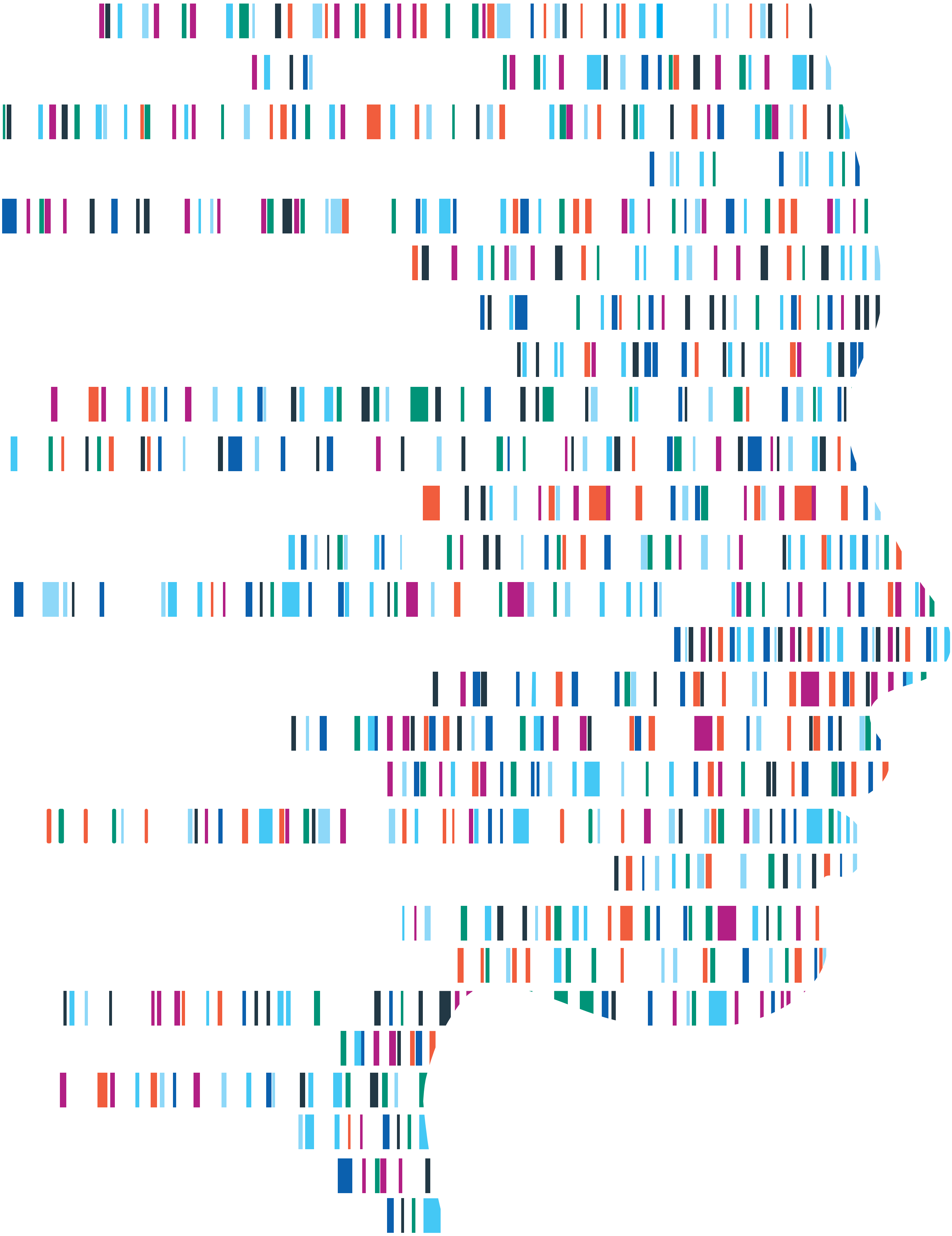
uniphar group

Annual Report 2022

Enabling Healthcare



OVERVIEW

STRATEGIC REVIEW

PERFORMANCE REVIEW

GOVERNANCE

FINANCIAL STATEMENTS

ENABLING POSSIBILITIES

Providing expertise throughout the product lifecycle

Divisional Reports

OPERATIONAL AND FINANCIAL HIGHLIGHTS

A Strong Performance

The Group delivered a strong performance in 2022 against a backdrop of a challenging macro environment.

