the Committee transitions to a composition that meets the requirements set out in the terms of reference and the Board has a succession plan in place which aims to achieve this within the next three years.

Role of the Remuneration Committee

The Committee's main duties are to:

- determine the Group's policy on executive remuneration;
- review the suitability of performance measurement criteria for the Executive Directors, the Chairman and senior key management;
- review the notice periods for Executive Director employment contracts;
- determine compensation arrangements for early termination of employment contracts;
- administer LTIP schemes for Executive Directors and key senior management; and
- review the performance of Executive Directors against key performance indicators for the purposes of determining annual bonus entitlements and make recommendations to the Board about pay out level.

Meetings of the Committee

The Committee met once in 2019 and each member serving on the Committee at that time attended this meeting.

Remuneration Policy

The Board, on the recommendation of the Remuneration Committee, approved the Group's Remuneration Policy on 14 June 2019. The Group's Remuneration Policy sets out the framework for all remuneration related policies, procedures and practices within the Uniphar Group. The Remuneration Policy has been prepared in line with the business strategy, objectives, values and interests of the Group and its aim is to promote long-term sustainable success.

The Group is committed to promoting a transparent remuneration structure incorporating the following principles:

- **Fairness** – the Group aims to continually remunerate employees in a fair way, aligning to or exceeding market rates in order to attract, retain and motivate the highest calibre of individuals. Remuneration in the Group is set independently of gender, age, religion, disability, sexual orientation, political affiliation or ethnic background.
- **Performance based** – performance-based incentives play a key role in aligning individual objectives with the Group's strategy and values;
- **Externally aligned** – the Group aims to align remuneration to market leaders, competitors and benchmarking data.

The Group's policy on Executive Director remuneration is to ensure that the remuneration promotes the achievement of the long-term strategic goals of the Group and appropriately reflects the role and responsibility of the Director. The Group recognises the need to attract and retain highly skilled and experienced individuals and reflects this in its remuneration package with a mix of fixed and performance-linked elements. The Group also refers to external benchmarks when setting remuneration levels.

Advisors to the Remuneration Committee

During 2019, the Group engaged the services of external remuneration consultants Willis Towers Watson. Their advice related to bonus scheme structuring for executives and key senior management. The total fees paid to Willis Towers Watson during the year were €17,000, these were charged on a time and materials basis.

No other external advisers were engaged in respect of remuneration consulting services during the year.

Executive Directors

Executive remuneration within the Group can be broken down into the following five components which we believe provide a fair balance between fixed and performance related remuneration.

Key	Purpose & Link to Group Strategy	Operation	Maximum	Performance Metric
Salary	Provide an appropriate level of fixed remuneration to recruit and retain the necessary skill and talent to develop and deliver on the business strategy.	An appropriate base salary is set and reviewed by the Committee annually. Factors taken into consideration include: - skills & experience; - specific role and level of responsibility; - external benchmarks, including economic indicators and geographical scope.	Base salaries and increases are aligned and bench marked to market leaders, competitors and industry standards	Not Applicable
Bonus	To drive and reward for the delivery of business objectives over the financial year.	The Committee reviews the performance of the Executive Directors for the purposes of determining annual bonus entitlements and makes recommendations to the Board as to the pay-out level.	In early 2020, the Board, on the recommendation of the Committee approved a bonus grid which is designed to align management's interests with those of shareholders. Further details on the grid structure are set out below in "Remuneration Policy in 2020".	Based on the bonus grid approved by the Board in March 2020, 80% of executive bonus is linked to company performance and specifically in achieving challenging EBITDA and Free Cash Flow targets. The remaining 20% opportunity is linked to personal performance targets established by the Committee.
Pension	To provide competitive, flexible retirement benefit that does not impose any unacceptable level of financial risk to the Group.	Executive Directors are enrolled into a defined contribution pension plan or are offered the alternative of cash allowances.	20% of annual base salary.	Not Applicable
Benefits	To provide other market competitive monetary and non-monetary benefits.	Provide a level of benefits or specified monetary allowances including, healthcare and car.	The level of benefits is set at an appropriate market rate.	Not Applicable

Key	Purpose & Link to Group Strategy	Operation	Maximum	Performance Metric
LTIP	To reward participants for the delivery of the Group's goals and driving shareholder value.	The LTIP was established in 2018 and represents 4.9% of issued share capital, with executives and key employees participating in the arrangement.	The Group's current LTIP is fully allotted and the details of each Executive Director's interest is set out below.	Vesting of the LTIP shares is subject to (i) reaching the share price targets set out below: €1.75 – 25% €2.25 – 25% €2.75 – 25% €3.30 – 25% and (ii) remaining in employment with the Group on the vesting date. In 2020, the Board, on the recommendation of the Committee, approved the extension of the vesting date of the LTIP to 31 December 2024 to bring this in line with the Group's strategy to double EBITDA within five years from IPO.

LTIP

The below table sets out the LTIP share awards granted to Executive Directors in 2018. There were no further awards granted to Executive Directors in 2019 and the existing LTIP is now fully allotted.

Director	Number of LTIP awards granted 2018
G. Rabbette	3,685,427
T. Dolphin	2,284,965
P. Dempsey	2,284,965

Non-Executive Directors

The Board aims to recruit high-calibre Non-Executive Directors, with broad commercial, international or other relevant experience. Non-Executive Directors cannot individually vote on their own remuneration. Non-Executive Director remuneration is reviewed by the Chairman and the Executive Directors and discussed and agreed by the Board. Non-Executive Directors may attend the Board discussion but may not participate in it.

In accordance with the resolution passed at the 2019 AGM, the aggregate fees payable to the Non-Executive Directors shall not exceed €750,000.

The total aggregate remuneration of all Non-Executive Directors is subject to approval at each AGM.

As Chairman I am paid a fee of €150,000 per annum and each of the other Non-Executive Directors are paid such fees as the Board determine to be appropriate, taking account of increased time commitments for the Senior Independent Director and each Chair of a Board Committee.
In addition, all reasonable and documented expenses incurred in the performance of the Non-Executive Directors' duties are reimbursed.

Annual Report on Remuneration 2019

The following table sets out the total remuneration for Directors for the year ending 31 December 2019:

Director	Salary/fees €'000	Bonus[4] €'000	Pension/ Allowance[5] €'000	Other Benefits[6] €'000	LTIP €'000	Total 2019 €'000
Executive Directors:						
G. Rabbette	440	440	161	77	-	1,118
T. Dolphin	300	300	106	91	-	797
P. Dempsey	300	300	56	60	-	716
Non-Executive Directors						
M. Pratt	123	-	-	-	-	123
H. McSharry[1]	45	-	-	-	-	45
P. Hogan[1]	38	-	-	-	-	38
J. Holly	51	-	-	-	-	51
M. McConn	47	-	-	-	-	47
M. Moran[3]	60	-	-	-	-	60
G. Penny[3]	60	-	-	-	-	60
P. Staunton	47	-	-	-	-	47
S. Webb[1]	30	-	-	-	-	30
M. Murphy[2]	18	-	-	-	-	18
M. Quinn[2]	24	-	-	-	-	24
C. Shannon[2]	17	-	-	-	-	17
Total	**1,600**	**1,040**	**323**	**228**	**-**	**3,191**

1. P. Hogan, H. McSharry, and S. Webb were appointed as Directors on 27 June 2019.
2. M. Murphy, M. Quinn and C. Shannon resigned as Directors on 27 June 2019.
3. M. Moran and G. Penny includes salary paid in respect of 2019 and for the period of appointment in 2018.
4. In 2019, the Committee determined that based on performance during 2018, each Executive Director's bonus pay-out would be 100% of base salary.
5. Pension allowance payments for G. Rabbette and T. Dolphin in 2019 include payments in respect of prior year entitlements.
6. Other benefits principally include health and car allowances together with benefit in kind charges. The benefits paid to Executive Directors in 2019 also include certain amounts due in respect of prior year entitlements.

Service Contracts/Letters of Appointment

Details of the service contracts for the Executive Directors are outlined below.

Name	Title	Date of Contract	Notice Period
Ger Rabbette	Chief Executive Officer	27 June 2019	12 months
Tim Dolphin	Chief Financial Officer	27 June 2019	12 months
Padraic Dempsey	Chief Commercial Officer	27 June 2019	12 months

The Company can terminate Executive Director employment by making a lump sum payment in lieu of notice consisting of the basic salary for the notice period. Standard 'cause' provisions are included which allow the Company to terminate without notice or the obligation to make a payment in lieu of notice. There are also standard 'garden leave' provisions for all Executive Directors together with post-termination restrictions on competing activity and non-solicitation of customers or key employees which are effective for a period of 12 months after termination.

The Service Contracts of each of the Executive Directors were amended in March 2020 to bring the bonus provisions in line with the bonus grid approved by the Board.

Each of the Non-Executive Directors has been appointed under the terms of a letter of appointment. Appointment is terminable by either party giving one month's written notice or otherwise in accordance with the Articles. Continuation of appointment is contingent on satisfactory performance, re-election (where applicable) in accordance with the Articles and any relevant statutory provisions for the removal of Directors. Standard 'cause' provisions are included that entitle the Company to terminate a Non-Executive Director's appointment without notice or payment of compensation.

The appointment letter includes membership of any Board Committees, the fees to be paid and the time commitment expected. The letter also covers matters such as confidentiality, data protection and the Company's share dealing policy. Dates of appointment for the Non-Executive Directors are set out below:

Name	Date of Appointment
M. Pratt	1 July 2003
J. Holly	25 September 2009
M. McConn	25 September 2009
M. Moran	20 August 2018
G. Penny	20 August 2018
P. Staunton	25 September 2009
P. Hogan	27 June 2019
H. McSharry	27 June 2019
S. Webb	27 June 2019

Payments to former Directors

As set out on the remuneration table, Matt Murphy, Michael Quinn and Criofan Shannon were paid fees for their service as Directors up to the date of their resignation. There were no other payments to former Directors during the year.

Payments for loss of office

There were no payments for loss of office during the year.

Remuneration Policy in 2020

Executive bonus arrangements

In early 2020, the Committee recommended to the Board that, based on advice received from Willis Towers Watson, the Company should amend the bonus structure for Executive Directors to move to a grid-based mechanism to reflect a scale of performance which has been externally benchmarked.

In March 2020, on the recommendation of the Committee, the Board approved the new bonus grid which provides that each Executive Director can achieve 100% of base salary for on-target achievement of Group and personal performance targets. In setting the on-target return the Committee and the Board were cognisant of the ambitious strategic targets set for the Group and sought to align the Executive Directors interests with those of shareholders in achieving the Group's stated strategy. On this basis the Committee and the Board believe that 100% opportunity for achieving performance targets is appropriate.

The grid also provides a threshold for achieving bonus of 95% of target, at which point the Executive Directors achieve 50% of base salary. Where target performance is exceeded, the Executive Directors can achieve up to a maximum of 130% of base salary.

Under the 2020 bonus grid, 80% of Executive Directors' bonus is linked to Group performance and specifically in achieving challenging EBITDA (80% of allocation) and free cash flow (20% of allocation) targets. The remaining 20% opportunity is linked to personal performance targets approved by the Board.

Pay-out amounts in respect of 2019

In March 2020, the Board approved, on the recommendation of the Committee, an annual bonus payment of 100% of base salary for each Executive Director in respect of 2019 to reflect an exceptional year for the Group and achievement of ambitious EBITDA and free cash flow targets, as well as personal targets of delivery of IPO and key strategic acquisitions.

Long-Term Incentive Plan

In March 2020, the Board, on the recommendation of the Committee, also resolved to extend the vesting period under the current LTIP arrangement to bring it in line with the Group's strategy of doubling EBITDA within five years from IPO. As a result, the period within which the vesting criteria must be achieved was extended from 31 December 2022 to 31 December 2024.

Ongoing review in 2020

The Committee is continuing to work with Willis Towers Watson to further enhance the remuneration policy of the Group in line with evolving market practice and in particular to consider salary benchmarking, bonus deferral and pension alignment.

On behalf of the Committee

Maurice Pratt
Chair of the Remuneration Committee

Directors' Report

The Directors present their annual report and audited Group financial statements for the year ended 31 December 2019.

Principal activities and review of the development of the business

The Group is a leading service provider within the pharmaceutical and healthcare sector headquartered in Ireland, with offices in the UK, mainland Europe, the Nordics, and the United States.

By operating a strong service-based culture and working with our partners, we provide an innovative range of services, including product distribution and the provision of specialist services for the pharmaceutical and healthcare sector. The business is divided into three trading divisions: Commercial & Clinical, Product Access and Supply Chain & Retail.

- Commercial & Clinical provide outsourced services, specifically sales, marketing and multichannel account management to pharmaco-medical manufacturers, and distribution and support services to medical device manufacturers. Uniphar offer a fully integrated multi-channel account management solution that is supported through market data, insights and digital programmes. We integrate these programmes with our supply chain and distribution capability to provide a full end to end service to manufacturers.
- Product Access consists of two service offerings, being: On Demand Access and Exclusive Access. On Demand Access provides access to pharmaco-medical products and treatments, by developing valuable relationships and interactions between manufacturers and other healthcare stakeholders. This business operates in both the retail and hospital markets in both the Irish and UK markets. Exclusive Access provides bespoke distribution partnerships to pharmaceutical partners around key brands, with new programmes focused on speciality pharmaceutical products. Delivering a unique patient support programme that allows healthcare professionals to connect with patients, on a global basis.
- Supply Chain & Retail provides both pre-wholesale distribution and wholesale distribution of pharmaceutical, healthcare and animal health products to pharmacies, hospitals and veterinary surgeons in Ireland. The business supports the diverse customer base through the provision of strong service levels coupled with innovative commercial initiatives. Uniphar operate a network of pharmacies under the Life and Allcare brands. Additionally, through the extended Uniphar symbol group, the business provides services and supports that help independent community pharmacies to compete more effectively in an increasingly difficult environment.

The three trading divisions work in synergy to allow us to support healthcare professionals and manufacturer customers to provide their patients and communities with the medicines and care that they need.

Business review

2019 was a transformative year for Uniphar and a significant milestone in our history, with the Group successfully listing on the AIM and Euronext Growth markets of the London Stock Exchange and Euronext Dublin on 17 July 2019, raising gross share proceeds of €139.4m.

Revenues increased from €1,417.9m to €1,665.3m, a rise of 17%. During 2019, the Group continued the expansion into higher margin, and higher growth businesses with the integration of acquisitions completed in 2018, and the strategic acquisition of Durbin, along with two bolt on acquisitions in the Commercial & Clinical division. In the Supply Chain & Retail division, 17 retail pharmacies were acquired. The bolt on acquisition of EPS Group continues the pan-European growth strategy of the Commercial & Clinical division and marks entry into the Nordic market. When combined with organic growth of 7% in existing businesses, significant growth of 56% was achieved in gross profit during the year, increasing to €180.6m from €115.7m.

Strong cash generation across the Group, along with the proceeds raised from our successful IPO, and the execution of the non-recourse financing arrangement, have led to a significant improvement in cash resources with the Group having a positive net bank cash position at 31 December 2019 of €26.6m compared to a net bank debt of €152.9m in 2018.

This provides a strong platform for the Group to continue its growth strategy and deliver long term value for shareholders.

The uncertainty caused by Brexit, which saw the United Kingdom leave the European Union in January 2020, and the continued uncertainty into 2020 as the United Kingdom continue negotiations on a trade deal with the European Union has been an important consideration for the business. The Group has worked with its manufacturer customers and suppliers to prepare and to minimise the potential impact of any related disruption on the business, on customers and on patients.

The Group have a number of key performance indicators (KPIs) which are used to monitor the Group's performance. These KPIs are outlined further in our key performance indictors section on pages 24 to 27.

Covid-19

The Group continues to monitor ongoing Covid-19 developments, and the potential impact to the business. Uniphar plays a significant role in the national healthcare infrastructure, ensuring the continuity in the supply and distribution of much needed medicines, medical devices and related services. As we prepare for the full impact of the Covid-19 crisis, we expect to continue to see increased volumes in Supply Chain & Retail, with likely increases in costs due to investment in additional resources to manage significantly higher volumes.

Business continuity and contingency plans are in place in anticipation of wider outbreaks of the virus. With potential sick leave, self-isolation or quarantine situations arising, the Group expects to have to deal with reduced availability of the workforce. Due to reprioritisation of resources within hospitals and other healthcare facilities the Group is preparing for a possible delay in Commercial & Clinical revenue if certain 'non-urgent' elective surgeries have to be postponed. Using currently available information our best estimate, of a three month disruption, could result in a reduction of 2020 EBITDA in the region of €5m. The Group would, however, expect that this would be recovered in future periods as and when healthcare systems return to normal.

There are over three years remaining on the Group's existing banking facility, which provides a range of financing facilities, ensuring the Group has the appropriate mix of liquidity, enabling access to capital on an ongoing basis. Following our successful IPO in July 2019, together with strong cash generation, and the execution of the non-recourse financing arrangement, the Group has a robust capital structure, with unrestricted cash of €114.0m, and a positive net bank cash position of €26.6m at 31 December 2019.

Acquisitions and disposals

The Group completed one strategic acquisition during 2019 with the acquisition of Durbin, a specialist provider of pharmaceuticals with offices in the UK and the US supplying over 160 countries. Durbin is currently being integrated within Product Access, providing the Group with the opportunity to become a leading player in the provision of On Demand and Exclusive Access services on a global basis. Durbin has approximately 45 years' experience in shipping unlicensed and hard-to-find medicines and has built up significant global capability in managing access programmes for pharmaceutical manufacturers.

Two bolt on acquisitions were also completed during the year in Commercial & Clinical, with the acquisitions of EPS Group and M3 Medical. Both EPS Group and M3 Medical deliver sales, marketing and distribution services to medical device manufacturers in the therapeutic areas of interventional cardiology and vascular medicine. The acquisition of the EPS Group marks our entry into the Nordic market, delivering these services across Sweden, Denmark, Norway, Finland, Iceland and the Baltics, while M3 Medical's services extend exclusively to the Irish market.

These acquisitions represent another important development in the roll-out of Uniphar's pan-European growth strategy for Commercial & Clinical, which is focused on acquiring local expertise and broadening its capacity to provide sales, marketing and distribution services for medical device manufacturers on a pan-European basis.

In August 2019 the Group acquired 15 Inischem retail pharmacies, with two independent community pharmacies acquired in Q4 of 2019, bringing our total pharmacy ownership to 59 by the end of 2019.

Exceptional costs in 2019 of €5.3m were driven largely by acquisition activity, and costs attributable to our IPO. See note 5 for further details of exceptional costs incurred during the year.

Results for the year

The Group Income Statement for the year ended 31 December 2019 and the Group Balance Sheet at that date are set out on pages 100 and 102 respectively. The Group's gross profit was €180,602,000 (2018: €115,717,000) and earnings before interest, tax, depreciation, amortisation and exceptional items ("EBITDA") was €48,022,000 (2018: €32,237,000). EBITDA is presented before the impact of the adoption of IFRS 16 "Leases" for comparative purposes, and including the impact of the new standard, EBITDA increases to €58,555,000.

The Group's profit on ordinary activities before tax was €26,458,000 in 2019 (2018: €11,304,000). After including a tax expense of €5,537,000 (2018: €2,599,000) and losses attributable to non-controlling interests of €105,000 (2018: profits of €63,000), the profit for the financial year attributable to owners was €21,026,000 (2018: €8,642,000).

There was a strong cash performance in 2019, with the Group now in a net bank cash position of €26,622,000 (2018: net bank debt €152,880,000). The increase in the Group's net cash balances of €179,502,000 reflects strong cash generated by our operating activities, the successful IPO and the introduction of a non-recourse facility.

Total equity of the Group at 31 December 2019 was €180,920,000 (2018: deficit of €619,000).

Future developments

The Group has delivered a strong performance this year, showing growth across all three trading divisions, and in each geography in which we operate.

Having delivered an excellent year in 2019, we are in a strong position to continue to deliver our growth strategy. Our priorities for 2020 are to continue the integration and scaling of our 2019 acquisitions in our two growth divisions, carry on leveraging our key assets in the Supply Chain & Retail division to maintain our market leadership position, and expand further in our two growth divisions.

The acquisition of the EPS Group marked our entry into the Nordic market as part of Commercial & Clinical's pan-European growth strategy, and in the medium term, we plan to further enlarge the pan-European platform with entry into new geographies. Commercial & Clinical, which is the more mature of the two growth divisions, is already delivering well for shareholders and will continue to do so, as we convert more existing clients into multi-territory customers in Europe. The other growth division, Product Access, presents a significant opportunity for the Group with the integration of Durbin.

While wholesaling to community pharmacy remains a challenging sector, with very low margins and constant price pressure, we have been successful in mitigating this by developing new revenue streams, including the development of consumer brands and expansion of retail pharmacy ownership, with the Group now owning 59 retail pharmacies. The strategy for Supply Chain & Retail is to continue to leverage our high tech distribution facilities, longstanding manufacturer relationships and scalable digital infrastructure, to maintain market leadership in Ireland, while supporting increasing service levels and managing continued operational and financial efficiency within this division.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements of the Group and Company in accordance with Irish law.

Irish law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') and IFRSs as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent company financial statements under IFRSs and IFRSs as adopted by the European Union.

Under Irish law, the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Group's and Company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the Group and Company for the financial year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS and ensure that the financial statements contain the additional information required by the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Group and Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Group and Company to be determined with reasonable accuracy; and
- enable the Directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors confirms that they consider that the Annual Report and Consolidated Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

The Directors in office at the date of this report have each confirmed that:

- As far as he/she is aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and
- He/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

Directors' compliance statement

The Directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations.

The Directors confirm that:

(1) A compliance policy statement setting out the Company's policies respecting compliance by the Company with its relevant obligations has been drawn up.
(2) Appropriate arrangements or structures that are designed to secure material compliance with the Company's relevant obligations have been put in place.
(3) A review of the arrangements and structures, referred to at 2 above has been conducted during the year ended 31 December 2019.

Audit, Risk and Compliance Committee

In accordance with Section 167 of the Companies Act 2014, the Group has established an Audit, Risk and Compliance Committee. Full particulars are provided in the Audit, Risk and Compliance Committee Report.

Corporate governance

Statements by the Directors in relation to the Group's and Company's application of corporate governance principles and the Group's system of internal controls are set out in the Corporate Governance Report.

Going concern

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

In light of the ongoing Covid-19 developments, the Group has performed an impact assessment taking into account expected impacts of the pandemic. Uniphar plays a significant role in the healthcare sector and is classified as part of the critical infrastructure by the national Government, ensuring continuity in the supply and distribution of much needed medicines, medical devices and related services. We expect to continue to see increased volumes in Supply Chain & Retail, with likely increases in costs due to investment in additional resources to manage significantly higher volumes. Due to reprioritisation of resources within hospitals and other healthcare facilities the Group are preparing for a possible delay in Commercial & Clinical revenue if certain 'non-urgent' elective surgeries have to be postponed.

In preparing the impact assessment a number of scenarios were considered including the impact of the pandemic over an extended period of up to 12 months. The key assumptions within each of these scenarios include increased volumes and costs for a limited period within Supply Chain & Retail, a reduction in Commercial & Clinical revenues with no corresponding reduction in costs, and no negative impact within Product Access. In all of these scenarios the assessment indicates that there is no impact on the underlying ability to meet debt repayments, comply with banking covenants and retain sufficient liquidity to meet our financial obligations as they fall due.

There are over three years remaining on our existing banking facility, ensuring the Group has access to capital on an ongoing basis. Following our successful IPO in July 2019, together with strong cash generation, and the execution of the non-recourse financing arrangement, the Group has a robust capital structure, with unrestricted cash of €114.0m, and a positive net bank cash position of €26.6m at 31 December 2019.

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

Accounting records

The measures taken by the Directors to secure compliance with the Group's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at 4045 Kingswood Road, Citywest Business Park, Co. Dublin.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group and its subsidiaries are outlined on pages 28 to 33.

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 policy to manage these risks in a non-speculative manner.

The Group's financial risk management is carried out by a central finance department under policies approved by the Board. Group finance identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The Board approves written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity. The Group uses financial instruments throughout its business. Borrowings, cash and liquid resources are used to finance the Group's operations. Trade receivables and payables arise directly from operations.

Forward foreign exchange contracts are used to manage currency risks arising from the Group's operations.

Finance interest and currency risk

The Group's procedure is to finance operating subsidiaries by a combination of retained profits and, to a lesser extent, invoice discounting, non-recourse financing arrangements and overdrafts, and to finance investments with a combination of Group funds and borrowings. The majority of the Group's activities are conducted in Euro. Foreign exchange exposure arises from transactional currency exposures arising from the sale and purchase of goods in currencies other than the Group's functional currency (i.e. Euro). The Group takes appropriate measures to manage its exposure to fluctuating foreign exchange rates associated with both transaction activity and the translation into Euro of its net investment in its non-Euro subsidiaries. With UK subsidiaries being key to our growth strategy, the Board have been monitoring the effect of the UK's exit from the European Union and the ongoing trade negotiations with the European Union. So far, there has been no negative impact on trade, and the strengthening of Sterling during the second half of 2019 resulted in a marginal increase in the value of UK profits and net assets when translated into Euro. Forward foreign exchange contracts and the holding of foreign currency cash balances are used to hedge these currency exposures, where material.

Non-Financial Reporting Statement

In compliance with the European Union (Disclosure of Non-Financial and Diversity Information by Certain Large Undertakings and groups) Regulations 2017, the table below outlines Uniphar's approach to these non-financial matters:

Reporting requirements	Our policies	Commentary
Environmental matters	- Corporate Social Responsibility - Environmental	For further information on the Group's approach to Environmental matters see the Environment and Sustainability section of our Sustainability and Governance report on pages 34 to 39.
Social and employee matters	- Corporate Social Responsibility - Health and Safety - Whistleblowing	For further information on the Group's approach to Social and Employee matters see the People and Workplace section of our Sustainability and Governance report on pages 34 to 39.
Human rights	- Code of Business Conduct - Equality & Dignity at work	The Group is committed to conducting all our activities in accordance with high standards of business conduct, respecting the fundamental freedoms and rights of our people. The Group is also committed to ensuring that our supply chain is free from human rights abuses, including forced labour, slavery and trafficking.
Anti-bribery and corruption	- Anti-Bribery - Code of Business Conduct - Whistleblowing - Conflicts of Interest	The Group does not tolerate any form of bribery, prohibits facilitation payments and does not make political contributions.
Description of the business model	Details are set out in the principal activities and review of the development of the business section of this report.	
Non-financial key performance indicators	The Group's planning and financial reporting procedures include financial and non-financial Key Performance Indicators ('KPIs') which benchmark progress towards our strategic priorities. KPIs are reviewed and monitored on a regular basis by the Board, the Audit, Risk and Compliance Committee or the applicable business manager and are amended to better reflect the Group's key performance measures when required. Our KPIs in connection with the above matters relate to the level of reported breaches of applicable legislation or incidents reported, of which there were none in the current year. In addition to the KPIs which are reviewed and monitored at a business level, the Group have a number of key performance indicators (KPIs) which are used to monitor the Group's performance. These KPIs are outlined further in our key performance indictors section on pages 24 to 27.	
Principal risks	Details are set out in the Risk Management section of this report on pages 28 to 33 and discuss each of the above areas where relevant.	

Substantial Holdings

The table below shows all notified shareholdings in excess of 3% of the issued ordinary share capital of the Company as at 31 December 2019 and 18 March 2020, being the closest possible date to the date of signing of this report:

	31 December 2019		18 March 2020	
	Number of shares	% Holding	Number of shares	% Holding
Sisk Family	19,652,336	7.2%	19,652,336	7.2%
AIB plc	17,391,304	6.4%	17,391,304	6.4%
IG Wealth Management	13,383,810	4.9%	16,764,087	6.1%
Danske Capital Management	9,163,348	3.4%	9,817,706	3.6%
Gerard Rabbette[1]	8,758,310	3.2%	8,758,310	3.2%
Polar Capital	N/A	N/A	14,806,225	5.4%

1. Including Ordinary Shares issued under the 2018 LTIP

Directors, secretary and their interests in shares

The names of the persons who, at any time during the year, were Directors are set out below.

M. Pratt	
G. Rabbette	
T. Dolphin	
P. Dempsey	
H. McSharry	Appointed to the Board on 27 June 2019
P. Hogan	Appointed to the Board on 27 June 2019
J. Holly	
M. McConn	
M. Moran	
G. Penny	
P. Staunton	
S. Webb	Appointed to the Board on 27 June 2019
M. Murphy	Retired from the Board on 27 June 2019
M. Quinn	Retired from the Board on 27 June 2019
C. Shannon	Retired from the Board on 27 June 2019

The beneficial interests, including family interests, of the Directors and Company Secretary of Uniphar plc in office at 31 December 2019 in the share capital of Uniphar plc and subsidiary undertakings were:

	31 December 2019 ordinary shares	31 December 2018 ordinary shares
G. Rabbette	8,758,310	8,758,310
T. Dolphin	5,586,322	5,586,322
P. Dempsey	3,285,183	3,285,183
M. Murphy	N/A	1,941,288
C. Shannon	N/A	1,628,103

The Directors and secretary who hold less than 1% of the Company's issued share capital are not disclosed as the Company is exempt under Section 260, Companies Act 2014.

Political donations

The Electoral Act, 1997, (As amended by the Electoral Political Funding Act 2012) requires companies to disclose all political donations to any individual party over €200 in value made during the financial year. The Directors, on enquiry, have satisfied themselves that no such donations in excess of this amount have been made by the Group or any of its subsidiaries.

Events after the Balance Sheet Date

Wind up of Whelehan Group Pension Scheme

Contributions to the Whelehan Group Pension Scheme were terminated in October 2019, and the scheme was formally wound up effective in January 2020. The assets and liabilities of this scheme were reflected in the Group's defined benefit pension obligation at 31 December 2019. The assets of the scheme were distributed in January 2020 in line with members chosen options and no assets or liabilities remain. Any former members of this scheme still employed by the Group were offered membership of the Uniphar Group Retirement Benefits Scheme for future service benefits. A settlement loss of €0.5m will be recognised in the 2020 financial statements.

Acquisition of Innerstrength Limited

In March 2020, Uniphar completed the acquisition of Innerstrength Limited. Innerstrength Limited currently operates in Ireland, in the technology market, enabling healthcare professionals to deliver personalised education to patients who are currently living with chronic conditions. The total consideration including deferred contingent consideration, is up to a maximum of €8m.

Due to the short time frame between the completion date of the acquisition of Innerstrength Limited, and the date of issuance of this report, it was not possible to reliably estimate the fair value of assets and liabilities or the goodwill amount associated with the completed acquisition. This acquisition will be accounted for as an acquisition in the 2020 financial statements.

Impact of Covid-19

The Group continue to monitor ongoing Covid-19 developments, and the potential impact to the business. Uniphar plays a significant role in the national healthcare infrastructure, ensuring the continuity in the supply and distribution of much needed medicines, medical devices and related services. As we prepare for the full impact of the Covid-19 crisis, we expect to continue to see increased volumes in Supply Chain & Retail, with likely increases in costs due to investment in additional resources to manage significantly higher volumes.

Business continuity and contingency plans are in place in anticipation of wider outbreaks of the virus. With potential sick leave, self-isolation or quarantine situations arising, the Group expect to have to deal with reduced availability of the workforce. Due to reprioritisation of resources within hospitals and other healthcare facilities the Group is preparing for a possible delay in Commercial & Clinical revenue if certain 'non-urgent' elective surgeries have to be postponed.

There have been no other material events subsequent to 31 December 2019 that would require adjustment to or disclosure in this report.

Dividends

The Board made a commitment at the time of the IPO to pay a dividend in 2020 in respect of the period from IPO to 31 December 2019. Following another set of positive results for the Group, the Directors are proposing a final dividend of €2.0m. Subject to approval at the Annual General Meeting, the proposed dividend will be paid to ordinary shareholders on the Company's register on 1 May 2020.

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

Auditors

The independent auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office.

On behalf of the Board

M. Pratt

Gerard Rabbette

G. Rabbette

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

Go to page 42 for
our Finance Review

Financial Statements

Independent auditors' report to the members of Uniphar plc

Report on the audit of the financial statements Opinion

In our opinion, Uniphar plc's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the Group's and the Company's assets, liabilities and financial position as at 31 December 2019 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and, as regards the Company's financial statements, as applied in accordance with the provisions of the Companies Act 2014; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report, which comprise:

- the Group Balance Sheet as at 31 December 2019;
- the Company Balance Sheet as at 31 December 2019;
- the Group Income Statement for the year then ended;
- the Group Statement of Comprehensive Income for the year then ended;
- the Group Cash Flow Statement for the year then ended;
- the Company Cash Flow Statement for the year then ended;
- the Group Statement of Changes in Equity for the year then ended;
- the Company Statement of Changes in Equity for the year then ended;
- the Accounting Policies; and
- the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

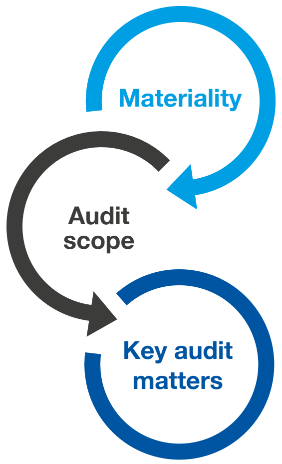
Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Independent auditors' report to the members of Uniphar plc (continued)

Our audit approach

Overview



Materiality

€1.595m - Group financial statements
- Based on C. 5% of profit before tax before exceptional items

€2.267m - Company financial statements.
- Based on C. 1% of net assets. Financial statement line items that do not eliminate on consolidation have been audited based on overall materiality for the Group financial statements.

Audit scope

- Our audit work addressed each of the Group's three operating segments: Commercial & Clinical, Product Access and Supply Chain & Retail. Each of these consists of a number of reporting components.
- We performed full scope audits of the complete financial information of five financially significant reporting components.
- Audits of or specified audit procedures on selected account balances, classes of transactions or disclosures were performed at other reporting components within the Group.
- Audit coverage for revenue and profit before tax before exceptional items within the Group Income Statement is in excess of 85% and 90% respectively.
- Audit coverage for total assets and total liabilities within the Group Balance Sheet is in excess of 85% and 75% respectively.

Key audit matters

- Goodwill impairment assessment.
- Accounting for material acquisitions.
- Covid-19

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Independent auditors' report to the members of Uniphar plc (continued)

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill	
Refer to "Intangible assets" and "Impairment of assets" on pages 110 and 111 (Accounting policies), "Impairment assessment of goodwill and other non-current assets" in note 1 ("Significant estimates and judgements") and note 12 ("Intangible Assets"). The carrying value of goodwill at 31 December 2019 is C. €270.7m, representing approximately 36% of the Group's total assets. The carrying amount of goodwill attributed to each Cash Generating Unit ("CGU") is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. We regard this as a key audit matter due to the level of judgement required by management in determining the recoverable amount of goodwill, and the assumptions used in the calculation of its value-in-use. Key assumptions used to develop the estimation of value-in-use at 31 December 2019 include the growth rates for Revenue, inflation rates for costs and the discount rate.	We considered management's impairment model for each CGU and evaluated the methodology used. We also tested the mathematical accuracy of the impairment models. We agreed the cash flow forecasts for 2020 to 2024 to Board approved plans. We assessed the reasonableness of estimates of future revenue from product sales and inflation rate for costs included in the cash flow forecasts by comparing relevant assumptions to historical performance and economic forecasts, as appropriate. We challenged management's long-term growth rates and long-term inflation rates with reference to OECD published economic forecasts data. We evaluated the discount rate used by management, with the assistance of PwC valuation experts, through comparison to industry peers. We also performed a sensitivity analysis using alternative reasonably possible assumptions for determining future CGU performance. We found the assumptions used in the assessment of goodwill fell within a reasonable range. We also considered the disclosures in the financial statements regarding the impairment assessment of goodwill.

Independent auditors' report to the members of Uniphar plc (continued)

Key audit matter	How our audit addressed the key audit matter
Accounting for material acquisitions	
Refer to "Business combinations" on pages 114 and 115 (Accounting policies), "Business combinations" under note 1 ("Significant estimates and judgements") and note 35 ("Acquisitions of subsidiary undertakings and business assets"). During 2019 the Group completed six acquisitions. Management determined that all acquisitions met the definition of a business combination under IFRS 3 'Business Combinations'. The acquisition of the Durbin Group was the most substantial acquisition in the year. We regard the accounting for acquisitions as a key audit matter due to: their significance to the financial statements; and the complexity and degree of judgement involved in determining the total consideration payable, particularly the deferred and contingent element that are based on achievement of specified future profitability targets.	We read the legal agreements for each acquisition to obtain an understanding of the structure and key terms of each transaction. We challenged the reasonableness of the key assumptions used in the valuation of deferred and contingent consideration pertaining to the acquisitions. This included considering management's assessment of the likelihood of the specified future profitability targets being achieved, including considering the growth rates used against OECD published economic forecasts for the region in which each acquired entity operates and other relevant factors. We also assessed, with the assistance of PwC valuations expert, the discount rate applied. We found the assumptions used fell within a reasonable range. We also considered the disclosures in the financial statements regarding the acquisitions made during 2019.

Key audit matter	How our audit addressed the key audit matter
Covid-19 Since the year end the impact of Covid-19 has given rise to an unprecedented level of economic uncertainty. As set out in the accounting policies on page 108 the group undertook an impact assessment of Covid-19 on its operations and the Directors concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Going concern note on page 108 includes disclosures of the scenarios considered in the impact assessment, the key assumptions made and the financing facilities available to the Group over the going concern period of assessment, i.e. at least 12 months from the date of approval of these financial statements. We considered this to be a key audit matter due to the importance to users of the financial statements in understanding the key assumptions and judgements made by the directors in considering the possible impacts of Covid-19 when arriving at their conclusions in relation to the adoption of the going concern basis of accounting.	We obtained the impact assessment prepared by the Group in relation to Covid-19 and understood each of the scenarios modelled and the key assumptions therein. We considered the accuracy of the disclosures made in the accounting policies on page 108 of the financial statements by reference to our knowledge of the Group and the understanding we had obtained of the impact assessment performed. We were satisfied that the disclosures made were appropriate in the circumstances.

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group is structured along three operating segments being Commercial & Clinical, Product Access and Supply Chain & Retail. Each operating segment comprises a number of reporting components. The Group financial statements are a consolidation of thirty seven reporting components across the three operating segments. In establishing the overall approach to the Group audit, we identified five reporting components, which in our view required an audit of their complete financial information due to their size and financial significance to the Group.

This together with the work we performed at Group gave us the comfort we required in respect of our audit of the financial statements.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	€1.595m	€2.267m
How we determined it	C. 5% of profit before tax, before exceptional items	C. 1% of net assets
Rationale for benchmark applied	The Group is profit-oriented and profit before tax before exceptional items is one of the key metrics used by shareholders in reviewing performance of the Group. We consider this to be the most appropriate relevant performance metric for the stakeholders of the Group.	We consider net assets to be the appropriate benchmark given it is a holding company with its main activity being the management of investments in subsidiaries.

We agreed with the Audit, Risk and Compliance Committee that we would report to them misstatements identified during our audit above €0.08m (Group audit) and €0.08m (Company audit) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

» the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
» the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's or the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors’ report to the members of Uniphar plc (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors’ Report, we also considered whether the disclosures required by the Companies Act 2014 (excluding the information included in the “Non Financial Statement” as defined by that Act on which we are not required to report) have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

» In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors’ Report (excluding the information included in the “Non Financial Statement” on which we are not required to report) for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
» Based on our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Directors’ Report (excluding the information included in the “Non Financial Statement” on which we are not required to report).

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Statement of directors’ responsibilities set out on pages 83 and 84, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group’s and the Company’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 the Company or to cease operations, or have no realistic alternative but to do so.

Auditors’ responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors’ report.

Independent auditors’ report to the members of Uniphar plc (continued)

Use of this report
This report, including the opinions, has been prepared for and only for the Company’s members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, 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.

Other required reporting

Companies Act 2014 opinions on other matters

» We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
» In our opinion the accounting records of the Company were sufficient to permit the Company financial statements to be readily and properly audited.
» The Company Balance sheet is in agreement with the accounting records.

Other exception reporting

Directors’ remuneration and transactions
Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors’ remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Prior financial year Non Financial Statement
We are required to report if the Company has not provided the information required by Regulation 5(2) to 5(7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 in respect of the prior financial year. We have nothing to report arising from this responsibility.

John Dunne
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

31 March 2020

Group Income Statement

Year Ended 31 December 2019

	Notes	2019 Pre-exceptional €'000	2019 Exceptional (note 5) €'000	2019 Total €'000	2018 Pre-exceptional €'000	2018 Exceptional (note 5) €'000	2018 Total €'000
Revenue	3	1,665,283	-	1,665,283	1,417,895	-	1,417,895
Cost of sales		(1,484,681)	-	(1,484,681)	(1,302,178)	-	(1,302,178)
Gross profit		180,602	-	180,602	115,717	-	115,717
Selling and distribution costs		(52,214)	-	(52,214)	(34,870)	-	(34,870)
Administrative expenses		(88,410)	(12,043)	(100,453)	(56,659)	(10,168)	(66,827)
Other operating income	4	272	-	272	813	993	1,806
Operating profit	6	40,250	(12,043)	28,207	25,001	(9,175)	15,826
Finance cost	7	(8,480)	6,731	(1,749)	(4,522)	-	(4,522)
Profit before tax		31,770	(5,312)	26,458	20,479	(9,175)	11,304
Income tax expense	9	(5,537)	-	(5,537)	(2,599)	-	(2,599)
Profit for the financial year		26,233	(5,312)	20,921	17,880	(9,175)	8,705
Attributable to owners				21,026			8,642
Attributable to non-controlling interests	39			(105)			63
				20,921			8,705
Profit attributable to:							
Continuing operations				20,921			8,705
				20,921			8,705
Earnings per ordinary share (in cent):							
Basic and diluted - continuing operations				11.5			7.3
Basic and diluted earnings per share (in cent)	36			**11.5**			**7.3**

Group Statement of Comprehensive Income

Year Ended 31 December 2019

	Notes	2019 €'000	2018 €'000
Profit for the financial year		20,921	8,705
Other comprehensive income/(expense)			
Items that may be reclassified to the Income Statement:			
Unrealised foreign currency translation adjustments		3,815	(315)
Items that will not be reclassified to the Income Statement:			
Actuarial loss in respect of pension scheme	27	(1,207)	(434)
Deferred tax on Group defined benefit pension schemes	17	151	(54)
Total comprehensive income relating to the year		23,680	7,902
Total comprehensive income relating to the year:			
Attributable to owners		23,785	7,839
Attributable to non-controlling interests	39	(105)	63
		23,680	7,902
Total comprehensive income attributable to:			
Continuing operations		23,680	7,902
		23,680	7,902

Group Balance Sheet

As at 31 December 2019

	Notes	2019 €'000	2018 €'000
ASSETS			
Non-current assets			
Intangible assets	12	**275,959**	206,978
Property, plant and equipment	13	**119,483**	23,141
Deferred tax asset	17	**4,972**	7,103
Other receivables	16	**1,132**	2,106
Employee benefit surplus	27	**-**	439
Financial assets – Investments in equity instruments	14	**25**	25
Financial assets – Long term receivables	14	**-**	5,500
		401,571	245,292
Current assets			
Assets held for sale	13	**7,985**	4,000
Inventory	15	**98,105**	76,070
Trade and other receivables	16	**136,780**	170,659
Cash and cash equivalents	18	**114,040**	10,539
Restricted cash	18	**2,142**	2,352
		359,052	263,620
Total assets		**760,623**	508,912
EQUITY			
Capital and reserves			
Called up share capital presented as equity	23	**21,841**	9,413
Share premium	24	**176,501**	22,489
Other reserves	25	**3,464**	(351)
Retained earnings	26	**(20,601)**	(31,990)
Attributable to owners		**181,205**	(439)
Attributable to non-controlling interests	39	**(285)**	(180)
Total equity		**180,920**	(619)
LIABILITIES			
Non-current liabilities			
Borrowings	20	**66,977**	84,018
Other non-current payables	19	**545**	-
Provisions	22	**81,069**	52,142
Derivative financial instruments	32	**-**	27,586
Facility termination fee	32	**-**	5,122
Employee benefit obligation	27	**45**	-
Lease obligations	21	**82,901**	-
		231,537	168,868
Current liabilities			
Borrowings	20	**22,583**	81,753
Trade and other payables	19	**310,500**	256,410
Facility termination fee	32	**5,000**	2,500
Lease obligations	21	**10,083**	-
		348,166	340,663
Total liabilities		**579,703**	509,531
Total equity and liabilities		**760,623**	508,912

On behalf of the Board

M. Pratt G. Rabbette

Company Balance Sheet

As at 31 December 2019

	Notes	2019 €'000	2018 €'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**47,335**	-
Deferred tax asset	17	**2,724**	2,386
Other receivables	16	**138**	308
Financial assets – Investments in subsidiaries	14	**288,412**	246,568
Financial assets – Investments in equity instruments	14	**25**	25
Financial assets – Long term receivables	14	**-**	5,500
		338,634	254,787
Current assets			
Trade and other receivables	16	**435,863**	317,078
Cash and cash equivalents	18	**67,328**	7,333
Restricted cash	18	**2,142**	2,142
		505,333	326,553
Total assets		**843,967**	581,340
EQUITY			
Capital and reserves			
Called up share capital presented as equity	23	**21,841**	9,413
Share premium	24	**176,501**	22,489
Other reserves	25	**60**	60
Retained earnings	26	**28,331**	(6,021)
Total equity		**226,733**	25,941
LIABILITIES			
Non-current liabilities			
Borrowings	20	**65,796**	82,622
Provisions	22	**56,385**	34,817
Derivative financial instruments	32	**-**	27,586
Facility termination fee	32	**-**	5,122
Lease obligations		**44,633**	-
		166,814	150,147
Current liabilities			
Borrowings	20	**16,827**	6,218
Trade and other payables	19	**425,282**	396,534
Facility termination fee	32	**5,000**	2,500
Lease obligations		**3,311**	-
		450,420	405,252
Total liabilities		**617,234**	555,399
Total equity and liabilities		**843,967**	581,340

The profit recorded in the financial statements of the Company for the year ended 31 December 2019 was €42,933,000 (2018: loss €7,267,000). As permitted by Section 304 of the Companies Act 2014, the Income Statement of the Company has not been separately presented in the financial statements.

On behalf of the Board

M. Pratt G. Rabbette

Group Cash Flow Statement

Year Ended 31 December 2019

	Notes	2019 €'000	2018 €'000
Operating activities			
Cash inflow/(outflow) from operating activities	29	49,566	(4,897)
Proceeds from non-recourse financing		68,000	-
Interest paid		(3,831)	(2,651)
Interest paid on lease liabilities		(2,637)	-
Corporation tax payments		(4,101)	(1,190)
Net cash inflow/(outflow) from operating activities		**106,997**	(8,738)
Investing activities			
Payments to acquire property, plant and equipment		(5,585)	(2,880)
Receipts from disposal of property, plant and equipment		9	4,207
Receipts from disposal of assets held for sale	13	415	-
Payments to acquire intangible assets	12	(861)	(2,015)
Loans advanced to retail holding and management companies	14	-	(5,500)
Receipts from disposals/repayments of financial assets	14	5,359	763
Proceeds from disposal of subsidiary undertakings		-	655
Cash transferred on disposal of subsidiary undertakings		-	(230)
Payments to acquire subsidiary undertakings		(50,533)	(100,746)
Cash acquired on acquisition of subsidiary undertakings	35	6,860	27,014
Payment of deferred and deferred contingent consideration		(1,403)	(3,490)
Receipt of deferred consideration receivable		95	217
Net cash outflow from investing activities		**(45,644)**	(82,005)
Financing activities			
Issue of partly paid share capital	23	17	246
Proceeds from calling of unpaid element of partly paid share capital	23	1,211	-
Proceeds from IPO equity issue	23	139,391	-
IPO cash exceptional costs		(3,493)	-
IPO cash exceptional costs – recognised directly in equity		(8,581)	-
Proceeds from borrowings	30	-	89,500
Repayments of borrowings	30	(6,869)	(20,334)
Net (decrease)/increase in invoice discounting facilities	30	(69,342)	33,468
Net movement in restricted cash	31	210	-
Payment of deferred consideration		-	(286)
Payment of facility termination fee	32	(2,500)	(2,500)
Principal element of lease payments		(7,896)	-
Net cash inflow from financing activities		**42,148**	100,094
Increase in cash and cash equivalents in the year	31	103,501	9,351
Opening balance cash and cash equivalents	18	10,539	1,188
Closing balance cash and cash equivalents	18	**114,040**	10,539

Company Cash Flow Statement

Year Ended 31 December 2019

	Notes	2019 €'000	2018 €'000
Operating activities			
Cash (outflow)/inflow from operating activities	29	(31,901)	24,585
Interest paid		(2,466)	(1,247)
Interest paid on lease liabilities		(1,467)	-
Net cash (outflow)/inflow from operating activities		**(35,834)**	23,338
Investing activities			
Receipts from disposals of tangible assets		-	4,111
Loans advanced to retail holding and management companies	14	-	(5,500)
Receipts from disposals/repayments of financial assets	14	5,359	763
Proceeds from disposal of subsidiary undertakings		-	655
Payments to acquire subsidiary undertakings		(26,802)	(92,546)
Receipt of deferred consideration receivable		95	94
Net cash outflow from investing activities		**(21,348)**	(92,423)
Financing activities			
Issue of partly paid share capital	23	17	246
Proceeds from calling of unpaid element of partly paid share capital	23	1,211	-
Proceeds from IPO equity issue	23	139,391	-
IPO exceptional costs		(3,493)	-
IPO exceptional costs – recognised directly in equity		(8,581)	-
Proceeds from borrowings	30	-	89,500
Repayments of borrowings	30	(6,217)	(11,910)
Deferred consideration payments		-	(286)
Payment of facility termination fee	32	(2,500)	(2,500)
Principal element of lease payments		(2,651)	-
Net cash inflow from financing activities		**117,177**	75,050
Increase in cash and cash equivalents in the year	31	59,995	5,965
Opening balance cash and cash equivalents	18	7,333	1,368
Closing balance cash and cash equivalents	18	**67,328**	7,333

Group Statement of Changes In Equity

Year Ended 31 December 2019

	Note	Share capital	Share premium	Foreign currency translation reserve	Revaluation reserve	Capital redemption reserve	Retained earnings	Attributable to non-controlling interests	Total shareholders' equity
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2018		9,055	20,675	(797)	1,400	60	(40,844)	(271)	(10,722)
Profit for the financial year		-	-	-	-	-	8,642	63	8,705
Other comprehensive expense:									
Re-measurement loss on pensions (net of tax)		-	-	-	-	-	(488)	-	(488)
Movement in foreign currency translation reserve	25	-	-	(314)	-	-	-	(1)	(315)
Transactions recognised directly in equity:									
Non-controlling interest of acquired net assets	39	-	-	-	-	-	-	29	29
Transfer of revaluation reserve	25	-	-	-	(700)	-	700	-	-
Issue of fully paid share capital	23	112	1,814	-	-	-	-	-	1,926
Issue of partly paid share capital	23	246	-	-	-	-	-	-	246
At 31 December 2018		9,413	22,489	(1,111)	700	60	(31,990)	(180)	(619)
At 1 January 2019		**9,413**	**22,489**	**(1,111)**	**700**	**60**	**(31,990)**	**(180)**	**(619)**
Profit for the financial year		**-**	**-**	**-**	**-**	**-**	**21,026**	**(105)**	**20,921**
Other comprehensive (expense)/income:									
Re-measurement loss on pensions (net of tax)		**-**	**-**	**-**	**-**	**-**	**(1,056)**	**-**	**(1,056)**
Movement in foreign currency translation reserve	25	**-**	**-**	**3,815**	**-**	**-**	**-**	**-**	**3,815**
Transactions recognised directly in equity:									
Issue of partly paid share capital	23	**17**	**-**	**-**	**-**	**-**	**-**	**-**	**17**
Issue of fully paid share capital	23	**1,211**	**-**	**-**	**-**	**-**	**-**	**-**	**1,211**
Exercise of derivative financial instrument	32	**1,503**	**24,318**	**-**	**-**	**-**	**-**	**-**	**25,821**
Issuance of share capital	23	**9,697**	**129,694**	**-**	**-**	**-**	**(8,581)**	**-**	**130,810**
At 31 December 2019		**21,841**	**176,501**	**2,704**	**700**	**60**	**(20,601)**	**(285)**	**180,920**

Company Statement of Changes in Equity

Year Ended 31 December 2019

	Note	Share capital	Share premium	Foreign currency translation reserve	Revaluation reserve	Capital redemption reserve	Retained earnings	Total shareholders' equity
		€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2018		9,055	20,675	(821)	700	60	1,367	31,036
Loss for the financial year	10	-	-	-	-	-	(7,267)	(7,267)
Transactions recognised directly in equity:								
Transfer of revaluation reserve	25	-	-	-	(700)	-	700	-
Reclassification of foreign currency translation reserve	25	-	-	821	-	-	(821)	-
Issue of fully paid share capital	23	112	1,814	-	-	-	-	1,926
Issue of partly paid share capital	23	246	-	-	-	-	-	246
At 31 December 2018		9,413	22,489	-	-	60	(6,021)	25,941
At 1 January 2019		**9,413**	**22,489**	**-**	**-**	**60**	**(6,021)**	**25,941**
Profit for the financial year	10	**-**	**-**	**-**	**-**	**-**	**42,933**	**42,933**
Transactions recognised directly in equity:								
Issue of partly paid share capital	23	**17**	**-**	**-**	**-**	**-**	**-**	**17**
Issue of fully paid share capital	23	**1,211**	**-**	**-**	**-**	**-**	**-**	**1,211**
Exercise of derivative financial instrument	32	**1,503**	**24,318**	**-**	**-**	**-**	**-**	**25,821**
Issuance of share capital	23	**9,697**	**129,694**	**-**	**-**	**-**	**(8,581)**	**130,810**
At 31 December 2019		**21,841**	**176,501**	**-**	**-**	**60**	**28,331**	**226,733**

Accounting Policies

Basis of preparation

The consolidated financial statements of Uniphar plc and its subsidiaries (the 'Group') have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS, as adopted by the EU. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB), as adopted by the EU and as applied in accordance with the Companies Acts 2014.

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.

The parent Company's financial statements are prepared using accounting policies which are consistent with the accounting policies applied to the consolidated financial statements by the Group. The accounting policies are set out below and they have also been applied consistently by all of the Group's subsidiaries and joint ventures to all years presented in these financial statements.

Going concern

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

In light of the ongoing Covid-19 developments, the Group has performed an impact assessment taking into account expected impacts of the pandemic. Uniphar plays a significant role in the healthcare sector and is classified as part of the critical infrastructure by the national Government, ensuring continuity in the supply and distribution of much needed medicines, medical devices and related services. We expect to continue to see increased volumes in Supply Chain & Retail, with likely increases in costs due to investment in additional resources to manage significantly higher volumes. Due to reprioritisation of resources within hospitals and other healthcare facilities the Group are preparing for a possible delay in Commercial & Clinical revenue if certain 'non-urgent' elective surgeries have to be postponed.

In preparing the impact assessment a number of scenarios were considered including the impact of the pandemic over an extended period of up to 12 months. The key assumptions within each of these scenarios include increased volumes and costs for a limited period within Supply Chain & Retail, a reduction in Commercial & Clinical revenues with no corresponding reduction in costs, and no negative impact within Product Access. In all of these scenarios the assessment indicates that there is no impact on the underlying ability to meet debt repayments, comply with banking covenants and retain sufficient liquidity to meet our financial obligations as they fall due.

There are over three years remaining on our existing banking facility, ensuring the Group has access to capital on an ongoing basis. Following our successful IPO in July 2019, together with strong cash generation, and the execution of the non-recourse financing arrangement, the Group has a robust capital structure, with unrestricted cash of €114.0m, and a positive net bank cash position of €26.6m at 31 December 2019.

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

Basis of consolidation

The Group's financial statements are prepared for the year ended 31 December 2019. The annual 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.

The results of all Group undertakings are prepared to the Group's financial year end. The principal subsidiaries of the Group are listed in note 38. The attributable results of acquisitions are included in the financial statements from the date of acquisition. The results of the subsidiary undertakings disposed of are included in the consolidated Income Statement and Cash Flow Statement up to the date control ceases. Intergroup transactions are eliminated on consolidation in the preparation of the Group's financial statements.

New Standards, Amendments and Interpretations

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

» IFRS 16 Leases
» Prepayment Features with Negative Compensation – Amendments to IFRS 9
» Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28
» Annual Improvements to IFRS Standards 2015 – 2017 Cycle
» Plan Amendment, Curtailment or Settlement – Amendments to IAS 19
» Interpretation 23 Uncertainty over Income Tax Treatments.

The Group had to change its accounting policies as a result of adopting IFRS 16. This is the first set of the Group's financial statements where IFRS 16 has been applied. Changes to significant accounting policies are described in note 2. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact in the current or future reporting periods and on foreseeable future transactions.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

» investments in equity, financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment – measured at fair value;
» defined benefit pension plans – plan assets measured at fair value.

The preparation of financial statements in conformity with IFRS 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 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 in relation to the consolidated financial statements are set out in note 1.

Foreign currency translation

(i) Functional currency and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the parent company is Euro. The consolidated financial statements and parent company financial statements are presented in Euro.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the Income Statement. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the Income Statement, within finance cost. All other foreign exchange gains and losses are presented in the Income Statement on a net basis within administrative expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through the Income Statement are recognised in the Income Statement as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as investments in equity instruments are recognised in Other Comprehensive Income.

(iii) Foreign currency translation

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in Other Comprehensive Income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to the Income Statement, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. 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. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Accounting Policies (continued)

Intangible assets (continued)

(ii) Computer software

Computer software, including computer software which is not an integrated part of an item of computer hardware, is stated at cost less any accumulated amortisation and any accumulated impairment losses. Cost comprises purchase price and any other directly attributable costs.

Computer software is recognised if it meets the following criteria:

» an asset can be separately identified;
» it is probable that the asset created will generate future economic benefits;
» the development cost of the asset can be measured reliably;
» it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
» the cost of the asset can be measured reliably.

Costs relating to the development of computer software for internal use are capitalised once the recognition criteria outlined above are met. Computer software is amortised over its expected useful life of 5 years, by charging equal instalments to the Income Statement from the date the assets are ready for use.

(iii) Trademarks

Trademarks are shown at historical cost. Trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of trademarks over their estimated useful lives of 5 years.

Impairment of assets

Goodwill has an indefinite useful life, is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's 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 (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Property, plant and equipment

Property, plant and equipment are stated at cost or deemed cost as appropriate less accumulated depreciation. On transition to IFRS as adopted by the EU in 2015, freehold property in Ireland was revalued to fair value and is measured on the basis of deemed cost being the revalued amount at the date of that revaluation less accumulated depreciation.

Depreciation is calculated in order to write off the cost of property, plant and equipment, other than land and assets under construction, over their estimated useful lives by equal annual instalments.

Property, plant and equipment (continued)

The estimated useful lives of property, plant and equipment by reference to which depreciation has been calculated are as follows:

Freehold buildings	50 years
Leasehold improvements	10 years
Plant and equipment	3 - 10 years
Fixtures and fittings	10 years
Computer equipment	3 - 5 years
Motor vehicles	5 years
Instruments	3 years

Land is not being depreciated.

Property, plant and equipment recognised as a right-of-use asset in accordance with IFRS 16 is depreciated over the right-of-use asset's useful life on a straight-line basis.

Assets Held for Sale

Non-current assets that are expected to be recovered principally through sale rather than continuing use and meet the IFRS 5 criteria are classified as held for sale. These assets are shown in the Balance Sheet at the lower of their carrying amount and fair value less any costs to sell. Impairment losses on initial classification as non-current assets held for sale and subsequent gains or losses on re-measurement are recognised in the Income Statement.

Financial assets – Investments in subsidiaries

Investments in subsidiaries are stated at cost less any accumulated impairment and are reviewed for impairment if there are indications that the carrying amount may not be recoverable. They are assessed for impairment annually as part of the Group's overall impairment assessment.

Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

» those to be measured subsequently at fair value (either through OCI or through profit or loss), and
» those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Recognition and derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Investments and other financial assets (continued)

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through the Income Statement, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through the Income Statement are expensed in the Income Statement.

Debt instruments
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

» Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the Income Statement and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the Income Statement.

» Fair value through Other Comprehensive Income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the Group Income Statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the Group Income Statement.

» Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the Group Income Statement in the period in which it arises.

Loans and receivables
Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Financial guarantee contracts
Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

» the amount determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments and
» the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

Investments and other financial assets (continued)

Derivatives and facility termination fees
Derivatives and facility termination fees are initially recognised at fair value on the date a contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period through the Income Statement.

Equity instruments
Investments in equity instruments are subsequently carried at fair value through other comprehensive income. Gains or losses arising from changes, due to both translation differences and other changes, in the fair value are recognised in Other Comprehensive Income.

Details on how the fair value of financial instruments is determined are disclosed in note 32.

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(v) Income recognition

Interest income
Interest income is recognised in the Income Statement as it accrues using the effective interest method.

Dividends
Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Under the acquisition method, the assets, liabilities and contingent liabilities of an acquired business are initially recognised at their fair value at the date of acquisition.

The Group measures goodwill at the acquisition date as:
- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the Income Statement.

The cost of a business combination is measured as the aggregate of the fair values of any assets transferred, liabilities incurred or assumed, and equity instruments issued in exchange for control. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the Income Statement.

Business combinations (continued)

Where a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the deferred contingent consideration payable is measured at fair value at the acquisition date. If the deferred contingent consideration is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the deferred contingent consideration are recognised in the Income Statement.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

When the initial accounting for a business combination is determined provisionally, any adjustments to the provisional values allocated to the identifiable assets and liabilities are made within twelve months of the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with completed business combinations are expensed as incurred.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Income Statement as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Cash and cash equivalents

For the purpose of presentation in the Cash Flow Statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

Share capital

Ordinary shares are classified as equity. Proceeds from the issue of ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are recognised directly in retained earnings within equity, net of any tax effects.

Leases (2019 Accounting policy under IFRS 16)

The Group leases various properties, equipment and motor vehicles. Rental contracts are typically made for fixed periods of 1 to 30 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Income Statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the right-of-use assets useful life on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
» fixed payments (including in-substance fixed payments), less any lease incentives receivable
» variable lease payment that are based on an index or a rate
» amounts expected to be payable by the lessee under residual value guarantees
» the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
» payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate which is calculated using a portfolio approach, based on the nature of the lease. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.1%.

The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.
» Excluded initial direct costs from measuring the right-of-use asset at the date of initial application
» Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Right-of-use assets are measured at cost comprising the following:
» the amount of the initial measurement of lease liability
» any lease payments made at or before the commencement date less any lease incentives received
» any initial direct costs, and
» restoration costs.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Payments associated with leases of low-value assets are recognised on a straight-line basis as an expense in the Income Statement.

Low-value assets comprise of computer equipment, small items of office furniture, and in-store equipment in our retail pharmacies.

Leases (2018 Accounting policy under IAS 17)

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the period of the leases.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Provision is made using the expected credit loss model which uses a lifetime expected loss allowance for all trade receivables.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is based on the moving average cost method (and first in first out principle where appropriate). Moving average is a costing method used under a perpetual inventory system whereby, after each purchase, average unit cost is recomputed by adding the cost of purchased units to the cost of units in inventory and dividing by the new total number of units. The first in, first out principle includes all expenditure which has been incurred in the normal course of business in bringing the products to their present location and condition. Net realisable value comprises selling price net of trade but before settlement discounts, less all costs to be incurred in marketing, selling and distribution.

Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company, and the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Income tax (continued)

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company and its subsidiaries are able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Income Statement, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity. In this case, the tax is also recognised in Other Comprehensive Income or directly in equity, respectively.

Employee benefits

Share-based payments

Employees (including Executive Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render service in exchange for shares or rights over shares in the ultimate parent undertaking, Uniphar plc. The fair value of share entitlements granted is recognised as an employee expense in the Income Statement with a corresponding increase in equity. The expense or credit recognised in the Income Statement represents the product of the total number of shares anticipated to vest and the fair value of those shares.

Certain Directors and employees may acquire shares in the Company under long-term incentive plans. The Company accounts for the proceeds of these share issues as and when payment of the nominal value of the share is called.

Post-employment obligations

The liability or asset recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in finance costs in the Income Statement.

Employee benefits (continued)

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Income Statement as past service costs.

The defined contribution pension charge to operating profit comprises of the contribution payable to the scheme for the year.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value-added tax.

The Group bases its estimate of returns, discounts and rebates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The Group recognises revenue in the amount of the price expected to be received for goods and services supplied at a point in time or over time, as contractual performance obligations are fulfilled, and control of goods and services passes to the customer.

In certain of the Group's contracts where another party is involved in providing goods or services to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. In circumstances where the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and revenue is recognised at the net amount that it retains for its agency services. The Group has concluded that it is the principal in its revenue arrangements, except for certain agreements in Product Access where the Group's role is only to arrange for another entity to provide the goods or services.

An analysis of the revenue recognition principles applied in each of the Group's operating segments is provided below:

Commercial & Clinical

Revenue is derived from the provision of goods and services falling within the Group's ordinary activities after deduction of trade discounts and value-added tax.

Revenue (continued)

Sales of goods are recognised on despatch to the customer, and there is no unfulfilled performance obligation that could affect the customer's acceptance of the product. Despatch occurs when the goods have been shipped to the location specified by the customer, the risks of obsolescence or loss have been transferred to the customer, the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the company has objective evidence that all criteria for acceptance have been satisfied. Where sales are on a consignment basis, turnover is not recognised until a sale has been made to a third party. In some circumstances goods are sold with volume rebates. Sales are measured at the prices specified in the sale contract, net of estimated volume rebates. Volume rebates are assessed based on anticipated annual purchases and historical experience.

Revenue arises from the provision of resourcing and outsourcing services and the provision of patient solution services. Revenue from service contracts is recognised in the financial year in which the services are rendered and when the outcome of contract can be estimated reliably.

Product Access

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of VAT and trade discounts. Revenue arises from the sale of goods to retailers and hospitals.

The Group bases its estimate of returns, discounts and rebates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. The Group recognises revenue in the amount of the price expected to be received for goods supplied at a point in time as contractual performance obligations are fulfilled, and control of goods passes to the customer.

Supply Chain & Retail - wholesaling

Revenue is derived from the provision of goods and services falling within the Group's ordinary activities after deduction of trade discounts and value-added tax. Revenue arises from the sale of goods to wholesalers, retailers and hospitals and the operation of retail pharmacy.

Sale of pharmaceutical and healthcare related products are recognised on delivery to the purchaser, hospital or retail pharmacy, when the purchaser has full discretion over the channel and price to sell the product and there is no unfulfilled obligation that could affect the purchaser's acceptance of the product. Delivery occurs when the products have been shipped to the location specified by the purchaser, the risks of obsolescence or loss have been transferred to the purchaser, the purchaser has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

Products sold to customers are often sold with volume rebates and also with the provision for the customer to return faulty goods. Sales are measured at the prices specified in the sale contract, net of estimated volume rebates and returns. Volume rebates are assessed based on anticipated annual purchases and historical experience.

Sales are normally made with credit terms of between 30-90 days. This element of financing is deemed immaterial and is disregarded in the measurement of revenue.

Supply Chain & Retail – retail pharmacies

The Group operates retail shops for the sale of pharmacy and certain related products. Sales of products are recognised on sale to the customer, which is considered the point of delivery. Retail sales are usually by cash, credit or debit card.

Cost of Sales

Commercial & Clinical

The cost of sales attributable to the supply of goods includes all costs of purchase of inventory and other costs incurred net of value-added tax in bringing inventories for resale to their present location and condition. When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The cost of sales attributable to the supply of services includes all direct costs attributable to the provision of resourcing and outsourcing services net of value-added tax. The cost of service is recognised as an expense in the period in which the related revenue is recognised.

Product Access

The cost of sales includes all direct costs attributable to the provision of services and cost of purchase of inventory for resale net of value-added tax. When a service is provided or inventory is sold, the cost of service or carrying amount of inventory is recognised as an expense in the period in which the related revenue is recognised.

Supply Chain & Retail

The cost of sales includes all costs of purchase of inventory and other costs incurred net of value-added tax in bringing inventories for resale to their present location and condition. When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

Exceptional items

With respect to exceptional items, the Group has applied an Income Statement format which seeks to highlight significant items within Group results for the year. Such items may include restructuring costs, professional fees including directly attributable acquisition costs and acquisition integration costs, impairment of non-current assets, profit and loss on disposal of tangible assets and investments. The Group exercises judgement in assessing the particular items which, by virtue of their scale and nature, should be disclosed in the Income Statement and related notes as exceptional items.

Notes to the Financial Statements

1 Significant estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Management judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

Impairment assessment of goodwill and other non-current assets
The Group tests annually whether goodwill has suffered any impairment. Determining whether goodwill is impaired requires comparison of the value in use for the relevant CGUs to the net assets attributable to these CGUs. The value in use calculation is based on an estimate of future cash flows expected to arise from the CGUs and these are discounted to net present value using an appropriate discount rate. In calculating value in use, management judgement is required in forecasting cash flows of CGUs, in determining terminal growth values and in calculating an appropriate discount rate. The goodwill impairment test is sensitive to these estimates. The Group has performed sensitivity analysis over the value in use calculation with respect to the key estimates. Management have performed detailed sensitivity analysis on each of the CGUs by applying sensitivities to each of the key assumptions. This analysis resulted in an excess in the recoverable amount over their carrying amount under each approach for all CGUs. Management believe that any reasonable change in any of the key assumptions would not cause the carrying value of goodwill to exceed the recoverable amount. Further information is detailed in the intangible assets note 12.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Impairment tests in respect of property, plant and equipment and software related intangible assets are also performed on a CGU basis.

Adoption of IFRS 16 "Leases"
The adoption of IFRS 16 "Leases" required management judgement in the selection of the appropriate discount rates to be used in the discounting of the expected future payments to present value. The discount rate applied is the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate which is calculated using a portfolio approach, based on the nature of the lease. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.1%. See note 2 for further details on our adoption of IFRS 16 "Leases".

Impairment of inventory
The Group sells pharmaceutical, health and beauty products and medical devices. Pharmaceutical includes ethical medicines, OTC, hospital and veterinary products. As a result, it is necessary to consider the recoverability of the carrying amount of inventory at the end of each financial year. When calculating any inventory impairment, management applies judgement in considering the nature and condition of the inventories, current estimated selling prices, as well as applying assumptions around anticipated saleability of goods held for resale. See note 15 for the carrying amount of the inventories and the provision recognised.

Impairment of receivables
The Directors make an assessment at the end of each financial year of whether there is objective evidence that a trade receivable or other receivable is impaired. When assessing impairment of trade and other receivables, the Directors consider factors including the current credit rating of the trade receivables, the age profile of outstanding invoices, recent correspondence, trading activity and historical experience of cash collections from the trade receivable. See note 32 for the net carrying amount of the receivables and the impairment loss recognised in the financial year.

1 Significant estimates and judgements (continued)

Revenue recognition
Management judgement is required in the assessment of whether the Group acts as an agent or a principal in transactions and accordingly whether revenue should be recorded on a gross or net basis. As part of this assessment, the Group has considered its responsibilities for fulfilling contracts, inventory risk, and establishing selling prices and therefore it has determined that it acts as a principal. In relation to acquisitions completed during 2019, the Group has identified certain agreements which following consideration of the requirements of IFRS 15, it was concluded that the Group acts as an agent, where the Group's role is only to arrange for another entity to provide the goods or services.

Income taxes
Provisions for taxes require judgement and estimation in interpreting tax legislation, current case law and the uncertain outcomes of tax audits and appeals. Where the final outcome of these matters differs from the amounts recognised, differences will impact the tax provisions once the outcome is known. In addition, the Group recognised deferred tax assets, mainly relating to unused tax losses, when it is probable that the assets will be recovered through future profitability and tax planning. The assessment of recoverability involves judgement. Further information is contained in note 9, income tax expense.

Business combinations
In accounting for business combinations, the identifiable assets, liabilities and contingent liabilities acquired have to be measured at their fair values. Judgement is required in; estimating the fair value of inventory with reference to current selling prices and an assessment of obsolescence and demand for inventory; the fair value of trade debtors with reference to the ageing and recoverability of these. Additionally, management judgement is also required in the identification and valuation of any potential intangible assets arising on acquisitions. Details concerning acquisitions and business combinations are outlined in note 35.

Management estimates

Information about critical estimates in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

Provisions
The amount recognised for a provision is management's best estimate of the expenditure to be incurred. Provisions are measured at each Balance Sheet date based on the best estimate of the expected settlement amount. Changes to the best estimate of the settlement amount may result from changes in the amount of timing of the outflows or changes in discount rates.

Deferred contingent consideration are recognised in the Group Balance Sheet as provisions. The expected payment is determined in respect of each individual agreement taking into account the expected level of profitability of each acquisition. Deferred contingent consideration is recognised at fair value at the acquisition date and included in the cost of the business combination. Deferred contingent consideration arrangements are based on earn-out agreements providing for future payment if certain pre-defined profit targets are achieved. The fair value of deferred contingent consideration is estimated using an income-based approach, by estimating the expected payment based on the forecasted performance of the acquired business and discounting the expected future payment to present value using an appropriate discount rate. The movement in deferred contingent consideration in the period is outlined in Note 22. Further details on measurement, sensitivities applied, and maturity profile are outlined in Note 32.

1 Significant estimates and judgements (continued)

Measurement of defined benefit obligations
The cost of defined benefit pension plans and the present value of pension obligations are determined using actuarial valuations. These valuations involve making various estimates that may differ significantly from actual developments in the future. The estimates include determination of appropriate discount rates, future salary increases, inflation, mortality rates and future pension increases. Due to the complex nature of the valuations the Group employs an international network of professional actuaries to perform these valuations. The critical assumptions and estimates applied along with a sensitivity analysis are provided in the employee benefit obligations note 27.

Useful economic lives of property, plant and equipment
Determining the useful life of property, plant and equipment requires judgement. Management regularly reviews the useful economic lives and residual values. They are amended when necessary to reflect current estimates, based on technological advancement, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property, plant and equipment, and the depreciation charge for each class of asset, and the accounting policies for the useful economic lives for each class of asset.

Fair value of derivatives financial instruments
The derivative financial instruments represented share warrants that were issued to the previous shareholders of Sisk Healthcare Group on the completion of the acquisition of Sisk Healthcare Group. This share warrant granted the right to subscribe for 18,782,808 ordinary shares in Uniphar plc with a nominal value of €0.08 each. The share warrant was exercised in July 2019 in advance of the initial public offering. The share warrant was previously exercisable within a five-year period from the date of completion of the acquisition, or alternatively through a cash termination payment. Management estimates were required in the valuation of the share warrant. At the acquisition date, the fair value attributable to the share warrant was calculated based on management's best estimate of the weighted probability of each of the possible outcomes. In July 2019, a gain of €1,765,000 was recognised on the settlement of the share warrant, being the amount attributable to the cash settlement option under the weighted probability method.

2 Changes in significant accounting policies

IFRS 16, published in January 2016 and effective on 1 January 2019, replaces the existing guidance in IAS 17 'Leases'. IFRS 16 eliminates the classification of leases as either operating leases or finance leases. It introduces a single lessee accounting model, which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months and depreciation of lease assets separately from interest on lease liabilities in the Income Statement. The Group has applied the cumulative catch up approach and as a result there was no retrospective adjustment required.

The Group has assessed the impact on its consolidated financial statements resulting from the application of IFRS 16. The adoption of this new standard at 1 January 2019 had a material impact on the Group Income Statement and Balance Sheet as follows:

Income Statement
The adoption of IFRS 16 has resulted in cost of sales reducing by €1.1m, and operating expenses reducing by €9.4m for the year ended 31 December 2019, as the Group previously recognised operating lease expenses in either cost of sales or operating expenses (depending on the nature of the lease).

Depreciation and finance costs as currently reported in the Group Income Statement have increased by €9.5m and €2.6m respectively, as under the new Standard the right-of-use asset has been capitalised and is now being depreciated over the term of the lease with an associated finance cost applied annually to the lease liability.

Balance Sheet
At the transition date the Group has assessed all lease commitments outstanding at that date and applied the appropriate discount rate to calculate the present value of the lease commitment. The Group adopted IFRS 16 by applying the cumulative catch up approach as permitted by the Standard.

The Group has entered into leases for a range of assets, including property, plant and equipment and motor vehicles. The Group has elected to apply the recognition exemption for both short-term and low-value leases.

On adoption of IFRS 16 at 1 January 2019, a right-of-use asset of €80.9m has been recognised in the Group Balance Sheet included within property, plant and equipment, with a corresponding lease liability recognised for this amount in the Group Balance Sheet.

	€'000
Operating lease commitments disclosed as at 31 December 2018	64,773
Discounted using the group's incremental borrowing rate of 3.1%	(10,197)
Add: adjustments as a result of a different treatment of extension and termination options	26,287
Lease liability recognised as at 1 January 2019	80,863
Lease liabilities recognised at 1 January 2019:	
Current	6,245
Non-current	74,618
	80,863

2 Changes in significant accounting policies (continued)

2019 Accounting policy under IFRS 16
The accounting policy for leases under IFRS 16 "Leases" is outlined in the accounting policies section.

The following table summarises the impact of the adoption of IFRS 16 on the Group Balance Sheet as at 1 January 2019:

Impact on the Group Balance Sheet as at 1 January 2019

	As reported 31 December 2018 €'000	IFRS 16 impact €'000	Adjusted Opening Balance Sheet €'000
ASSETS			
Non-current assets			
Intangible assets	206,978	-	206,978
Property, plant and equipment	23,141	80,863	104,004
Deferred tax asset	7,103	-	7,103
Other receivables	2,106	-	2,106
Employee benefit surplus	439	-	439
Financial assets – Investments in equity instruments	25	-	25
Financial assets – Long term receivables	5,500	-	5,500
	245,292	80,863	326,155
Current assets			
Properties held for sale	4,000	-	4,000
Inventory	76,070	-	76,070
Trade and other receivables	170,659	-	170,659
Cash and cash equivalents	10,539	-	10,539
Restricted cash	2,352	-	2,352
	263,620	-	263,620
Total assets	508,912	80,863	589,775

2 Changes in significant accounting policies (continued)

Impact on the Group Balance Sheet as at 1 January 2019 (continued)

	As reported 31 December 2018 €'000	IFRS 16 impact €'000	Adjusted Opening Balance Sheet €'000
EQUITY			
Capital and reserves			
Called up share capital presented as equity	9,413	-	9,413
Share premium	22,489	-	22,489
Other reserves	(351)	-	(351)
Retained earnings	(31,990)	-	(31,990)
Attributable to owners	(439)	-	(439)
Attributable to non-controlling interests	(180)	-	(180)
Total equity	(619)	-	(619)
LIABILITIES			
Non-current liabilities			
Borrowings	84,018	-	84,018
Provisions	52,142	-	52,142
Derivative financial instruments	27,586	-	27,586
Lease obligations	-	74,618	74,618
Facility termination fee	5,122	-	5,122
	168,868	74,618	243,486
Current liabilities			
Borrowings	81,753	-	81,753
Trade and other payables	256,410	-	256,410
Lease obligations	-	6,245	6,245
Facility termination fee	2,500	-	2,500
	340,663	6,245	346,908
Total liabilities	509,531	80,863	590,394
Total equity and liabilities	508,912	80,863	589,775

2 Changes in significant accounting policies (continued)

The following tables summarise the impact of the adoption of IFRS 16 on the Group Income Statement for the year ended 31 December 2019, the Group Balance Sheet as at 31 December 2019, and the Group Cash Flow Statement for the year ended 31 December 2019:

Impact on the Group Income Statement for the year ended 31 December 2019

	Without adoption of IFRS 16 €'000	IFRS 16 impact €'000	As reported €'000
Revenue	1,665,283	-	1,665,283
Cost of sales	(1,485,804)	1,123	(1,484,681)
Gross profit	179,479	1,123	180,602
Selling and distribution costs	(52,214)	-	(52,214)
Administrative expenses	(100,385)	(68)	(100,453)
Other operating income	272	-	272
Operating profit	27,152	1,055	28,207
Finance income/(cost)	888	(2,637)	(1,749)
Profit before tax	28,040	(1,582)	26,458
Income tax expense	(5,537)	-	(5,537)
Profit for the financial year	22,503	(1,582)	20,921
Attributable to owners	22,608	(1,582)	21,026
Attributable to non-controlling interests	(105)	-	(105)
	22,503	(1,582)	20,921
Profit attributable to:			
Continuing operations	22,503	(1,582)	20,921
Earnings per ordinary share (in cent):			
Basic and diluted - continuing operations	12.3	(0.8)	11.5
Basic and diluted earnings per share (in cent)	12.3	(0.8)	11.5

2 Changes in significant accounting policies (continued)

Impact on the Group Balance Sheet as at 31 December 2019

	Without adoption of IFRS 16 €'000	IFRS 16 impact €'000	As reported €'000
ASSETS			
Non-current assets			
Intangible assets	275,959	-	275,959
Property, plant and equipment	27,505	91,978	119,483
Deferred tax asset	4,972	-	4,972
Other receivables	1,132	-	1,132
Financial assets – Investments in equity instruments	25	-	25
	309,593	91,978	401,571
Current assets			
Properties held for sale	7,985	-	7,985
Inventory	98,105	-	98,105
Trade and other receivables	137,356	(576)	136,780
Cash and cash equivalents	114,040	-	114,040
Restricted cash	2,142	-	2,142
	359,628	(576)	359,052
Total assets	669,221	91,402	760,623

2 Changes in significant accounting policies (continued)

Impact on the Group Balance Sheet as at 31 December 2019 (continued)

	Without adoption of IFRS 16 €'000	IFRS 16 impact €'000	As reported €'000
EQUITY			
Capital and reserves			
Called up share capital presented as equity	21,841	-	21,841
Share premium	176,501	-	176,501
Other reserves	3,464	-	3,464
Retained earnings	(19,019)	(1,582)	(20,601)
Attributable to owners	182,787	(1,582)	181,205
Attributable to non-controlling interests	(285)	-	(285)
Total equity	182,502	(1,582)	180,920
LIABILITIES			
Non-current liabilities			
Borrowings	66,977	-	66,977
Provisions	81,069	-	81,069
Other non-current payables	545	-	545
Lease obligations	-	82,901	82,901
Employee benefit deficit	45	-	45
	148,636	82,901	231,537
Current liabilities			
Borrowings	22,583	-	22,583
Trade and other payables	310,500	-	310,500
Facility termination fee	5,000	-	5,000
Lease obligations	-	10,083	10,083
	338,083	10,083	348,166
Total liabilities	486,719	92,984	579,703
Total equity and liabilities	669,221	91,402	760,623

2 Changes in significant accounting policies (continued)

Impact on the Group Cash Flow Statement for the year ended 31 December 2019

	Without adoption of IFRS 16 €'000	IFRS 16 impact €'000	As reported €'000
Operating activities			
Cash inflow from operating activities	39,033	10,533	49,566
Proceeds from non-recourse financing	68,000	-	68,000
Interest paid	(3,831)	-	(3,831)
Interest paid on lease liabilities	-	(2,637)	(2,637)
Corporation tax payments	(4,101)	-	(4,101)
Net cash inflow from operating activities	99,101	7,896	106,997
Investing activities			
Payments to acquire property, plant and equipment	(5,585)	-	(5,585)
Receipts from disposal of property, plant and equipment	9	-	9
Receipts from disposal of assets held for sale	415	-	415
Payments to acquire intangible assets	(861)	-	(861)
Receipts from disposals/repayments of financial assets	5,359	-	5,359
Payments to acquire subsidiary undertakings	(50,533)	-	(50,533)
Cash acquired on acquisition of subsidiary undertakings	6,860	-	6,860
Payment of deferred and deferred contingent consideration	(1,403)	-	(1,403)
Receipt of deferred consideration receivable	95	-	95
Net cash outflow from investing activities	(45,644)	-	(45,644)
Financing activities			
Issue of partly paid share capital	17	-	17
Proceeds from calling of unpaid element of partly paid share capital	1,211	-	1,211
Proceeds from IPO equity issue	139,391	-	139,391
IPO cash exceptional costs	(3,493)	-	(3,493)
IPO cash exceptional costs – recognised directly in equity	(8,581)	-	(8,581)
Repayments of borrowings	(6,869)	-	(6,869)
Net decrease in invoice discounting facilities	(69,342)	-	(69,342)
Net movement in restricted cash	210	-	210
Principal element of lease payments	-	(7,896)	(7,896)
Payment of facility termination fee	(2,500)	-	(2,500)
Net cash inflow from financing activities	50,044	(7,896)	42,148
Increase in cash and cash equivalents in the period	103,501	-	103,501
Opening balance cash and cash equivalents	10,539	-	10,539
Closing balance cash and cash equivalents	114,040	-	114,040

3 Revenue

	2019 €'000	2018 €'000
Revenue	1,665,283	1,417,895

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

Geographical analysis
The Group operates in two principal geographical regions being the Republic of Ireland and the United Kingdom. The Group also operates in other European countries and the United States which are not material for separate identification.

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

	2019 €'000	2018 €'000
Ireland	1,476,247	1,325,130
UK	152,623	86,411
Rest of the World	36,413	6,354
	1,665,283	1,417,895

	Ireland €'000	UK €'000	ROW €'000	Total €'000
At 31 December 2019				
Intangible assets (excluding goodwill)	5,146	86	-	5,232
Property, plant and equipment	108,134	9,685	1,664	119,483
Deferred tax asset	4,730	242	-	4,972
Other receivables	1,132	-	-	1,132
Financial assets – Investment in equity instruments	25	-	-	25
Non-current assets (excluding goodwill)	119,167	10,013	1,664	130,844
Goodwill				270,727
Non-current assets				401,571

3 Revenue (continued)

	Ireland €'000	UK €'000	ROW €'000	Total €'000
At 31 December 2018				
Intangible assets (excluding goodwill)	6,699	62	-	6,761
Property, plant and equipment	22,054	800	287	23,141
Deferred tax asset	6,960	143	-	7,103
Other receivables	2,106	-	-	2,106
Employee benefit surplus	439	-	-	439
Financial assets – Investment in equity instruments	25	-	-	25
Financial assets – Long term receivables	5,500	-	-	5,500
Non-current assets (excluding goodwill)	43,783	1,005	287	45,075
Goodwill				200,217
Non-current assets				245,292

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 provide the operational and financial management structures that will allow the Group to continue to grow and develop successfully over the coming years.

» Commercial & Clinical provide outsourced services, specifically sales, marketing and multichannel account management to pharmaco-medical manufacturers, and distribution and support services to medical device manufacturers. Uniphar offer a fully integrated multi-channel account management solution that is supported through market data, insights and digital programmes. We integrate these programmes with our supply chain and distribution capability to provide a full end to end service to manufacturers.
» Product Access consists of two service offerings, being: On Demand Access and Exclusive Access. On Demand Access provides access to pharmaco-medical products and treatments, by developing valuable relationships and interactions between manufacturers and other healthcare stakeholders. This business operates in both the retail and hospital markets in both the Irish and UK markets. Exclusive Access provides bespoke distribution partnerships to pharmaceutical partners around key brands, with new programmes focused on speciality pharmaceutical products. Delivering a unique patient support programme that allows healthcare professionals to connect with patients, on a global basis.
» Supply Chain & Retail provides both pre-wholesale distribution and wholesale distribution of pharmaceutical, healthcare and animal health products to pharmacies, hospitals and veterinary surgeons in Ireland. The business supports the diverse customer base through the provision of strong service levels coupled with innovative commercial initiatives. Uniphar operate a network of pharmacies under the Life and Allcare brands. Additionally, through the extended Uniphar symbol group, the business provides services and supports that help independent community pharmacies to compete more effectively in an increasingly difficult environment.

3 Revenue (continued)

Operating segments results

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

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

	2018 Commercial & Clinical €'000	2018 Product Access €'000	2018 Supply Chain & Retail €'000	2018 Total €'000
Revenue	102,558	74,416	1,240,921	1,417,895
Gross profit	35,378	10,338	70,001	115,717

The Commercial & Clinical revenue of €204,031,000 (2018: €102,558,000) consists of revenue derived from medtech of €157,691,000 (2018: €62,007,000) and pharma of €46,340,000 (2018: €40,551,000).

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

4 Other operating income

	2019 €'000	2018 €'000
Other income and commission	211	349
Dividends receivable from investments	61	464
Profit on disposal of property, plant and equipment	-	138
Profit on disposal of subsidiary undertakings	-	855
	272	1,806

Notes to the Financial Statements (continued)

5 Exceptional charge

	2019 €'000	2018 €'000
Professional fees including acquisition costs	(5,896)	(6,094)
Redundancy costs	(1,494)	(204)
Initial public offering costs	(2,432)	-
Foreign exchange revaluation of deferred contingent consideration	(1,426)	-
Restructuring costs	(795)	(1,534)
Exceptional charge from investment in IPOS network	-	(647)
Warehouse closure costs	-	(386)
Other exceptional charges	-	(842)
Trademark impairments (note 12)	-	(461)
Profit on disposal of property, plant and equipment	-	138
Profit on disposal of subsidiary undertakings (note 8)	-	855
Exceptional charge recognised in operating profit	(12,043)	(9,175)
Deferred and deferred contingent consideration	5,251	-
Gain on settlement of derivative financial instrument (note 32)	1,765	-
Refinancing costs	(285)	-
Exceptional credit recognised in finance costs	6,731	-
Total Exceptional charge	(5,312)	(9,175)

Deferred and deferred contingent consideration:

Deferred and deferred contingent consideration relates to €5,290,000 in respect of Clinical Pyramid Limited, and €546,000 in respect of Murrays Medical Limited. Additionally, a provision of €585,000 has been recognised in respect of deferred consideration receivable on the disposal of a retail pharmacy. These amounts were released in the year following a review of expected performance against earn-out targets.

6 Operating profit

	2019 €'000	2018 €'000
Operating profit is stated after charging/(crediting):		
Directors' remuneration		
» Emoluments	2,528	2,160
» Defined contribution pension*	103	142
» Fees	558	325
Depreciation (note 13)	15,911	4,610
Amortisation of computer software (note 12)	2,363	2,597
Amortisation of trademarks (note 12)	31	29
Profit on disposal of property, plant and equipment (note 5)	-	(138)

*Defined contribution pension costs included in Directors' remuneration which were charged to the Group Income Statement relate to pension contributions relating to two Directors (2018: two).

6 Operating profit (continued)

Auditors' remuneration (including expenses) for the statutory audit of the Group's financial statements, subsidiary financial statements and other services carried out for the Group by the Company's auditors and subsidiary auditors. Included in fees payable for the audit of Group accounts are total fees of €19,000 (2018: €19,000) which are due to the Group's auditor in respect of the Parent Company. The non-audit services performed by PwC during the year largely related to advisory work in connection with the IPO, due diligence and tax advice on acquisitions completed during the year.

	2019 €'000	2018 €'000
Group Auditors – PwC		
» Audit of group accounts	604	535
» Tax compliance services	59	183
» Tax advisory services	825	130
» Other non-audit services	1,183	959
Subsidiary company auditors – Non PwC		
» Audit of subsidiary accounts	206	152
» Tax compliance services	43	36
» Other non-audit services	-	-
Operating lease rentals:		
» Plant and equipment	-	490
» Other assets	-	1,506
» Buildings	-	4,761
Staff costs (including Directors):		
» Wages and salaries	90,373	56,955
» Social welfare costs	9,125	5,945
» Pension costs (note 27)	2,922	1,558
	102,420	64,458

The increase in staff costs is largely due to the acquisitions completed in the current year, and the full year impact of the acquisitions which were completed in 2018.

	2019 Number	2018 Number
Employees		
The average number of persons employed by the Group (including Directors) during the year was as follows:		
Administration	664	465
Selling, distribution and warehouse	1,175	857
	1,839	1,322

7 Finance (income)/cost

	2019 €'000	2018 €'000
Interest payable on borrowings repayable within five years	3,871	2,794
Fair value adjustment to deferred and deferred contingent consideration on investments	1,725	1,238
Fair value adjustment on facility termination fee	(122)	371
Amortisation of re-financing transaction fees	282	127
Net interest (income)/expense from pension scheme liabilities (note 27)	(15)	23
Interest receivable	(24)	(31)
Other fair value adjustments	126	-
Interest on lease obligations	2,637	-
Finance cost before exceptional credit	8,480	4,522
Decrease in fair value deferred contingent consideration (note 5)	(5,251)	-
Exercise of derivative financial instrument (note 5)	(1,765)	-
Re-financing costs (note 5)	285	-
Exceptional credit recognised in finance cost	(6,731)	-
Finance cost	1,749	4,522

8 Profit on disposal of subsidiary undertakings

There were no disposals of subsidiary undertakings during 2019. During 2018, the Group fully disposed of its shareholdings in the following companies:

- IPOS Holding 63 Limited (66.0% shareholding);
- IPOS Holding 162 Limited (72.4% shareholding).

The disposals in 2018 by way of share redemption were in line with the relevant IPOS shareholding agreements. The profit on disposal resulting from these transactions was €855,000 on total proceeds of €937,000 (inclusive of deferred consideration amounting to €282,000). This amount included goodwill ascribed to these pharmacies of €1,586,000 (cost: €4,245,000 less impairment of €2,659,000) (note 12) and net liabilities on disposal were €1,504,000.

	2019 €'000	2018 €'000
Profit on disposal of subsidiary undertakings		
Consideration receivable	-	937
Net liabilities disposed of	-	1,504
Disposal of goodwill (note 12)	-	(1,586)
Profit on disposal of subsidiary undertakings	-	855

9 Income tax expense

	2019 €'000	2018 €'000
Recognised in the Income Statement:		
Current income tax		
Republic of Ireland	2,914	894
Overseas	1,748	746
Total current income tax expense	4,662	1,640
Deferred income tax		
Origination and reversal of temporary differences:		
Property, plant and equipment	235	(72)
Employee benefits	82	227
Tax losses and other differences	558	804
Total deferred income tax expense	875	959
Total income tax expense	5,537	2,599
The total income tax expense for the financial year is analysed as follows:		
Continuing operations	5,537	2,599
	5,537	2,599

Factors affecting the tax expense in future years

In addition to the Republic of Ireland, the Group has operations in the overseas tax jurisdictions of the UK, the Netherlands, the Nordics and the USA. The total tax charge for future periods will be affected by changes to applicable tax rates in force in jurisdictions in which the Group operates and other changes in tax legislation applicable to the Group's businesses.

The UK statutory corporation tax rate of 19% will be progressively reduced to 17% by 1 April 2020.

The Netherlands standard corporate income tax rate of 25% will be reduced to 21.7% from 1 January 2021.

The Swedish corporate income tax rate of 21.4% will be reduced to 20.6% from 1 January 2021.

9 Income tax expense (continued)

	2019 €'000	2018 €'000
Reconciliation of effective tax rate		
Profit on ordinary activities before tax	26,458	11,304
Profit on ordinary activities multiplied by standard rate of corporation tax in the Republic of Ireland of 12.5%	3,307	1,413
Effects of		
Disallowable expenses	1,030	1,355
Impairment provision	15	70
Higher overseas income tax rates	653	245
Income not taxable	(2)	(317)
Utilisation of tax losses not previously recognised	(256)	(286)
Tax base asset adjustments in respect of prior years	478	115
Under-provision of corporation tax in prior year	312	4
Total income tax expense for the year	5,537	2,599

10 Result for the financial year

The profit recorded in the financial statements of the Company for the year ended 31 December 2019 was €42,933,000 (2018: loss €7,267,000). As permitted by Section 304 of the Companies Act 2014, the Income Statement of the Company has not been separately presented in the financial statements.

11 Dividends

There were no dividends paid in the current year ended 31 December 2019, or the prior year ended 31 December 2018.

The Directors have proposed a final dividend of 0.73 cent per ordinary share, subject to approval at the Annual General Meeting. This results in a total shareholder dividend of €2.0m in respect of the period from IPO to 31 December 2019. The proposed dividend will be paid to ordinary shareholders on the Company's register on 1 May 2020. This dividend has not been provided for in the Balance Sheet at 31 December 2019, as there was no present obligation to pay the dividend at year end.

12 Intangible assets

	Computer software €'000	Trademark €'000	Goodwill €'000	Total €'000
Cost				
At 1 January 2018	29,822	732	88,780	119,334
Foreign exchange movements	(1)	(4)	(492)	(497)
Acquisitions	474	-	134,883	135,357
Additions	2,015	-	-	2,015
Disposals/retirements (note 8)	-	(575)	(4,245)	(4,820)
At 31 December 2018	32,310	153	218,926	251,389
At 1 January 2019	**32,310**	**153**	**218,926**	**251,389**
Foreign exchange movements	**4**	**-**	**3,440**	**3,444**
Acquisitions (note 35)	**-**	**-**	**67,070**	**67,070**
Additions	**861**	**-**	**-**	**861**
Disposals/retirements	**(66)**	**-**	**-**	**(66)**
At 31 December 2019	**33,109**	**153**	**289,436**	**322,698**
Accumulated amortisation				
At 1 January 2018	23,045	145	21,054	44,244
Amortisation	2,597	29	-	2,626
Provision for impairment	-	-	314	314
Disposals/retirements	-	(114)	(2,659)	(2,773)
At 31 December 2018	25,642	60	18,709	44,411
At 1 January 2019	**25,642**	**60**	**18,709**	**44,411**
Amortisation	**2,363**	**31**	**-**	**2,394**
Disposals/retirements	**(66)**	**-**	**-**	**(66)**
At 31 December 2019	**27,939**	**91**	**18,709**	**46,739**
Net book amounts				
At 31 December 2018	6,668	93	200,217	206,978
At 31 December 2019	**5,170**	**62**	**270,727**	**275,959**

12 Intangible assets (continued)

Acquisitions of €67,070,000 comprise the following transactions:

» Goodwill of €34,350,000 arising on the acquisition of 100% controlling interest in Durbin plc, and Durbin inc ("Durbin") (note 35).
» Goodwill of €12,808,000 arising on the acquisition of 100% controlling interest in M3 Medical Limited (note 35).
» Goodwill of €11,173,000 arising on the acquisition of 100% controlling interest in EPS Vascular AB, EP Endovascular AB and EPS Vascular OY, together "EPS Group" (note 35).
» Goodwill of €5,446,000 arising on the acquisition of 100% controlling interest in 15 Inischem retail pharmacies (note 35).
» Goodwill of €1,887,000 arising on the acquisition of 100% controlling interest in Gort Road Pharmacy Limited (note 35).
» Goodwill of €1,406,000 arising on the acquisition of 100% controlling interest in Regional Pharmacy Limited (note 35).

The Group continues to have a registered trademark known as Life Pharmacy. This trademark is used by customers of Uniphar who operate under the common symbol of Life Pharmacy and this trademark symbol is a central part of developing the Life brand. Amortisation of this trademark commenced in 2017.

Cash-generating units

Goodwill acquired in business combinations is allocated, at acquisition, to the cash-generating units ('CGUs') that are expected to benefit from that business combination, based on the Group's existing CGUs or where more appropriate the recognition of a new CGU. The CGUs represent the lowest level at which the associated goodwill is assessed for internal management purposes and are not larger than the operating segments determined in accordance with IFRS 8 Operating Segments.

As disclosed in Note 35 the initial accounting for the business combinations completed during the year has been determined provisionally. As a result, the allocation of the goodwill recognised in 2019 to CGUs has not been finalised. For 31 December 2019 the goodwill arising on business combinations completed during 2019 has been tested for impairment by reference to the CGUs determined in accordance with the businesses acquired. For the acquisitions completed in Q4 of 2019, which have not yet been allocated to CGUs, a market-based approach has been used given the recent transaction date.

At 31 December 2018, the goodwill arising on the acquisitions of Angiocare B.V. and Bradleys Pharmacy Group had not been finalised and remained unallocated. In 2019, the goodwill arising on the acquisition of Angiocare B.V. was allocated to the Commercial & Clinical MedTech CGU, and the goodwill arising on the acquisition of Bradleys Pharmacy Group was allocated to the Retail Pharmacies CGU, based on the CGUs that are expected to benefit from that business combination. Following the creation of the Commercial & Clinical MedTech CGU in 2019, the goodwill attributable to the 2018 acquisition of Macromed (UK) Limited was re-allocated to Commercial & Clinical MedTech, being the CGU that is expected to benefit from that business combination.

During 2019, the goodwill arising on the acquisition of Durbin was allocated to the Product Access CGU, and the goodwill arising on the acquisition of the 15 Inischem retail pharmacies was allocated to the Retail Pharmacies CGU, based on the CGUs that are expected to benefit from that business combination. In 2020, it is expected that the goodwill arising on the acquisitions of EPS Group and M3 Medical Limited will be allocated to the Commercial & Clinical MedTech CGU, and it is expected that the goodwill arising on the acquisitions of Gort Road Pharmacy Limited and Regional Pharmacy Limited will be allocated to the Retail Pharmacies CGU, based on the CGUs that are expected to benefit from that business combination.

12 Intangible assets (continued)

	2019 €'000	2018 €'000
Commercial & Clinical MedTech (previously called Sisk Healthcare Group)	127,158	113,308
Supply Chain Services	37,372	37,372
Commercial & Clinical Pharma (previously called Commercial & Clinical)	19,009	24,322
Retail Pharmacies	22,248	8,351
Product Access	37,666	1,245
IPOS Pharmacies	-	558
Acquisitions not yet allocated to CGUs	27,274	15,061
Net book value of goodwill at 31 December 2019	270,727	200,217

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).

The recoverable amount of each CGU is determined based on value-in-use calculations. The carrying value of each CGU is initially compared to its estimated value-in-use. There were no impairments during the year (2018: €314,000).

As part of this assessment the Group continued to review the carrying value of goodwill associated with subsidiary companies previously acquired as at 31 December 2019.

12 Intangible assets (continued)

Value-in-use Calculations

The value-in-use is calculated on the basis of estimated future cash flows discounted to present value. Estimated future cash flows were determined by reference to the budget for the period 2020 to 2021 and management forecasts for each of the following years from 2022 to 2024 inclusive. The terminal value was calculated using a long-term growth rate in respect of the years after 2024. The estimates of future cash flows were based on consideration of past experience together with an assessment of the future prospects for each of the businesses within the CGUs. The assumptions used are also referenced against external industry data.

The key assumptions used in the value-in-use calculations are the discount rate, the long term growth rate, and the cash flow forecasts. The pre-tax discount rates used were based on the Group's estimated weighted average cost of capital, adjusted to reflect risks associated with each CGU. The discount rate applied for each CGU was determined to be between 10.6% and 11.0%. The rate applied for the purpose of the Group impairment testing was 11.0%. In determining the terminal value of the value-in-use, it was assumed that cash flows after the first five years will increase at a long term growth rate ranging from 2.1% to 2.5%. The rate assumed was based on an assessment of the likely long term growth prospects of the individual CGUs based on the weighted average growth rate by geographies in which the CGU operates.

The value-in-use calculations assume that the markets in which each CGU operates will grow in accordance with publicly available data, the Group will maintain its current market share, gross margin percentage will be maintained at current levels and overheads will increase in line with expected levels of inflation. The cash flow forecasts assume appropriate levels of capital expenditure and investment in working capital to support the growth in individual CGUs.

Fair value less cost of disposal calculations

The fair value less cost of disposal calculations are only prepared when the value-in-use calculations indicate a potential impairment. At the Balance Sheet date this comparison did not indicate any potential impairment.

The fair value less costs of disposal is calculated as the maintainable EBITDA of each CGU multiplied by the appropriate EBITDA valuation multiple attributable to that CGU. The fair value measurement is considered a Level 3 fair value based on certain unobservable pricing inputs.

Sensitivity Analysis

The Group has conducted a sensitivity analysis on each of the CGUs by applying the following sensitivities; decreasing free cash flows by 10%, increasing discount rates by 1%, and reducing long-term growth rates by 1%.

This analysis resulted in an excess in the recoverable amount over their carrying amount under each approach for all CGUs. Management believe that any reasonable change in any of the key assumptions would not cause the carrying value of goodwill to exceed the recoverable amount.

13 Property, plant and equipment, and assets held for sale

13(a) Property, plant and equipment

	Freehold 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
GROUP								
Cost								
At 1 January 2018	10,000	4,535	14,954	4,696	3,900	158	-	38,243
Foreign exchange movement	-	(7)	(8)	(4)	(11)	-	-	(30)
Additions	7	208	1,236	248	351	-	830	2,880
Acquisitions	-	4,393	1,417	712	298	34	1,893	8,747
Disposals/retirements	(4,408)	(25)	(63)	(89)	-	(37)	(450)	(5,072)
Divestments	-	(111)	-	(123)	(42)	(2)	-	(278)
At 31 December 2018	5,599	8,993	17,536	5,440	4,496	153	2,273	44,490
Adoption of IFRS 16	**75,547**	**-**	**1,269**	**-**	**-**	**4,047**	**-**	**80,863**
At 1 January 2019	**81,146**	**8,993**	**18,805**	**5,440**	**4,496**	**4,200**	**2,273**	**125,353**
Foreign exchange movement	**231**	**19**	**129**	**99**	**27**	**78**	**-**	**583**
Additions	**1,156**	**64**	**2,000**	**894**	**1,013**	**2,014**	**1,890**	**9,031**
Acquisitions (note 35)	**17,748**	**136**	**1,512**	**2,065**	**115**	**318**	**-**	**21,894**
Disposals/retirements	**(162)**	**(784)**	**(370)**	**(367)**	**(451)**	**(866)**	**(673)**	**(3,673)**
At 31 December 2019	**100,119**	**8,428**	**22,076**	**8,131**	**5,200**	**5,744**	**3,490**	**153,188**

13 Property, plant and equipment, and assets held for sale

	Freehold 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
GROUP								
Accumulated depreciation								
At 1 January 2018	1,626	846	9,749	3,027	2,499	150	-	17,897
Foreign exchange movement	-	(4)	(4)	(2)	(9)	-	-	(19)
Charge for the year	179	491	1,814	508	1,051	16	551	4,610
Disposals/retirements	(475)	-	(8)	(68)	-	(37)	(415)	(1,003)
Divestments	-	(17)	-	(83)	(34)	(2)	-	(136)
Reclassification of categories	-	-	89	(89)	-	-	-	-
At 31 December 2018	1,330	1,316	11,640	3,293	3,507	127	136	21,349
At 1 January 2019	**1,330**	**1,316**	**11,640**	**3,293**	**3,507**	**127**	**136**	**21,349**
Foreign exchange movement	**35**	**8**	**16**	**13**	**11**	**25**	**-**	**108**
Charge for the year	**6,428**	**719**	**2,852**	**913**	**631**	**2,698**	**1,670**	**15,911**
Disposals/retirements	**(162)**	**(784)**	**(370)**	**(367)**	**(445)**	**(862)**	**(673)**	**(3,663)**
At 31 December 2019	**7,631**	**1,259**	**14,138**	**3,852**	**3,704**	**1,988**	**1,133**	**33,705**
Net book amounts								
At 31 December 2018	4,269	7,677	5,896	2,147	989	26	2,137	23,141
At 31 December 2019	**92,488**	**7,169**	**7,938**	**4,279**	**1,496**	**3,756**	**2,357**	**119,483**
Reconciliation to Balance Sheet								
Property, plant & equipment	**5,154**	**7,169**	**6,884**	**4,279**	**1,496**	**166**	**2,357**	**27,505**
Right-of-use assets	**87,334**	**-**	**1,054**	**-**	**-**	**3,590**	**-**	**91,978**
Net book value at 31 December 2019	**92,488**	**7,169**	**7,938**	**4,279**	**1,496**	**3,756**	**2,357**	**119,483**

13 Property, plant and equipment, and assets held for sale (continued)

	Freehold land and buildings €'000	Plant and equipment €'000	Total €'000
COMPANY			
Cost			
At 1 January 2018	4,408	-	4,408
Disposals	(4,408)	-	(4,408)
At 31 December 2018	-	-	-
Adoption of IFRS 16	50,442	153	50,595
At 1 January 2019	50,442	153	50,595
Additions	-	-	-
Disposals	-	-	-
At 31 December 2019	50,442	153	50,595
Accumulated depreciation			
At 1 January 2018	422	-	422
Charge for the year	53	-	53
Disposals	(475)	-	(475)
At 31 December 2018	-	-	-
At 1 January 2019	-	-	-
Charge for the year	3,162	98	3,260
Disposals	-	-	-
At 31 December 2019	3,162	98	3,260
Net book amounts			
At 31 December 2018	-	-	-
At 31 December 2019	47,280	55	47,335
Reconciliation to Balance Sheet			
Property, plant & equipment	-	-	-
Right-of-use assets	47,280	55	47,335
Net book value at 31 December 2019	47,280	55	47,335

13 Property, plant and equipment, and assets held for sale (continued)

13(b) Assets held for sale

	Properties €'000	Other assets €'000	Total €'000
GROUP			
At 1 January 2018	-	-	-
Acquisitions	4,000	-	4,000
At 31 December 2018	4,000	-	4,000
At 1 January 2019	4,000	-	4,000
Acquisitions (note 35)	-	4,400	4,400
Disposals	(415)	-	(415)
At 31 December 2019	3,585	4,400	7,985

In 2018, a number of properties were acquired on completion of the acquisition of Bradley's Pharmacy Group. These properties are presented in the Balance Sheet at the lower of their carrying amount and fair value less any costs to sell. Uniphar plc acquired Bradley's Pharmacy Group from examinership in November 2018, and in accordance with the application of the examinership scheme arrangement acquired non-recourse borrowings of €4,000,000 which are secured by these properties.

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

The other assets acquired during 2019 relates to certain business assets acquired as part of the acquisition of M3 Medical Limited. These assets have been disposed of post year end in February 2020 for an amount equal to their carrying value, and the deferred contingent consideration attributable to the sale of these assets has now been paid.

14 Financial assets

	Investments in equity instruments		Long term receivables		
	Shares in unlisted companies	Total	Loans to IPOS entities and other loans	Loans to retail holding companies	Total
	€'000	€'000	€'000	€'000	€'000
GROUP					
Cost					
At 1 January 2018	353	353	17	10,012	10,029
Additions	-	-	-	5,500	5,500
Cash payments received	-	-	-	(763)	(763)
At 31 December 2018	353	353	17	14,749	14,766
At 1 January 2019	**353**	**353**	**17**	**14,749**	**14,766**
Disposal	**-**	**-**	**-**	**(5,500)**	**(5,500)**
At 31 December 2019	**353**	**353**	**17**	**9,249**	**9,266**
Provision for impairment					
At 1 January 2018	328	328	17	10,012	10,029
Reversal of previous impairment	-	-	-	(763)	(763)
At 31 December 2018	328	328	17	9,249	9,266
At 1 January 2019	**328**	**328**	**17**	**9,249**	**9,266**
At 31 December 2019	**328**	**328**	**17**	**9,249**	**9,266**
Net book amounts					
At 31 December 2018	25	25	-	5,500	5,500
At 31 December 2019	**25**	**25**	**-**	**-**	**-**

14 Financial assets (continued)

	Investments in equity instruments			Long term receivables		
	Shares in subsidiary companies	Shares in unlisted companies	Total	Loans to IPOS entities and other loans	Loans to retail holding companies	Total
COMPANY	€'000	€'000	€'000	€'000	€'000	€'000
Cost						
At 1 January 2018	92,770	224	224	17	10,012	10,029
Additions	156,504	-	-	-	5,500	5,500
Disposals	(816)	-	-	-	-	-
Cash payments received	-	-	-	-	(763)	(763)
At 31 December 2018	248,458	224	224	17	14,749	14,766
At 1 January 2019	**248,458**	**224**	**224**	**17**	**14,749**	**14,766**
Additions	**41,844**	**-**	**-**	**-**	**-**	**-**
Disposal	**-**	**-**	**-**	**-**	**(5,500)**	**(5,500)**
At 31 December 2019	**290,302**	**224**	**224**	**17**	**9,249**	**9,266**
Provision for impairment						
At 1 January 2018	1,941	199	199	17	10,012	10,029
Disposals	(156)	-	-	-	-	-
Provision for diminution in value	105	-	-	-	-	-
Reversal of previous impairment	-	-	-	-	(763)	(763)
At 31 December 2018	1,890	199	199	17	9,249	9,266
At 1 January 2019	**1,890**	**199**	**199**	**17**	**9,249**	**9,266**
At 31 December 2019	**1,890**	**199**	**199**	**17**	**9,249**	**9,266**
Net book amounts						
At 31 December 2018	246,568	25	25	-	5,500	5,500
At 31 December 2019	**288,412**	**25**	**25**	**-**	**-**	**-**

14 Financial assets (continued)

The main movements in financial assets in 2019 are set out below:

GROUP AND COMPANY

Shares in unlisted companies
The fair value of €25,000 (2018: €25,000) is represented solely by the Group's investment in Independent Life Pharmacy plc (Life) comprising of 69 A ordinary shares of €0.01 each and 25,000 C shares of €1.00 each. The C shares are non – voting and do not confer any dividend entitlement. Independent Life Pharmacy plc represents the Life symbol group owned jointly by pharmacy owners through B shares and Uniphar plc through A shares. The pharmacy owners nominate their own directors to the Life Board in addition to Uniphar nominees with the pharmacy owner directors having the casting vote on all Board decisions through the office of Chairman.

Loans to IPOS entities and other loans
As part of the IPOS restructuring programme the retail holding companies, Riverchem DAC (Riverchem), and Inischem DAC (Inischem), were formed to amalgamate and restructure the portfolio of pharmacies and were aligned to their funding banks. The closing net book value is €nil (2018: €nil) and comprised of assigned debt receivables.

Loans to retail holding and management companies
During 2018, Uniphar plc, acquired the Bank of Ireland loan associated security debt in Inischem for a cash consideration of €5,500,000. Following the acquisition of the Bank of Ireland debt in Inischem, €763,000 was recovered relating to amounts due from Inischem which had previously been provided for. The recovery of this debt was recorded as an exceptional gain in administrative expenses.

The historic value of the loans advanced to Riverchem and Inischem at year-end is €13,225,000 being €13,988,000 directly advanced, less cash proceeds received in 2018 of €763,000. During 2019, the loan receivable of €5,500,000 from Inischem was disposed of and cash payments of €5,359,000 received in final settlement of the balance, and the remaining unpaid balance of €141,000 was written off.

As at 31 December 2019, the Group has recognised a cumulative historic impairment provision of €13,225,000 (2018: €13,225,000).

At year-end, the carrying value of amounts due from the retail holding companies amounted to €nil (2018: €5,500,000).

COMPANY

Shares in subsidiary companies
Financial assets of the parent company, Uniphar plc, include shares in subsidiary companies with a net book value of €288,412,000 (2018: €246,568,000). The main movement in 2019 consists of:

Additions:

» In July 2019, the Company acquired 100% of the ordinary share capital of Durbin plc, and Durbin inc ("Durbin"), companies incorporated in the United Kingdom and the United States respectively.

15 Inventory

	2019 €'000	2018 €'000
GROUP		
Goods for resale	**98,105**	76,070

The replacement cost of inventories did not differ materially from the Balance Sheet amounts at 31 December 2019 and 31 December 2018.

Inventory stated above is net of impairment provision of €1,140,000 (2018: €748,000). Write-downs of inventories recognised as an expense during 2019 amounted to €392,000 (2018: €76,000).

In 2019, goods for resale recognised as cost of sales amounted to €1,412,000,000 (2018: €1,242,000,000).

16 Trade and other receivables

Current trade and other receivables	2019 €'000	2018 €'000
GROUP		
Trade receivables	**118,629**	157,369
Prepayments	**5,423**	4,934
Accrued income	**3,865**	2,593
Other receivables	**8,569**	5,549
Deferred consideration receivable	**294**	214
	136,780	170,659
COMPANY		
Trade receivables	**79**	252
Amounts due from subsidiaries	**429,540**	314,382
Prepayments	**454**	617
Accrued income	**3**	54
Other receivables	**5,244**	1,503
Value added tax	**256**	63
Corporation tax	**113**	113
Deferred consideration receivable	**174**	94
	435,863	317,078

Amounts due from subsidiaries are unsecured, interest free and are repayable on demand.

Tax is repayable at various dates over the coming months in accordance with the applicable statutory provisions.

Details of the provision for impairment of trade and other receivables is outlined in note 32.

16 Trade and other receivables (continued)

Non-current trade and other receivables	2019 €'000	2018 €'000
GROUP		
Other receivables	531	681
Deferred consideration receivable	601	1,425
	1,132	2,106
COMPANY		
Deferred consideration receivable	138	308

Deferred consideration receivable	2019 €'000	2018 €'000
GROUP		
Within one year	294	214
Between one and two years	601	1,425
	895	1,639
COMPANY		
Within one year	174	94
Between one and two years	138	308
	312	402

The deferred consideration receivable of €895,000 relates to contractual amounts due from the disposal of Uniphar International Holdings Limited, IPOS Holding 158 Limited, IPOS Holding 162 Limited and pharmacies disposed by Lindchem DAC.

The 2018 deferred consideration receivable of €1,639,000 relates to contractual amounts due from the disposal of Uniphar International Holdings Limited, IPOS Holding 158 Limited, IPOS Holding 63 Limited, IPOS Holding 162 Limited and pharmacies disposed by Lindchem DAC.

17 Deferred tax asset

The following is an analysis of the movement in the major categories of deferred tax assets recognised by the Group for the years ended 31 December 2019 and 2018:

	Employee benefits €'000	Property plant and equipment €'000	Tax losses and other differences €'000	Other €'000	Total €'000
GROUP					
At 1 January 2018	236	462	6,985	-	7,683
Reclassification	6	4	(10)	-	-
Acquisitions	-	405	30	-	435
Recognised in Income Statement	(227)	72	(804)	-	(959)
Recognised in Other Comprehensive Income	(54)	-	-	-	(54)
Translation adjustment	-	2	(4)	-	(2)
At 31 December 2018	(39)	945	6,197	-	7,103
At 1 January 2019	(39)	945	6,197	-	7,103
Reclassification	(4)	(13)	17	-	-
Acquisitions	-	(74)	111	(1,452)	(1,415)
Recognised in Income Statement	(82)	(235)	(558)	-	(875)
Recognised in Other Comprehensive Income	151	-	-	-	151
Translation adjustment	-	(4)	12	-	8
At 31 December 2019	26	619	5,779	(1,452)	4,972

The deferred tax asset in relation to losses reflects the Group's expected utilisation of carried forward trading losses in respect of its pharmaceutical wholesale and agency businesses.

Other deferred tax liabilities relate to the tax liability expected to be incurred on the disposal of certain business assets recognised on the acquisition of M3 Medical Limited. See note 13 for further details of these assets.

The Group has an unrecognised deferred tax asset of €6,701,000 (2018: €6,856,000) arising from losses carried forward. The Directors believe sufficient taxable profits to utilise this potential asset may arise in the future, but that there is currently insufficient evidence to support the recognition of a deferred tax asset. These balances may be carried forward indefinitely under current tax law and are available for offset against future profits and gains generated by the companies which hold the losses.

17 Deferred tax asset (continued)

	Deferred tax asset €'000
COMPANY	
At 1 January 2018	2,370
Recognised in Income Statement	16
At 31 December 2018	2,386
At 1 January 2019	**2,386**
Recognised in Income Statement	**338**
At 31 December 2019	**2,724**

The Company's deferred tax asset relates primarily to the recognition of tax losses on its management services trade and facility termination fee, and the Directors believe that sufficient taxable profits will arise in the future to utilise these deferred tax assets.

18 Cash and cash equivalents and restricted cash

	2019 €'000	2018 €'000
Cash and cash equivalents consists of the following:		
GROUP		
Cash at bank and in hand	**114,040**	10,539
Restricted cash deposits at call	**2,142**	2,352
	116,182	12,891
COMPANY		
Cash at bank and in hand	**67,328**	7,333
Restricted cash deposits at call	**2,142**	2,142
	69,470	9,475

The restricted cash balance at 31 December 2019 relates to a rent deposit on the Citywest property.

Notes to the Financial Statements (continued)

18 Cash and cash equivalents and restricted cash (continued)

Reconciliation to Cash Flow Statement

The cash and cash equivalents shown in the Cash Flow Statement at the end of the financial year is reconciled as follows:

	2019 €'000	2018 €'000
GROUP		
Cash and cash equivalents	**114,040**	10,539
COMPANY		
Cash and cash equivalents	**67,328**	7,333

19 Trade and other payables

	2019 €'000	2018 €'000
GROUP		
Trade payables	**178,746**	141,206
Accruals	**109,235**	97,259
Other payables	**7,155**	6,061
Finance lease obligations	**-**	216
Corporation tax	**852**	292
PAYE/PRSI	**3,453**	2,484
Value added tax	**4,210**	3,326
Deferred acquisition consideration	**6,849**	5,566
	310,500	256,410

Trade and other payables are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

Tax and social welfare costs are payable at various dates over the coming months in accordance with the applicable statutory provisions.

	2019 €'000	2018 €'000
COMPANY		
Amounts owed to subsidiaries	**413,836**	383,090
Trade payables	**2,062**	2,236
Accruals	**3,129**	3,490
Other payables	**546**	2,090
PAYE/PRSI	**497**	228
Deferred acquisition consideration	**5,212**	5,400
	425,282	396,534

19 Trade and other payables (continued)

Amounts owed to subsidiaries are unsecured, interest free and are repayable on demand.

Trade and other payables are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

Tax and social welfare costs are payable at various dates over the coming months in accordance with the applicable statutory provisions.

	2019 €'000	2018 €'000
Other non-current payables		
GROUP		
Deferred acquisition consideration	545	-

Deferred acquisition consideration

Total deferred acquisition consideration is payable in the following periods after 31 December in the Group and Company:

	2019 €'000	2018 €'000
GROUP		
Within one year	6,849	5,566
Between one and two years	545	-
	7,394	5,566
COMPANY		
Within one year	5,212	5,400

Deferred acquisition consideration reflects the amounts payable relating to the acquisition of Cahill May Roberts Limited in 2013, and Outico Limited. During 2019 payments were made in relation to deferred consideration on the acquisition of the ostomy business and related assets of Murray's Medical Limited.

As at 31 December 2019, deferred contingent consideration relating to the acquisition of Outico Limited is no longer contingent on the pre-defined performance thresholds being satisfied and consequently has been reclassified from deferred contingent consideration to deferred acquisition consideration.

20 Borrowings

	2019 €'000	2018 €'000
The Group's bank loans are repayable in the following periods after 31 December:		
Amounts falling due within one year	22,583	81,753
Amounts falling due between one and five years	66,977	84,018
	89,560	165,771
The Company's bank loans are repayable in the following periods after 31 December:		
Amounts falling due within one year	16,827	6,218
Amounts falling due between one and five years	65,796	82,622
	82,623	88,840

The Group's total bank loans at 31 December 2019 were €89,560,000 (2018: €165,771,000). Borrowing under invoice discounting facilities as at the Balance Sheet date was €1,505,000 (2018: €70,847,000). Bank loans falling due within one year include €3,585,000 (2018: €4,000,000) of loans arising on the acquisition of Bradley's Pharmacy Group which are secured by properties acquired on the acquisition which are classified as held for sale. Following the disposal of these properties these loans are required to be repaid (note 13).

At 31 December, Group term loans and invoice discount funding are subject to an interest rate of Euribor +2% (2018: Euribor +3%). The majority of Group term loans will be repaid over the period 2019 to 2023. A breakdown of the maturity profile of the Group's borrowings is provided in note 32.

The Company's total bank loans at 31 December 2019 were €82,623,000 (2018: €88,840,000). At 31 December, the loan is subject to an interest rate of Euribor +2% (2018: Euribor +3%). Principal repayments commenced on Company loans in 2017 with final payment being made in 2023.

Bank security

Bank overdrafts (including invoice discounting) and bank loans of €89,560,000 (2018: €165,771,000) are secured by cross guarantees and fixed and floating charges from the Company and certain subsidiary undertakings.

Of the total facilities, invoice discounting with recourse to the Company, are secured by way of assignment of book debts to the bank. At the Balance Sheet date €1,505,000 (2018: €70,847,000) of invoice discounting facilities were utilised by the Group.

21 Leases

(i) Amounts recognised in the Balance Sheet:

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

	2019 €'000	2018 €'000
Right-of-use assets:		
Buildings	87,334	-
Plant and equipment	1,054	-
Motor vehicles	3,590	-
	91,978	-
Lease liabilities:		
Current	10,083	-
Non-current	82,901	-
	92,984	-

Right-of-use assets are included in the line 'Property, plant and equipment' on the Balance Sheet, and are presented in note 13.

Additions to the right-of-use assets during the year ended 31 December 2019 were €3,464,000.

Lease liabilities are presented separately on the face of the Balance Sheet. For adjustments recognised on adoption of IFRS 16 on 1 January 2019, please refer to note 2.

The contractual maturity of the lease liabilities is presented in note 32.

(ii) Amounts recognised in the Income Statement:

The Income Statement shows the following amounts relating to leases;

	2019 €'000	2018 €'000
Depreciation charge of right-of-use assets:		
Buildings	6,291	-
Plant and equipment	516	-
Motor vehicles	2,671	-
	9,478	-
Interest on lease obligations (note 7)	2,637	-

Notes to the Financial Statements (continued)

22 Provisions

	Deferred contingent consideration 2019 €'000	Lease dilapidation 2019 €'000	Warranty provision 2019 €'000	Total 2019 €'000	Total 2018 €'000
GROUP					
At 1 January	51,811	269	62	52,142	10,550
Unwinding of discount	1,939	-	-	1,939	1,111
Arising on acquisition	33,966	-	-	33,966	42,935
Reclassified	(1,752)	-	-	(1,752)	-
Utilised during the year	(1,237)	(56)	(21)	(1,314)	(2,177)
Released during the year	(5,836)	-	-	(5,836)	-
Foreign currency movement	1,920	-	4	1,924	(277)
At 31 December	80,811	213	45	81,069	52,142

Deferred contingent consideration

Deferred contingent consideration represents the present value of deferred contingent acquisition consideration which would become payable based on pre-defined profit thresholds being met. During the year payments of €1,237,000 were made in respect of prior year acquisitions. Deferred contingent consideration relating to the acquisition of Outico Limited is no longer contingent on the pre-defined performance thresholds being satisfied and consequently has been reclassified to deferred consideration. Deferred contingent consideration of €5,836,000 in respect of prior year acquisitions was released in the year following a review of expected performance against earn-out targets (Note 5). Further details on the measurement of deferred contingent consideration is provided in note 32. The balance at 31 December 2019 relates to the following acquisitions:

» Dialachemist Limited (2015)
» Macromed (UK) Limited (2018)
» Sisk Healthcare Group (2018)
» Angiocare B.V. (2018)
» Durbin plc and Durbin inc ("Durbin") (2019)
» EPS Vascular AB, EP Endovascular AB and EPS Vascular OY ("EPS Group") (2019)
» M3 Medical Limited (2019)

The deferred contingent consideration at 31 December 2018 related to the acquisition of the following:

» Dialachemist Limited (2015)
» Murray's Medical Equipment Limited (2016)
» Outico Limited (2017)
» Clinical Pyramid Limited (2017)
» Macromed (UK) Limited (2018)
» Sisk Healthcare Group (2018)
» Angiocare B.V. (2018)

The maturity profile of the deferred contingent consideration at 31 December 2019 is outlined in note 32.

22 Provisions (continued)

Lease dilapidation

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

Warranty provision

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

	Deferred contingent consideration 2019 €'000	Total 2019 €'000	Total 2018 €'000
COMPANY			
At 1 January	34,817	34,817	-
Arising on acquisition	18,847	18,847	34,446
Charge to Income Statement	1,296	1,296	371
Foreign currency movement	1,425	1,425	-
At 31 December	56,385	56,385	34,817

Deferred contingent consideration represents the present value of deferred contingent acquisition consideration which would become payable based on pre-defined profit thresholds being met. The balance at 31 December 2019 relates to the following acquisitions:

» Sisk Healthcare Group (2018)
» Durbin plc and Durbin inc ("Durbin") (2019)

The deferred contingent consideration at 31 December 2018 related to the acquisition of the following:

» Sisk Healthcare Group (2018)

Notes to the Financial Statements (continued)

23 Called up share capital

	2019 €'000	2018 €'000
GROUP AND COMPANY		
Authorised:		
300 million (2018: 240 million) ordinary shares of 8c each	24,000	19,200
16 million (2018: 16 million) "A" ordinary shares of 8c each	1,280	1,280
	25,280	20,480
Movement in the year in issued share capital		
Allotted, called up and fully paid presented as equity		
At 1 January – 112,838,580 (2018: 111,437,842) ordinary shares of 8c each	9,027	8,915
Issued during the year – 139,992,116 (2018: 1,400,738) ordinary shares of 8c each	11,199	112
Fully called during the year – 20,184,558 (2018: nil) ordinary shares of 8c each	1,615	-
At 31 December – 273,015,254 (2018: 112,838,580) ordinary shares of 8c each	21,841	9,027
Allotted, called up and partly paid presented as equity		
At 1 January – 19,315,951 (2018: 7,022,318) ordinary shares of 8c each	386	140
Issued during the year – 868,607 (2018: 12,293,633) ordinary shares of 8c each	17	246
Fully called during the year – 20,184,558 (2018: nil) ordinary shares of 8c each	(403)	-
At 31 December – nil (2018: 19,315,951) ordinary shares of 8c each	-	386
Total allotted share capital:		
At 31 December – 273,015,254 (2018: 132,154,531) ordinary shares	21,841	9,413

There are no "A" ordinary shares in Uniphar plc issued at 31 December 2019, or 31 December 2018.

Allotted, called up and partly paid shares are represented by issues to the Senior Management Team under the Uniphar Executive Share Incentive Scheme (note 28).

In June 2019, following the passing of a resolution at the Annual General Meeting, the authorised share capital of the Company was increased from €20,480,000 divided into 240,000,000 ordinary shares of 8c each and 16,000,000 "A" ordinary shares of 8c each, to €25,280,000 divided into 300,000,000 ordinary shares of 8c each and 16,000,000 "A" ordinary shares of 8c each.

23 Called up share capital (continued)

During 2019, the following transactions took place:

- The conditions for vesting associated with 7,022,318 shares were met and the Company called €0.06 being the amount unpaid on each share. These shares are now fully paid and the Company received €422,000 in share proceeds (fully paid shares amounting to €562,000 less amount previously partly paid of €140,000).
- In May 2019, 750,000 ordinary shares were issued as partly paid at €0.02 per share under the Uniphar Executive Share Incentive Scheme.
- In June 2019, a further 118,607 ordinary shares were issued as partly paid at €0.02 per share under the Uniphar Executive Share Incentive Scheme. Collectively, the Company received €17,000 in proceeds associated with both share issues.
- In June 2019, the Company made a call in respect of unpaid share capital, being an amount of €0.06 per share, on 300,000 issued but not fully paid ordinary shares. These shares while remaining subject to vesting conditions are now fully paid. The Company received €18,000 as a result of the call, which when aggregated with the €0.02 originally paid up on each of those shares, gives a total paid up amount in respect of those shares of €24,000.
- In July 2019, the Company made a call in respect of unpaid share capital, being an amount of €0.06 per share, on 12,862,240 issued but not fully paid ordinary shares. These shares while remaining subject to vesting conditions are now fully paid. The Company received €772,000 as a result of the call, which when aggregated with the €0.02 originally paid up on each of those shares, gives a total paid up amount in respect of those shares of €1,029,000.
- In July 2019 as part of its admission to trading on the AIM and Euronext Growth markets, the Company issued 117,391,304 ordinary shares of €0.08 each as fully paid at €1.15 per share including share premium. In addition, following the receipt of a notice of exercise, the Company issued 18,782,808 ordinary shares of €0.08 each at €1.37 per share including share premium in full exercise and conversion of its 2018 issued share warrant.
- In August 2019 as part of the exercising of the over-allotment option attributable to the initial public offering, the Company issued 3,818,004 ordinary shares of €0.08 each as fully paid at €1.15 per share including share premium.

During 2018, the following transactions took place:

- In April 2018, 11,568,633 ordinary shares were issued as partly paid at €0.02 per share under the Uniphar Executive Share Incentive Scheme.
- In August 2018, 1,400,738 deemed fully paid ordinary shares were issued for non-cash consideration on completion of the acquisition of Sisk Healthcare Group.
- In October 2018, a further 725,000 ordinary shares were issued as partly paid at €0.02 per share under the Uniphar Executive Share Incentive Scheme.

Notes to the Financial Statements (continued)

24 Share premium

	2019 €'000	2018 €'000
GROUP AND COMPANY		
Premium arising on shares issued	**176,501**	22,489

The increase in share premium during 2019 relates to the issuance of shares as part of its admission to trading on the AIM and Euronext Growth markets, the exercising of the over-allotment option attributable to the initial public offering, and the exercise of the share warrant. See note 23 for further details.

25 Other reserves

	2019 €'000	2018 €'000
GROUP		
Property revaluation reserve	**700**	700
Foreign currency translation reserve	**2,704**	(1,111)
Capital redemption reserve	**60**	60
	3,464	(351)
COMPANY		
Capital redemption reserve	**60**	60
	60	60

Property revaluation reserve

The property revaluation reserve arose on the revaluation of freehold land and buildings. When revalued land and buildings are sold, the portion of the property revaluation reserve that relates to that asset will be transferred directly to retained earnings. During 2018 the Company disposed of property and the revaluation reserve that relates to that asset was realised and transferred directly to retained earnings.

Foreign currency translation reserve

The foreign currency translation reserve comprises of all foreign exchange differences arising from the translation of the net assets of the Group's non-Euro denominated operations, including the translation of the profits of such operations from the average exchange rate for the year to the exchange rate at the Balance Sheet date.

Capital redemption reserve

The capital redemption reserve is a legal reserve which has arisen from the Company buying back and cancelling its ordinary shares in 2013.

26 Retained earnings

	€'000
GROUP	
At 1 January 2018	(40,844)
Profit for the financial year	8,642
Other comprehensive expense relating to the financial year	(488)
Transfer of revaluation reserve	700
At 31 December 2018	(31,990)
At 1 January 2019	**(31,990)**
Profit for the financial year	**21,026**
Other comprehensive expense relating to the financial year	**(1,056)**
Costs associated with the issue of ordinary share capital	**(8,581)**
At 31 December 2019	**(20,601)**
COMPANY	
At 1 January 2018	1,367
Loss for the financial year (note 10)	(7,267)
Transfer of revaluation reserve	700
Reclassification of foreign currency translation reserve	(821)
At 31 December 2018	(6,021)
At 1 January 2019	**(6,021)**
Profit for the financial year (note 10)	**42,933**
Costs associated with the issue of ordinary share capital	**(8,581)**
At 31 December 2019	**28,331**

27 Employee benefit obligation

The pension entitlements of employees, including Executive Directors, arise under two defined benefit schemes and three defined contribution schemes and are secured by contributions by the Group to separate trustee administered pension funds in the Republic of Ireland. The trustees are responsible for the management and governance of the plans including compliance with all relevant laws and regulations. The benefits provided by the defined benefit plans are no longer linked to future salary inflation due to the accrual of pension benefit ceasing on these schemes in prior years. The Uniphar Superannuation Scheme wound up with an effective date of 1 October 2018. The assets of the scheme were distributed in line with members chosen options and no assets or liabilities remain. Any former members of these schemes still employed by the Group were offered membership of the Uniphar Group Retirement Benefits Scheme for future service benefits.

The defined benefit schemes are:
» The Cahill May Roberts Limited Contributory Pension Plan
» The Whelehan Group Pension Scheme
» The Uniphar Superannuation Scheme (wound up on 1 October 2018)

Notes to the Financial Statements (continued)

27 Employee benefit obligation (continued)

The pension charge for the year is €2,922,000 (2018: €1,558,000) comprising current service cost of €44,000 (2018: €185,000) and defined contribution scheme costs of €2,878,000 (2018: €1,373,000). The net finance income resulting from the scheme deficit/surplus is €15,000 (2018: net finance cost of €23,000).

The funding requirements in relation to the Group's defined benefit schemes are assessed in accordance with the advice of independent qualified actuaries and valuations are prepared at triennial intervals. Annual contributions are based on the advice of professionally qualified actuaries using the projected unit method. The actuarial valuation reports are available for inspection by members of the schemes at the registered office of the Company but are not available for public inspection.

An updated actuarial valuation for the purposes of International Accounting Standards 19 "Employee Benefits" (IAS 19) was carried out as at 31 December 2019 by a qualified independent actuary in respect of the Group pension schemes.

Financial instruments held by the defined benefit schemes

At 31 December 2019 the scheme assets were invested in a diversified portfolio that consisted primarily of equity and debt securities. Scheme assets do not include any of Uniphar plc's own financial instruments, nor any property occupied by Uniphar plc. The fair value of the schemes' assets at the Balance Sheet date are shown as follows:

	Fair value	
	2019 €'000	2018 €'000
Equities – Investments in quoted active markets	**4,954**	6,702
Bonds – Investments in quoted active markets	**15,127**	12,101
Cash	**301**	125
Other	**2,128**	2,223
	22,510	21,151

	2019	2018
Principal actuarial assumptions at the Balance Sheet date		
The main financial assumptions used were:		
Rate of increase in pensionable salaries	**0.0% - 2.5%**	0.0% - 2.5%
Rate of increase in pensions in payment	**0.0%**	0.0%
Discount rate	**0.9%**	1.95%
Inflation rate	**1.4%**	1.5%

Investigations have been carried out within the past three years into the mortality experience of the Group's major schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are 21.7 (2018: 21.5) years for males and 24.1 (2018: 24.0) years for females.

27 Employee benefit obligation (continued)

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

	2019 €'000	2018 €'000
Present value of scheme liabilities	(22,555)	(20,712)
Fair value of scheme assets	22,510	21,151
Pension (liability)/asset resulting from employee benefit obligation	(45)	439

The amounts recognised in the Income Statement for the year ended 31 December are as follows:

	2019 €'000	2018 €'000
Charged to operating profit		
Current service cost	(44)	(185)
Credited/(charged) to finance cost		
Interest on pension scheme assets	395	574
Interest on pension scheme liabilities	(380)	(597)
Net finance income/(cost)	15	(23)

The actual return on scheme assets is gain of €3,185,000 (2018: loss of €142,000).

The amounts recognised in the Statement of Comprehensive Income for the year ended 31 December 2019 are as follows:

	2019 €'000	2018 €'000
Analysis of amount recognised in Statement of Comprehensive Income		
Actual return less amounts included in interest and expense	2,790	(716)
Experience (losses) / gains arising on the scheme liabilities	(228)	1
Changes in financial assumptions underlying the present value of the scheme assets and liabilities	(3,769)	281
Actuarial loss in the year	(1,207)	(434)

Expected contributions for the year ended 31 December 2020 are €245,000.

Notes to the Financial Statements (continued)

27 Employee benefit obligation (continued)

	Pension assets €'000	Pension liabilities €'000	Pension surplus /(deficit) €'000
Movement in scheme assets and liabilities			
At 1 January 2018	31,223	(33,044)	(1,821)
Current service cost	-	(185)	(185)
Settlement gain	-	487	487
Employer contributions paid	2,415	-	2,415
Contributions paid by plan participants	23	(23)	-
Interest on scheme liabilities	-	(597)	(597)
Interest on scheme assets	574	-	574
Actuarial (loss)/gain in current year	(716)	282	(434)
Benefits (paid)/settled	(12,368)	12,368	-
At 31 December 2018	21,151	(20,712)	439
At 1 January 2019	21,151	(20,712)	439
Current service cost	-	(44)	(44)
Employer contributions paid	752	-	752
Interest on scheme liabilities	-	(380)	(380)
Interest on scheme assets	395	-	395
Actuarial gain/(loss) in current year	2,790	(3,997)	(1,207)
Benefits (paid)/settled	(2,578)	2,578	-
At 31 December 2019	22,510	(22,555)	(45)

All of the scheme liabilities arise from schemes that are wholly or partly funded.

The weighted average duration of the defined benefit obligation at 31 December 2019 is approximately 17 years (2018: approximately 17 years).

	2019 €'000	2018 €'000
Amounts for the current and previous years:		
Present value of scheme liabilities	(22,555)	(20,712)
Fair value of scheme assets	22,510	21,151
Pension (obligation)/surplus from employee benefit obligations	(45)	439
Experience (losses)/gains on scheme liabilities		
Amount (€'000)	(228)	1
Percentage of the present value of the scheme liabilities	1.01%	0.00%
Difference between the actual and expected return on scheme assets:		
Amount (€'000)	2,790	(716)
Percentage of scheme assets	12.39%	3.39%

27 Employee benefit obligation (continued)

Defined contribution scheme
Included in accruals and other payables is an amount of €294,000 (2018: €224,000) due in relation to the defined contribution schemes.

Sensitivity of results to actuarial assumptions
Actuarial assumptions to be used to calculate liabilities are ultimately the responsibility of the Directors of the Group. This section illustrates the sensitivity of the Group defined benefit pension surplus at 31 December 2019.

The funded status of the pension plans and the amount recognised as a Group asset/(liability) at 31 December 2019 is compared to the corresponding amount with the assumptions varying as shown in the following table:

	Current	Discount -0.25%	Discount +0.25%	Inflation -0.25%	Inflation +0.25%	Life expectancy +1 year
Discount rate	0.90%	0.65%	1.15%	0.90%	0.90%	0.90%
Inflation	1.40%	1.40%	1.40%	1.15%	1.65%	1.40%
(Obligation)/Surplus	(45)	(1,127)	962	353	(459)	(946)

28 Employee share awards

Long term incentive plan
As set out in note 23, the Company operates a long term incentive plan for certain Executive Directors and managerial employees under which conditional shares have been granted, subject to the achievement of demanding Group performance measures and operational targets. The Company can redeem these shares if certain criteria are not met.

As at 31 December 2019, the Company has allotted 13,162,240 ordinary shares of €0.08 each (2018: 21,101,146 shares) to members of the Uniphar executive management team under the long term incentive plan. During 2019, the decrease relates to 8,807,513 shares for which the vesting conditions attributable to the shares were satisfied. An additional 868,607 ordinary shares were issued during the year under the Uniphar Executive Share Incentive Scheme.

The long term incentive plan shares were allotted for an issue price of €0.08 per ordinary share. As at 31 December 2019, 13,162,240 shares (2018: 1,785,195 shares) were called up and fully paid.

As at 31 December 2019, the Company has no partly paid ordinary shares of €0.08 each in issue (2018: 19,315,951 shares). During 2019, the Company made a call in respect of unpaid share capital, being an amount of €0.06 per share, on 13,162,240 issued but not fully paid ordinary shares. These shares while remaining subject to vesting conditions are now fully paid. No charge to the Income Statement arises in either 2019 or 2018 in respect of this arrangement.

Notes to the Financial Statements (continued)

29 Reconciliation of operating profit to cash flow from operating activities

	2019 €'000	2018 €'000
GROUP		
Operating profit before operating exceptional items	40,250	25,001
Cash related exceptional items	(7,075)	(8,290)
	33,175	16,711
Depreciation	15,911	4,610
Amortisation of intangible assets	2,394	2,626
Increase in inventory	(14,889)	(1,109)
Increase in receivables	(17,656)	(19,730)
Increase/(decrease) in payables	30,424	(7,944)
Foreign currency translation adjustments	207	(61)
Cash inflow/(outflow) from operating activities	49,566	(4,897)
COMPANY		
Operating profit before operating exceptional items	54,363	1,652
Cash related exceptional items	(3,868)	(6,348)
	50,495	(4,696)
Depreciation	3,260	53
Increase in receivables	(114,906)	(70,565)
Increase in payables	28,652	99,930
Foreign currency translation adjustments	598	(137)
Cash (outflow)/inflow from operating activities	(31,901)	24,585

30 Reconciliation of net cash flow to movement in net bank cash/(debt)

	2019 €'000	2018 €'000
GROUP		
Increase in cash and overdrafts in the year (note 31)	103,501	9,351
Movement in restricted cash (note 31)	(210)	210
Cash flow from movement in borrowings (note 31)	76,211	(102,634)
Increase/(decrease) in net debt resulting from cash flows	179,502	(93,073)
Debt acquired during the year (note 31)	-	(11,500)
Debt disposed of during the year (note 31)	-	2,195
Movement in net bank cash/debt in the year	179,502	(102,378)
Net bank debt at beginning of year	(152,880)	(50,502)
Net bank cash/(debt) at end of year	26,622	(152,880)
COMPANY		
Increase in cash and overdrafts in the year (note 31)	59,995	5,965
Cash flow from movement in borrowings (note 31)	6,217	(77,590)
Increase/(decrease) in net debt resulting from cash flows	66,212	(71,625)
Movement in net debt in the year	66,212	(71,625)
Net bank debt at beginning of year	(79,365)	(7,740)
Net bank debt at end of year	(13,153)	(79,365)

31 Analysis of changes in net debt

	1 January 2019 €'000	Cash flow €'000	Acquisitions €'000	Disposals €'000	31 December 2019 €'000
GROUP					
Cash and cash equivalents	10,539	96,641	6,860	-	114,040
Restricted cash	2,352	(210)	-	-	2,142
	12,891	96,431	6,860	-	116,182
Bank loans repayable within one year	(81,753)	59,170	-	-	(22,583)
Bank loans repayable after one year	(84,018)	17,041	-	-	(66,977)
Bank loans	(165,771)	76,211	-	-	(89,560)
Net bank cash/(debt)	(152,880)	172,642	6,860	-	26,622
Current lease obligations	(6,245)	(1,977)	(1,861)	-	(10,083)
Non-current lease obligations	(74,618)	6,734	(15,017)	-	(82,901)
Lease obligations	(80,863)	4,757	(16,878)	-	(92,984)
Net debt	(233,743)	177,399	(10,018)	-	(66,362)

	1 January 2018 €'000	Cash flow €'000	Acquisitions €'000	Disposals €'000	31 December 2018 €'000
GROUP					
Cash and cash equivalents	1,188	(17,433)	27,014	(230)	10,539
Restricted cash	2,142	210	-	-	2,352
	3,330	(17,223)	27,014	(230)	12,891
Bank loans repayable within one year	(42,324)	(28,256)	(11,500)	327	(81,753)
Bank loans repayable after one year	(11,508)	(74,378)	-	1,868	(84,018)
Bank loans	(53,832)	(102,634)	(11,500)	2,195	(165,771)
Net bank debt	(50,502)	(119,857)	15,514	1,965	(152,880)

31 Analysis of changes in net debt (continued)

	1 January 2019 €'000	Cash flow €'000	31 December 2019 €'000
COMPANY			
Cash and cash equivalents	7,333	59,995	67,328
Restricted cash	2,142	-	2,142
	9,475	59,995	69,470
Bank loans repayable within one year	(6,218)	(10,609)	(16,827)
Bank loans repayable after one year	(82,622)	16,826	(65,796)
Bank loans	(88,840)	6,217	(82,623)
Net bank debt	(79,365)	66,212	(13,153)
Current lease obligations	(3,820)	509	(3,311)
Non-current lease obligations	(46,425)	1,792	(44,633)
Lease obligations	(50,245)	2,301	(47,944)
Net debt	(129,610)	68,513	(61,097)

	1 January 2018 €'000	Cash flow €'000	31 December 2018 €'000
Cash and cash equivalents	1,368	5,965	7,333
Restricted cash	2,142	-	2,142
	3,510	5,965	9,475
Bank loans repayable within one year	(3,750)	(2,468)	(6,218)
Bank loans repayable after one year	(7,500)	(75,122)	(82,622)
Bank loans	(11,250)	(77,590)	(88,840)
Net bank debt	(7,740)	(71,625)	(79,365)

32 Financial instruments

Financial instruments by category

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

	Notes	Financial assets at FVOCI* €'000	Financial assets at amortised cost €'000	Total €'000
Financial assets				
2019				
Investments in equity instruments	14	25	-	25
Trade and other receivables **	16	-	127,729	127,729
Deferred consideration receivable	16	-	895	895
Cash and cash equivalents	18	-	114,040	114,040
Restricted cash	18	-	2,142	2,142
		25	244,806	244,831

	Notes	Financial assets at FVOCI* €'000	Financial assets at amortised cost €'000	Total €'000
Financial assets				
2018				
Investments in equity instruments	14	25	-	25
Long term receivables	14	-	5,500	5,500
Trade and other receivables **	16	-	163,599	163,599
Deferred consideration receivable	16	-	1,639	1,639
Cash and cash equivalents	18	-	10,539	10,539
Restricted cash	18	-	2,352	2,352
		25	183,629	183,654

* Fair value through Other Comprehensive Income.
** Excluding prepayments and accrued income.

32 Financial instruments (continued)

	Notes	Financial liabilities at FVTPL* €'000	Financial liabilities at amortised cost €'000	Total €'000
Financial liabilities				
2019				
Borrowings	20	-	89,560	89,560
Deferred acquisition consideration	19	-	7,394	7,394
Trade and other payables **	19	-	185,901	185,901
Facility termination fee (before tax asset)		5,000	-	5,000
Deferred contingent consideration	22	80,811	-	80,811
Lease liabilities	21	-	92,984	92,984
		85,811	375,839	461,650
2018				
Borrowings	20	-	165,771	165,771
Deferred acquisition consideration	19	-	5,566	5,566
Trade and other payables **	19	-	147,483	147,483
Facility termination fee (before tax asset)		7,622	-	7,622
Deferred contingent consideration	22	51,811	-	51,811
Derivative financial instruments		27,586	-	27,586
		87,019	318,820	405,839

* Fair value through profit and loss.
** Excluding non-financial liabilities.

32 Financial instruments (continued)

Fair value

The following table sets out the fair value of the Group's principal financial assets and liabilities.

	Notes	2019 Carrying value €'000	2019 Fair value €'000	2018 Carrying value €'000	2018 Fair value €'000
Financial assets					
Investments in equity instruments	14	25	25	25	25
Long term receivables	14	-	-	5,500	5,500
Trade and other receivables	16	127,792	127,729	163,673	163,599
Deferred consideration receivable	16	1,093	895	1,969	1,639
Cash and cash equivalents	18	114,040	114,040	10,539	10,539
Restricted cash	18	2,142	2,142	2,352	2,352
		245,092	244,831	184,058	183,654
Financial liabilities					
Borrowings	20	96,308	89,560	175,479	165,771
Deferred acquisition consideration	19	7,452	7,394	5,566	5,566
Trade and other payables	19	185,901	185,901	147,486	147,483
Facility termination fee		5,000	5,000	7,622	7,622
Deferred contingent consideration	22	80,811	80,811	51,811	51,811
Lease liabilities	21	92,984	92,984	-	-
Derivative financial instruments		-	-	27,586	27,586
		468,456	461,650	415,550	405,839

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.

32 Financial instruments (continued)

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

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

Deferred contingent consideration
The fair value of the deferred contingent consideration is calculated by discounting the expected future payment to the present value. The expected future payment represents the deferred contingent acquisition consideration which would become payable based on pre-defined profit thresholds being met and is calculated based on management's best estimates of the expected future cash outflows using current budget forecasts. The provision for deferred contingent consideration is principally in respect of acquisitions completed from 2015 to 2019. A maturity analysis of the deferred contingent consideration on an undiscounted basis is presented on page 182.

The significant unobservable inputs are:

- Pre-defined profit thresholds which have not been disclosed due to their commercial sensitivities
- Risk adjusted discount rate of 3% (2018: 3%)

For the fair value of deferred contingent consideration, a 1% increase in the risk adjusted discount rate at 31 December 2019, holding the other inputs constant would reduce the fair value of the deferred contingent consideration by €1.3m. A 1% decrease in the risk adjusted discount rate would result in an increase of €1.3m in the fair value of the deferred contingent consideration.

Derivative financial instruments
The derivative financial instruments represent share warrants that were issued to the previous shareholders of Sisk Healthcare Group on the completion of the acquisition of Sisk Healthcare Group. This share warrant granted the right to subscribe for 18,782,808 ordinary shares in Uniphar plc with a nominal value of €0.08 each. The share warrant was exercised in July 2019 in advance of the initial public offering. The share warrant was previously exercisable within a five-year period from the date of completion of the acquisition, or alternatively the share warrant would be settled through a cash termination payment. At the acquisition date, the fair value attributable to the share warrant was calculated based on management's best estimate of the weighted probability of each of the possible outcomes. In July 2019, a gain of €1,765,000 was recognised on the settlement of the share warrant, being the amount attributable to the cash settlement option under the weighted probability method.

Facility termination fee
The facility termination fee has a carrying value and respective fair value of €5,000,000 (2018: €7,622,000).

As part of the funding of the acquisition of Cahill May Roberts in 2013, a share warrant was issued to participating banks, granting the right to subscribe for 10% of the entire fully diluted issued share capital of the Company at the time of subscription, at any time up until 30 June 2017. During 2017, the share warrant holders surrendered all of their equity rights in return for an agreed facility termination fee payable by the company of €10,000,000.

Notes to the Financial Statements (continued)

32 Financial instruments (continued)

Fair value hierarchy

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

	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Recurring fair value measurements				
At 31 December 2019				
Investments in equity instruments	**-**	**-**	**25**	**25**
Facility termination fee	**-**	**-**	**(5,000)**	**(5,000)**
Deferred contingent consideration	**-**	**-**	**(80,811)**	**(80,811)**
	-	**-**	**(85,786)**	**(85,786)**
At 31 December 2018				
Investments in equity instruments	-	-	25	25
Facility termination fee	-	-	(7,622)	(7,622)
Deferred contingent consideration	-	-	(51,811)	(51,811)
Derivative financial instruments	-	-	(27,586)	(27,586)
	-	-	(86,994)	(86,994)

There were no transfers between the fair value levels for recurring fair value measurements during the year. 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.

32 Financial instruments (continued)

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended 31 December 2019 and 31 December 2018:

	Shares in unlisted companies €'000	Facility termination fee €'000	Deferred contingent consideration €'000	Derivative financial instruments €'000	Total €'000
At 1 January 2018	25	(9,751)	(10,225)	-	(19,951)
Payments	-	2,500	2,110	-	4,610
Unwinding of discount	-	(371)	(1,111)	-	(1,482)
Arising on acquisition	-	-	(42,861)	(27,586)	(70,447)
Foreign currency	-	-	276	-	276
At 31 December 2018	25	(7,622)	(51,811)	(27,586)	(86,994)
Payments	-	2,500	1,237	-	3,737
Exercise of share warrant	-	-	-	25,821	25,821
Unwinding of discount*	-	122	(1,939)	-	(1,817)
Arising on acquisition	-	-	(33,966)	-	(33,966)
Reclassification	-	-	1,752	-	1,752
Release*	-	-	5,836	1,765	7,601
Foreign currency	-	-	(1,920)	-	(1,920)
At 31 December 2019	25	(5,000)	(80,811)	-	(85,786)

* 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 rate risk and price risk. This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing the risk. Further quantitative disclosures are included throughout this note.

The Group's risk management is carried out by a central finance department under policies approved by the Board of Directors. Group finance identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The Board approves written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and the investment of excess liquidity.

32 Financial instruments (continued)

Credit risk

Credit risk arises from credit to customers, loans to customers, loans to IPOS entities, loans to retail holding companies, deferred consideration receivable, as well as cash and cash equivalents including deposits with banks and financial institutions.

The Group manages credit risk through the use of credit limits for customers, regular review of the ageing of trade and other receivables, and the review and monitoring of customer and bank credit ratings.

Trade receivables

Credit risk arising in the context of the Group's operations is not significant with the provision for impairment at the Balance Sheet date amounting to 3.3% of gross trade receivables (2018: 2.2%). The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the company considers historical loss rates for each category of customers, and adjusts for forward looking macroeconomic data.

Customer credit risk is managed at appropriate Group locations according to established policies, procedures and controls. Customer credit quality is assessed in line with strict credit rating criteria and credit limits are established where appropriate. Outstanding customer balances are regularly monitored and a review for indicators of impairment (evidence of financial difficulty of the customer, payment default, breach of contract etc.) is carried out at each reporting date. Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment.

The Group considers that there is evidence of impairment if any of the following indicators are present:

» significant financial difficulties of the receivable;
» probability that the receivable will enter bankruptcy or financial reorganisation; and
» default or delinquency in payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in the Income Statement within selling and distribution costs. Subsequent recoveries of amounts previously written off are credited against selling and distribution costs where the initial impairment was recorded.

32 Financial instruments (continued)

Movements in the provision for impairment of trade receivables that are assessed for impairment collectively are as follows:

	2019 €'000	2018 €'000
At 1 January	**3,548**	3,318
Provision for impairment recognised during the year	**233**	119
Arising on acquisition	**270**	449
Receivables written off during the year as uncollectible	**(11)**	(191)
Recovery of balances previously provided for	**(60)**	(140)
Reclassification	**12**	(7)
Foreign currency translation	**19**	-
At 31 December	**4,011**	3,548

The trade receivables balances disclosed in note 16 comprise a large number of customers spread across the Group's activities and geographies with balances classified as "not past due" representing 87.4% of the total trade receivables balance at the Balance Sheet date (2018: 91.4%). Invoice discounting arrangements are employed in certain of the Group's operations where deemed to be of benefit by management.

In December 2019, the Group entered into a receivables purchase arrangement with two of its banking partners. Under the terms of this non-recourse agreement, the Group has transferred substantially all credit risk and control of certain trade receivables, amounting to €80,000,000 (2018: €nil). The Group has recognised an asset within trade and other receivables of €12,000,000 (2018: €nil), being the fair value of the amount receivable from the financial institutions, representing 15% of the trade receivables transferred to the financial institutions in accordance with the terms of the receivables purchase arrangement. The execution of this agreement resulted in an operating cash inflow of €68,000,000 for the Group during the year ended 31 December 2019. Total interest expense associated with this receivables purchase agreement during the year ended 31 December 2019 was €31,000 (2018: €nil).

The ageing of trade receivables at 31 December 2019 and 2018 was:

	2019 €'000	2018 €'000
Not past due	**103,715**	143,835
Past due		
0 - 30 days	**10,593**	9,079
30 - 60 days	**1,895**	2,428
60 days	**2,426**	2,027
Total past due	**14,914**	13,534
Total trade receivables	**118,629**	157,369

Provision for impairment in long term receivables is outlined in note 14.

32 Financial instruments (continued)

Cash and cash equivalents
Cash and cash equivalents give rise to credit risk on amounts due from counterparty financial institutions (stemming from their insolvency or a downgrade in their credit ratings). Credit risk is managed by the regular review of the credit ratings of these financial institutions and limiting the aggregate amount and duration of exposure to any one counterparty primarily depending on its credit rating. All the Group's cash and cash equivalents are currently held with financial institutions which have investment grade credit ratings ranging from A-1 to A-2 (2018: A-1 to A-3).

Other financial assets
The Group has investments in companies with a strategic interest to the Group which are of a non-speculative nature. The investments and any impairment provisions are outlined in note 14.

The carrying amount of financial assets, net of impairment provisions represents the Group's maximum credit exposure. The maximum exposure to credit risk at year end was as follows:

	2019 €'000	2018 €'000
Long term receivables	**-**	5,500
Trade and other receivables*	**127,792**	163,673
Deferred consideration receivable	**1,093**	1,969
Cash and cash equivalents	**114,040**	10,539
Restricted cash	**2,142**	2,352
Total	**245,067**	184,033

* Excluding prepayments and accrued income

Liquidity risk
The Group manages liquidity risk through, maintaining sufficient cash and cash equivalents to meet obligations when due, credit facilities and overdraft facilities, monitoring and managing the maturity of borrowings, regular review of the ageing of trade and other receivables, and review and monitoring of customer and bank credit ratings.

Management monitors forecasts of the maturity of the Group's borrowings and other obligations. Management forecasts cash flows expected to settle the Group's obligations and actively monitors the level of cash and facilities available to settle the Group's obligations as they fall due. Forecasts of cash flows to settle trade and other payables are generally carried out at a subsidiary level in the operating companies of the Group in accordance with practice and limits set up by the Group.

32 Financial instruments (continued)

The following table outlines the undiscounted contractual maturities of the Group's financial liabilities at the Balance Sheet date. The undiscounted cash flows differ from the amount included in the Balance Sheet because the Balance Sheet amount is based on the discounted cash flows.

	Less than 6 months €'000	6 to 12 months €'000	Between 1 and 2 years €'000	Between 2 and 5 years €'000	Over 5 years €'000	Total contractual cash flows €'000
Contractual maturity of financial liabilities						
At 31 December 2019						
Borrowings	**8,466**	**14,500**	**14,539**	**57,842**	**584**	**95,931**
Deferred acquisition consideration	**6,865**	**-**	**587**	**-**	**-**	**7,452**
Deferred contingent consideration	**4,803**	**28,854**	**21,776**	**29,453**	**-**	**84,886**
Facility termination fee	**5,000**	**-**	**-**	**-**	**-**	**5,000**
Lease liabilities	**5,627**	**5,353**	**9,842**	**23,516**	**67,738**	**112,076**
Trade and other payables	**185,900**	**-**	**-**	**-**	**-**	**185,900**
	216,661	**48,707**	**46,744**	**110,811**	**68,322**	**491,245**
At 31 December 2018						
Borrowings	71,579	10,947	17,966	74,279	708	175,479
Deferred acquisition consideration	166	5,400	-	-	-	5,566
Deferred contingent consideration	683	2,558	28,734	23,234	-	55,209
Facility termination fee	2,500	-	2,500	2,750	-	7,750
Derivative financial instrument	-	27,586	-	-	-	27,586
Trade and other payables	147,486	-	-	-	-	147,486
	222,414	46,491	49,200	100,263	708	419,076

Borrowings maturing within less than 6 months include an invoice discounting facility of €1,505,000 at the end of the year (2018: €70,847,000).

Lender covenants

Group banking facilities are subject to three covenants: leverage ratio, interest cover and maximum capital expenditure covenant. Banking covenants are subject to quarterly review, and during 2019 all covenants have been fully complied with.

Currency risk

The Group primarily operates in the Republic of Ireland and the majority of the Group's activities are conducted in Euro. An element of the Group's operations are carried out in the UK, Europe and the United States and, as a result, the Group is exposed to structural currency fluctuations in respect of Sterling, Swedish Krona and the US Dollar. To the extent that the non-Euro denominated assets and liabilities of the Group do not offset, the Group is exposed to structural currency risk. Such movements are reported through the Group Statement of Comprehensive Income.

32 Financial instruments (continued)

The Euro is the principal currency of the Group's Irish businesses, Sterling is the principal currency of the Group's UK businesses, the Swedish Krona is the principal currency of our Nordic businesses, and the US Dollar is the principal currency of our United States businesses. The Group actively monitors the level of foreign exchange exposure and ensures that its net exposure is kept at an acceptable level. Currency risks are regularly monitored and managed by utilising spot and forward foreign currency contracts as appropriate for settling liabilities arising from the purchase of goods for resale in non-functional currencies. The majority of transactions entered into by Group entities are denominated in functional currencies and no significant level of hedging is required.

Interest rate risk

The Group has no fixed rate borrowings and its receivables are carried at amortised cost. At 31 December, Group term loans and invoice discount funding are subject to an interest rate of Euribor +2% (2018: Euribor +3%). The exposure of the Group's borrowings to interest rate changes is as follows:

	2019 €'000	2018 €'000
Variable rate borrowings (note 20)	**89,560**	165,771

A decrease of fifty basis points in the Euribor interest rate would have reduced interest payable on borrowings in finance costs by €448,000 and consequently increased our profit before tax and equity. An increase of fifty basis points would have increased interest payable on borrowings in finance costs and consequently reduced our profit before tax and equity by an equal and opposite amount.

Price risk

The Group's exposure to equity price risk arises from investments held by the Group and classified in the Balance Sheet as investments in equity instruments. The investments in equity instruments are measured at fair value through other comprehensive income. The Group is exposed to the risk of an illiquid market for unlisted companies as these investments are not traded on an active market.

Capital management

The Group's objectives when managing capital are to:

» safeguard their ability to continue as a going concern and to continue to provide a return for shareholders; and
» maintain an optimal capital structure and reduce the overall cost of capital.

In managing its capital structure, the Group's capital consists of total equity and net bank debt. The Board monitor the return on capital employed and dividend policy in order to optimise shareholder value while allowing the Group to take advantage of opportunities that might arise to grow the business and to sustain the ongoing development of the Group. At the year end, the Group was in a positive net bank cash position of €26,622,000 (2018: net bank debt of €152,880,000). Total equity of the Group at 31 December 2019 was €180,920,000 (2018: deficit of €619,000). The Directors periodically review the capital structure of the Group, considering the cost of capital and the associated risks. During 2019, the Group's capital structure was significantly improved following the successful IPO, raising gross share proceeds of €139.4m, and the successful execution of the non-recourse financing arrangement raising €68.0m in cash.

33 Future capital expenditure not provided for

	2019 €'000	2018 €'000
At 31 December 2019 the Group had capital commitments of €1,478,000 (2018: €99,000)		
Contracted for		
Computer software	**957**	55
Plant and equipment	**521**	44

34 Contingent liabilities

Subsidiaries

Pursuant to the provisions of Section 357, Companies Act 2014, the Company have put in force in respect of the whole of the financial year ended 31 December 2019 an irrevocable guarantee of all commitments entered into by a subsidiary including amounts shown as liabilities in the statutory financial statements of the relevant subsidiary. The list of relevant subsidiaries is as follows: Uniphar Wholesale Limited, Allphar Services Limited, Unisource Pharma Services Ireland Limited, Allcare Management Services Limited, Point of Care Health Services Limited, Lindchem Designated Activity Company, Trennamally Limited, Cahill May Roberts Limited, Life Pharmacy Limited and Uniphar Europe Limited.

Guarantees

The Company and certain subsidiaries have issued guarantees capped at a total of €701,000 (2018: €647,000) in respect of bank borrowings undertaken by IPOS scheme entities and past customers of Cahill May Roberts Limited. The outstanding bank borrowing at the Balance Sheet date, for which these guarantees have been provided, give rise to a contingent liability €372,000 (2018: €647,000) for the Group.

From a Company perspective, the contingent liability at year end is €nil (2018: €100,000).

The change in the level of contingent liabilities is due to movement in underlying loan balances and guarantee releases due to investment disposals.

Legal

From time to time, in the normal course of business, the Group can be subject to claims from various parties. Having considered the status of such matters as at 31 December 2019, the Directors are satisfied that there are no such matters which require either a provision or contingent liability disclosure in the financial statements.

Notes to the Financial Statements (continued)

35 Acquisitions of subsidiary undertakings and business assets

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

» **Durbin plc and Durbin inc ("Durbin")**
The Group acquired 100% of the issued share capital of Durbin plc and Durbin inc in July 2019 for consideration of €41,843,000, of which €18,847,000 is deferred and contingent on agreed targets being met. Durbin is a specialist provider of pharmaceuticals based in the United Kingdom and the United States.

» **15 Inischem retail pharmacies**
The Group acquired 100% of the issued share capital of 15 Inischem retail pharmacies in August 2019, with each company incorporated in Ireland for consideration of €5,490,000. The 15 Inischem retail pharmacies operate throughout the Republic of Ireland.

» **EPS Vascular AB, EP Endovascular AB and EPS Vascular OY ("EPS Group")**
The Group acquired 100% of the issued share capital of EPS Vascular AB, EP Endovascular AB and EPS Vascular OY, together "EPS Group" in October 2019 for consideration of €13,887,000, of which €3,649,000 is deferred and contingent on agreed targets being met. EPS Vascular AB, and EP Endovascular AB are Swedish incorporated companies, and EPS Vascular OY is a Finnish incorporated company. EPS Group operates in the medical devices sector in the Nordics.

» **Regional Pharmacy Limited**
The Group acquired 100% of the issued share capital of Regional Pharmacy Limited, in October 2019 for consideration of €1,646,000. Regional Pharmacy Limited currently operates an independent retail pharmacy in the Republic of Ireland.

» **M3 Medical Limited**
The Group acquired 100% of the issued share capital of M3 Medical Limited in November 2019 for consideration of €18,961,000, of which €11,623,000 is deferred and contingent on agreed targets being met. M3 Medical Limited is an Irish managed company, operating in the medical devices sector in the Republic of Ireland.

» **Gort Road Pharmacy Limited**
The Group acquired 100% of the issued share capital of Gort Road Pharmacy Limited, in November 2019 for consideration of €2,080,000. Gort Road Pharmacy Limited currently operates an independent retail pharmacy in the Republic of 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 workforce and management teams within the businesses acquired, the enhancement of the competitive position of the Group in the marketplace and the strategic premium paid by Uniphar Group to create the combined Group.

The fair value of the deferred and contingent consideration recognised at the date of acquisition is calculated by discounting the expected future payment to present value at the acquisition date. In general, for deferred contingent consideration to become payable, pre-defined profit thresholds must be exceeded. On an undiscounted basis, the future payments for which the Group may be liable in respect of acquisitions completed in the current year range from nil to €63.4m at 31 December 2019.

35 Acquisitions of subsidiary undertakings and business assets (continued)

The initial assignment of fair values to net assets acquired has been performed on a provisional basis in respect of the acquisitions completed during 2019, due to their recent acquisition dates. There were no separately identifiable intangible assets identified as part of our initial assessment of the fair value of the net assets acquired. The Group has 12 months from the date of acquisition to finalise the fair value of the assets/liabilities acquired, and any amendments to these fair values within the twelve-month period from the date of acquisition will be disclosable in the 2020 Annual Report as stipulated by IFRS 3, Business Combinations. The fair values of the assets and liabilities of the acquisitions completed in 2018 have now been finalised with no further adjustments required to the provisional fair values of the assets and liabilities which were disclosed in the 2018 Annual Report.

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

35 Acquisitions of subsidiary undertakings and business assets (continued)

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

	Durbin €'000	Others €'000	Total €'000
ASSETS			
Non-current assets			
Property, plant and equipment	7,022	14,872	21,894
Deferred tax asset	34	-	34
	7,056	14,872	21,928
Current assets			
Assets held for sale	-	4,400	4,400
Inventory	2,916	4,230	7,146
Trade and other receivables	7,278	5,666	12,944
Cash and cash equivalents	2,485	4,375	6,860
	12,679	18,671	31,350
Total assets	19,735	33,543	53,278
LIABILITIES			
Non-current liabilities			
Lease liabilities	571	1,289	1,860
Deferred tax liabilities	9	1,452	1,461
	580	2,741	3,321
Current liabilities			
Lease liabilities	2,894	12,123	15,017
Trade and other payables	8,768	9,335	18,103
	11,662	21,458	33,120
Total liabilities	12,242	24,199	36,441
Identifiable net assets acquired	7,493	9,344	16,837
Goodwill arising on acquisition	34,350	32,720	67,070
Consideration	41,843	42,064	83,907

35 Acquisitions of subsidiary undertakings and business assets (continued)

The gross contractual value of the trade and other receivables as at the respective dates of acquisition amounted to €13.2m. The fair value of these receivables is estimated at €12.9m (all of which is expected to be recoverable).

The acquisitions completed in 2019 have contributed €40.6m to revenue and €11.6m of gross margin for the period since the date of acquisition. The proforma revenue and operating profit for the Group for the period ended 31 December 2019 would have been €1,739.0m and €28.5m respectively had the acquisitions been completed at the start of the current reporting period.

In 2019, the Group incurred acquisition costs of €5.0m (2018: €4.9m). These have been included in administrative expenses in the Group Income Statement.

36 Earnings per share

	2019 €'000	2018 €'000
Earnings per share and fully diluted earnings per share have been calculated by reference to the following:		
Profit for the financial year attributable to owners	**21,026**	8,642
Weighted average number of shares ('000)	**183,546**	119,044

	2019	2018
Earnings per ordinary share (in cent):		
Basic	**11.5**	7.3
Diluted	**11.5**	7.3

36 Earnings per share (continued)

	2019 €'000	2018 €'000
Adjusted earnings per share has been calculated by reference to the following:		
Profit for the financial year attributable to owners	**21,026**	8,642
Exceptional charge recognised in operating profit (note 5)	**12,043**	9,175
Exceptional credit recognised in finance costs (note 5)	**(6,731)**	-
Profit after tax excluding exceptional items	**26,338**	17,817
Weighted average number of shares in issue in the year (000's)	**183,546**	119,044
Adjusted basic and diluted earnings per ordinary share (in cent)	**14.3**	15.0

37 Related party transactions

In the ordinary course of business as pharmacists, certain Non-Executive Directors of Uniphar plc and Executive Directors of subsidiary companies have traded on standard commercial terms with the Group. The individual value of these transactions is not material in the context of the Group's financial results and have therefore been disclosed in aggregate.

The Group sold goods and other assets to companies controlled by these Directors totalling €2,123,000 during the year (2018: €4,317,000). As a result of payments in advance, amounts of €196,000 were owing to the pharmacies in respect of these transactions at 31 December 2019 (2018: €258,000).

IAS 24 Related Party Disclosures requires the disclosure of compensation paid to the Group's key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Group classifies members of its executive team as key management personnel. The executive team is the body of senior executives that formulates business strategy with the Directors, follows through on implementation of that strategy and directs and controls the activities of the Group on a day to day basis.

The executive team consists of three Executive Directors (2018: three), nine Non-Executive Directors (2018: nine), and an additional four (2018: two) individual members at 31 December 2019.

	2019 €'000	2018 €'000
Remuneration of key management personnel		
Short term employee benefits (including redundancy)	**5,344**	3,354
Post-employment benefits	**605**	226
	5,949	3,580

38 Group companies

Holding company
Uniphar plc

Principal activity
Investment holding company

The following are the significant subsidiary undertakings of Uniphar plc at 31 December 2019:

Incorporated and trading in	Subsidiary name	Ownership %**	Principle Activity
Ireland	Allcare Management Services Limited *	100	Pharmacy support services
Ireland	Allphar Services Limited *	100	Pharmaceutical supply chain and services
Ireland	Cahill May Roberts Limited *	100	Non-trading
Ireland	Citywest Healthcare Limited	75	Non-trading
Ireland	Gort Road Pharmacy Limited	100	Pharmacy
Ireland	IPOS Holding 97 Limited	73.4	Pharmacy
Ireland	Life Pharmacy Limited *	100	Non-trading
Ireland	Lindchem Designated Activity Company*	100	Pharmacy
Ireland	M3 Medical Limited	100	Medical device distribution
Ireland	Pagni Pharmacies Limited	100	Pharmacy
Ireland	Point of Care Health Services Limited *	100	Specialist nursing and infusion services
Ireland	Pyramach Limited	100	Pharmacy
Ireland	Regional Pharmacy Limited	100	Pharmacy
Ireland	Sisk Healthcare Unlimited Company	100	Medical device distribution
Ireland	Trennamally Limited *	100	Pharmacy
Ireland	Uniphar Durbin Ireland Limited	100	Specialist provider of pharmaceuticals
Ireland	Uniphar Europe Limited *	100	Medical device distribution
Ireland	Uniphar Wholesale Limited *	100	Pharmaceutical wholesale distributor
Ireland	Unisource Pharma Services Ireland Limited*	100	Outsourcing and resourcing

38 Group companies (continued)

The following are the significant subsidiary undertakings of Uniphar plc at 31 December 2019:

Incorporated and trading in	Subsidiary name	Ownership %**	Principle Activity
United Kingdom	Bloom Fertility Limited	100	Non-trading
United Kingdom	Clinical Cube Limited	70	Data solutions for pharma industry
United Kingdom	Clinical Pyramid Limited	70	Investment holding company
United Kingdom	Dialachemist Limited	80	Online pharmacy and product fostering
United Kingdom	Durbin plc	100	Specialist provider of pharmaceuticals
United Kingdom	Infusion Health UK Limited	100	Non-trading
United Kingdom	Macromed (UK) Limited	94.95	Medical device distribution
United Kingdom	Outcome Medical Solutions Limited	100	Investment holding company
United Kingdom	Outico Limited	89.3	Data intelligence and consultancy
United Kingdom	Sisk Healthcare (UK) Limited	100	Medical device distribution
United Kingdom	Springmed Solutions Limited	100	Non-trading
United Kingdom	Star Medical Contracts Limited	100	Outsourcing and resourcing
United Kingdom	Star Medical Limited	100	Outsourcing and resourcing
United Kingdom	Uniphar Patient Support Solutions Limited	100	Non-trading
United Kingdom	Unisource Limited	100	Investment holding company
Finland	EPS Vascular OY	100	Medical device distribution
Sweden	EP Endovascular AB	100	Medical device distribution
Sweden	EPS Vascular AB	100	Medical device distribution
The Netherlands	Angiocare B.V.	100	Medical device distribution
The Netherlands	Star Medical B.V.	100	Outsourcing and resourcing
United States	Durbin inc.	100	Non-trading
United States	Pharmaceutical Trade Services inc.	100	Specialist provider of pharmaceuticals

* As disclosed in note 34, each of the above Irish registered wholly-owned subsidiaries of the Company may avail of the exemption from filing its statutory financial statements for the year ended 31 December 2019 as permitted by Section 357 of the Companies Act 2014 and there is in force an irrevocable guarantee from the Company in respect of all commitments entered into by such wholly-owned subsidiary, including amounts shown as liabilities (within the meaning of Section 357 (1) (b) of the Companies Act 2014) in such wholly-owned subsidiary's statutory financial statements for the year ended 31 December 2019.

** With the exception of the USA subsidiaries, where the holding is in the form of common stock, all holdings are in the form of ordinary shares.

38 Group companies (continued)

Pursuant to Sections 314-316 of the Companies Act, 2014, a full list of subsidiaries, joint ventures and associated undertakings will be annexed to the Company's Annual Return to be filed in the Companies Registration Office in Ireland.

Details of registered offices are listed below:

Incorporated in ROI	Registered office
M3 Medical Limited	Unit F4 Calmount Park Calmount Avenue Ballymount Dublin 12 D12 K2W6
All other Irish incorporated companies	4045 Kingswood Road Citywest Business Park Co. Dublin Ireland D24 V06K

Incorporated in UK	Registered offices
Star Medical Limited Star Medical Contracts Limited Outico Limited	4 – 5 Kelso Place Upper Bristol Road Bath Somerset BA1 3AU United Kingdom
Sisk Healthcare (UK) Limited	6 Wildflower Way Boucher Road Belfast BT12 6TA Northern Ireland
All other UK incorporated companies	6th Floor One London Wall London EC2Y 5EB United Kingdom

Notes to the Financial Statements (continued)

38 Group companies (continued)

Incorporated in The Netherlands	Registered offices
Angiocare B.V.	Eemweg 00031 21 3755LC Eemnes The Netherlands
Star Medical B.V.	De Tweeling 00020 5215MC S-Hertogenbosch The Netherlands

Incorporated in The United States	Registered offices
Durbin inc.	William. C. Penick IV 190 East Capitol, Suite 10 Jackson Mississippi 39201 United States
Pharmaceutical Trade Services inc.	Anne Franco Lewis 5820 Gulf Tech Drive Ocean Springs Mississippi 39564 United States

Incorporated in Sweden	Registered offices
All Swedish incorporated companies	Hamnplanen 24 263 61 Viken Skåne län Sweden

Incorporated in Finland	Registered offices
All Finnish incorporated companies	Hauralantie 43 37800 LEMPÄÄLÄ Finland

38 Group companies (continued)

The following were changes to the Group's structure during 2019:

- As set out in note 35, in July 2019, the Group acquired 100% of the ordinary share capital of Durbin plc, and Durbin inc ("Durbin"), companies incorporated in the United Kingdom and the United States respectively.
- As set out in note 35, in August 2019, the Group acquired 100% of the ordinary share capital of 15 Inischem retail pharmacies, with each company incorporated in Ireland.
- As set out in note 35, in October 2019, the Group acquired 100% of the ordinary share capital of three companies, together "EPS Group", consisting of:
  - EPS Vascular AB, a company incorporated in Sweden;
  - EP Endovascular AB, a company incorporated in Sweden;
  - EPS Vascular OY, a company incorporated in Finland
- As set out in note 35, in October 2019, the Group acquired 100% of the ordinary share capital of Regional Pharmacy Limited a company incorporated in Ireland.
- As set out in note 35, in November 2019, the Group acquired 100% of the ordinary share capital of M3 Medical Limited a company incorporated in Ireland.
- As set out in note 35, in November 2019, the Group acquired 100% of the ordinary share capital of Gort Road Pharmacy Limited a company incorporated in Ireland.

During 2019, the Group incorporated the following company in Ireland:

- Uniphar Durbin Ireland Limited.

Joint Venture

- Independent Life Pharmacy plc (50% shareholding)

The Company's interest is by way of a €25,000 investment in non – voting C €1.00 ordinary shares and 69 A €0.01 ordinary voting shares. As the Company does not control the voting rights or the board of Independent Life Pharmacy plc, this investment is accounted for as a joint venture. The Group has not included the joint venture results Group financial statements as they are not material.

39 Non-controlling interests

	2019 €'000	2018 €'000
At 1 January	(180)	(271)
Share of post-acquisition (losses)/profits	(105)	63
Acquisitions	-	29
Foreign exchange movement	-	(1)
At 31 December	(285)	(180)

Non-controlling interests own the following stakes in the issued ordinary share capital of the entities set out below:

- 25.0% Citywest Healthcare Limited
- 20.0% Dialachemist Limited
- 26.6% IPOS Holding 97 Limited
- 10.7% Outico Limited
- 30.0% Clinical Pyramid Limited
- 5.05% Macromed (UK) Limited

The share of prior year non-controlling interests arising on acquisition relates to Macromed (UK) Limited which was acquired during the prior year.

Notes to the Financial Statements (continued)

40 Post balance sheet events

Non adjusting events

Wind up of Whelehan Group Pension Scheme

Contributions to the Whelehan Group Pension Scheme were terminated in October 2019, and the scheme was formally wound up effective in January 2020. The assets and liabilities of this scheme were reflected in the Group's defined benefit pension obligation at 31 December 2019. The assets of the scheme were distributed in January 2020 in line with members chosen options and no assets or liabilities remain. Any former members of this scheme still employed by the Group were offered membership of the Uniphar Group Retirement Benefits Scheme for future service benefits. A settlement loss of €0.5m will be recognised in the 2020 financial statements.

Acquisition of Innerstrength Limited

In March 2020, Uniphar completed the acquisition of Innerstrength Limited. Innerstrength Limited currently operates in Ireland, in the technology market, enabling healthcare professionals to deliver personalised education to patients who are currently living with chronic conditions. The total consideration including deferred contingent consideration, is up to a maximum of €8m.

Due to the short time frame between the completion date of the acquisition of Innerstrength Limited, and the date of issuance of this report, it was not possible to reliably estimate the fair value of assets and liabilities or the goodwill amount associated with the completed acquisition. This acquisition will be accounted for as an acquisition in the 2020 financial statements.

Impact of Covid-19

The Group continue to monitor ongoing Covid-19 developments, and the potential impact to the business. Uniphar plays a significant role in the national healthcare infrastructure, ensuring the continuity in the supply and distribution of much needed medicines, medical devices and related services. As we prepare for the full impact of the Covid-19 crisis, we expect to continue to see increased volumes in Supply Chain & Retail, with likely increases in costs due to investment in additional resources to manage significantly higher volumes.

Business continuity and contingency plans are in place in anticipation of wider outbreaks of the virus. With potential sick leave, self-isolation or quarantine situations arising, the Group expect to have to deal with reduced availability of the workforce. Due to reprioritisation of resources within hospitals and other healthcare facilities the Group is preparing for a possible delay in Commercial & Clinical revenue if certain 'non-urgent' elective surgeries have to be postponed.

41 Approval of financial statements

The Directors approved the financial statements on 31 March 2020.

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:

EBITDA

Earnings before exceptional items, net finance expense, income tax expense, depreciation and intangible assets amortisation.

For comparative purposes, EBITDA excluding the impact of IFRS 16 is presented, which is calculated in 2019 by adding back the operating lease charges which are removed from the Income Statement under IFRS 16.

		2019 €'000	2018 €'000
Operating profit	*Income Statement*	**28,207**	15,826
Exceptional charge recognised in operating profit	*Note 5*	**12,043**	9,175
Depreciation	*Note 13*	**15,911**	4,610
Amortisation of computer software	*Note 12*	**2,363**	2,597
Amortisation of trademark	*Note 12*	**31**	29
EBITDA		**58,555**	32,237
Operating lease charges		**(10,533)**	-
EBITDA excluding impact of IFRS 16		**48,022**	32,237

Net bank cash/(debt)

Net bank cash/(debt) represents the net total of current and non-current borrowings, cash and cash equivalents, and restricted cash as presented in the Group Balance Sheet.

		2019 €'000	2018 €'000
Cash and cash equivalents	*Balance Sheet*	**114,040**	10,539
Restricted cash	*Balance Sheet*	**2,142**	2,352
Bank loans repayable within one year	*Balance Sheet*	**(22,583)**	(81,753)
Bank loans payable after one year	*Balance Sheet*	**(66,977)**	(84,018)
Net bank cash/(debt)		**26,622**	(152,880)

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.

		2019 €'000	2018 €'000
Net bank cash/(debt)	*Alternative Performance Measures*	**26,622**	(152,880)
Current lease obligations	*Balance Sheet*	**(10,083)**	-
Non-current lease obligations	*Balance Sheet*	**(82,901)**	-
Net debt		**(66,362)**	(152,880)

Leverage

Net bank debt divided by EBITDA for the period.

		2019 €'000	2018 €'000
Net bank cash/(debt)	*Alternative Performance Measures*	**26,622**	(152,880)
EBITDA*	*Alternative Performance Measures*	**48,022**	46,294
Leverage (times)		**0.6**	(3.3)

*Note – In 2018, the EBITDA relates to the annualised EBITDA, including the acquisition of Sisk Healthcare as if the acquisition was completed on 1 January 2018, as defined in our Admission document. 2019 EBITDA represents actual 2019 EBITDA excluding impact of IFRS 16 for the year ended 31 December 2019.

Adjusted earnings per share

This comprises of profit for the financial year attributable to owners of the parent as reported in the Group Income Statement before exceptional items (if any), divided by the weighted average number of shares in issue in the year.

	2019 €'000	2018 €'000
Adjusted earnings per share has been calculated by reference to the following:		
Profit for the financial year attributable to owners	**21,026**	8,642
Exceptional charge recognised in operating profit (note 5)	**12,043**	9,175
Exceptional credit recognised in finance costs (note 5)	**(6,731)**	-
Profit after tax excluding exceptional items	**26,338**	17,817
Weighted average number of shares in issue in the year (000's)	**183,546**	119,044
Adjusted basic and diluted earnings per ordinary share (in cent)	**14.3**	15.0

Free cash flow conversion

Free cash flow conversion calculated as EBITDA, less investment in working capital, less capital expenditure, divided by EBITDA.

		2019 Inc. IFRS 16 €'000	2019 Exc. IFRS 16 €'000	2018 €'000
EBITDA		**58,555**	**48,022**	32,237
Increase in inventory	*Note 29*	**(14,889)**	**(14,889)**	(1,109)
Increase in receivables	*Note 29*	**(17,656)**	**(17,656)**	(19,730)
Increase/(decrease) in payables	*Note 29*	**30,424**	**30,424**	(7,944)
Foreign currency translation adjustments	*Note 29*	**207**	**207**	(61)
Payments to acquire property, plant and equipment	*Cash Flow Statement*	**(5,585)**	**(5,585)**	(2,880)
Payments to acquire intangible assets	*Cash Flow Statement*	**(861)**	**(861)**	(2,015)
Free cash flow		**50,195**	**39,662**	(1,502)
EBITDA		**58,555**	**48,022**	32,237
Free cash flow conversion		**85.7%**	**82.6%**	(4.7%)

Alternative Performance Measures (continued)

Return on capital employed

In 2019, ROCE is calculated as the adjusted 12 months rolling operating profit excluding the impact of the adoption of IFRS 16, 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 in the calculation of the average capital employed. For comparative purposed we have presented the comparative ROCE including the impact of the adoption of IFRS 16 "Leases".

	Excluding IFRS 16 Impact		Including IFRS 16 Impact	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Rolling 12 months operating profit	**27,152**		**28,207**	
Adjustment for exceptional costs	**12,043**		**12,043**	
Adjusted 12 months rolling operating profit	**39,195**		**40,250**	
Total equity	**182,502**	(619)	**180,920**	(619)
Non-recourse financing arrangement	**68,000**	-	**68,000**	-
Net bank debt	**(26,622)**	152,880	**(26,622)**	152,880
Derivative financial instruments	**-**	27,586	**-**	27,586
Facility termination fee	**5,000**	7,622	**5,000**	7,622
Deferred contingent consideration	**80,811**	51,811	**80,811**	51,811
Deferred consideration payable	**7,394**	5,566	**7,394**	5,566
Total capital employed	**317,085**	244,846	**315,503**	244,846
Average capital employed	**280,966**		**280,175**	
Adjustment for acquisitions (note A below)	**(14,842)**		**(14,842)**	
Adjusted average capital employed	**266,124**		**265,333**	
Return on capital employed	**14.7%**		**15.2%**	

Note A: Adjustment for acquisitions	Consideration €'000	Completion Date	Adjustment €'000
Durbin	41,843	July 2019	(3,487)
Other acquisitions completed during 2019	42,064	Various	(11,355)
Adjustment for acquisitions			(14,842)

Glossary of Terms

AGM	Annual General Meeting
APM	Alternative Performance Measures
Articles	Articles of Association of Uniphar plc
Board	The Board of Directors of Uniphar plc
CCPC	The Irish Competition and Consumer Protection Commission
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash-generating unit
Company	Uniphar plc
CSO	Contract Sales Outsourcing
Durbin	Durbin plc and Durbin Inc
EBITDA	Earnings before exceptionals, interest, tax, depreciation and amortisation
EPS	Earnings per share
EPS Group	EPS Vascular AB, EP Endovascular AB and EPS Vascular OY
ERP	Enterprise Resource Planning
EU	European Union
FMD	Falsified Medicine Directive
GAAP	Generally Accepted Accounting Principles
GDP	Good Distribution Practice Regulations
GDPR	General Data Protection Regulation
GMP	Good Manufacturing Practice Regulations
Group	Uniphar plc and Subsidiary undertakings of Uniphar plc
HCP	Healthcare professional
HPRA	The Irish Health Products Regulatory Authority
HR	Human Resources
HSE	Health Service Executive in Ireland
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards
inc.	Incorporated
IPHA	Irish Pharmaceutical Healthcare Association
IPO	Initial Public Offering
IT	Information Technology
KPI	Key Performance Indicator
LTIP	Long Term Incentive Plan
MAPs	Managed Access Programmes
MCAM	Multi-channel account managers
N/A	Not Applicable
NHS	National Healthcare Service in the United Kingdom
PAYE	Pay As You Earn
PLC	Public Limited Company
PwC	Pricewaterhouse Coopers
Q1	Quarter 1 (1 January to 31 March)
Q2	Quarter 2 (1 April to 30 June)
Q3	Quarter 3 (1 July to 30 September)
Q4	Quarter 4 (1 October to 31 December)
QCA Code	Quoted Companies Alliance Corporate Governance Code
RNS	Regulatory News Service
ROCE	Return on capital employed
ROI	Republic of Ireland
ROW	Rest of the World
UK	United Kingdom
UK Code	UK Code of Corporate Governance
Uniphar	Uniphar plc and Subsidiary undertakings of Uniphar plc
USA	United States of America
VAT	Value Added Tax
VPN	Virtual Private Network
Workforce	Total number of employees and contractors
2018 pro-forma EBITDA	2018 pro-forma EBITDA of €46.3m as disclosed in our Admission document

Notes

Notes

Uniphar Head Office
4045 Kingswood Road
Citywest Business Park
Co. Dublin
T (01) 428 7777
F (01) 428 7776

www.uniphar.ie

uniphar
group