FINANCIAL MEASURES

Global Expansion[3]

4

Four acquisitions announced across USA, Europe, Asia Pacific and Ireland

Adjusted EPS[1]

+13.2%

2022: 18.4c
2021: 16.2c

Progressive Dividend

+4.8%

2022: €4.8m
2021: €4.5m

Gross Profit

+11.7%

2022: €306.7m
2021: €274.5m

EBITDA[1]

+13.4%

2022: €98.0m
2021: €86.5m

Organic Growth[2]

+5.7%

2022: 5.7%
2021: 8.5%

ROCE[1]

+17.3%

2022: 17.3%
2021: 17.6%

LEVERAGE[1]

1.0x

2022: 1.0x
2021: 0.7x

Financial Review
Read more on page 57

Sustainability & Governance Report
Read more on page 36

NON-FINANCIAL MEASURES

Sustainability

Continued progress against the five sustainability pillars with a score of 'B' achieved in CPD 2022 submission (2021: 'C')

Community – Unity@Uniphar

Fundraising initiatives to raise funds for cancer charities around the world and funds and medical supplies for Ukraine

People

Resource Groups launched

» Rainbow Alliance
» Women's Alliance

1 The Group uses Alternative Performance Measures ('APMs') which are not defined under International Financial Reporting Standards ('IFRS') to monitor the performance of the Group and its operations. These APMs, along with their definitions and reconciliations to IFRS measures are included in the APMs section on pages 207 to 211.

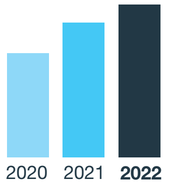
2 Organic gross profit growth is calculated as the gross profit growth of the underlying business in the period adjusting for the contribution from prior year acquisitions and divestments to ensure a like-for-like comparison.

3 The Group also acquired five independent community pharmacy's (ICPs) and one retail business all of which are individually not substantial for separate disclosure. Further details may be found in Note 35 to the Financial statements.

UNIPHAR AT A GLANCE

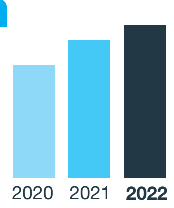
A Global Reach

EBITDA
€98.0m



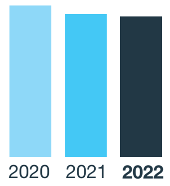
2022: €98.0m
2021: €86.5m
2020: €66.7m

Gross Profit
€306.7m



2022: €306.7m
2021: €274.5m
2020: €217.3m

ROCE
17.3%



2022: 17.3%
2021: 17.6%
2020: 18.7%

Summary Financial Results – Financial Year Ended 31 December 2022

Year ended 31 December	2022 €'000	2021 €'000	Growth Reported	Growth Constant currency[2]
Revenue	2,070,669	1,943,149	6.6%	6.3%
Gross profit	306,744	274,497	11.7%	10.8%
Gross profit margin	14.8%	14.1%		
EBITDA[1]	98,040	86,481	13.4%	12.5%
Operating profit	53,155	45,147	17.7%	17.0%
Profit before tax excluding exceptional items	57,900	50,444	14.8%	14.0%
Net bank debt[1]	(91,217)	(48,297)		
Basic EPS (cent)	16.7	17.8		
Like for like adjusted EPS (cent)[1]	18.4	16.1		

1. *Additional information in relation to Alternative Performance Measures (APMs) are set out on pages 207 to 211.*
2. *Constant currency growth is calculated by applying the prior year's actual exchange rate to the current year's result.*

Integrated Model
Our complementary businesses work together to support our manufacturer customers throughout the product lifecycle.

Delivering M&A
Four acquisitions announced with a strong strategic fit, broadening our geographic reach, expanding our consultancy capabilities and increasing our market share.

ESG Performance
Continued progress across all five Sustainability Pillars and improved CDP score in 2022.

Read more on page 37

Commercial & Clinical

Enabling patient access to treatments across MedTech and Pharma industries.

Gross Profit
€118m 2021: €104m

Gross Profit Growth
+12.6% 2021: 13.2%

7.1% Organic Gross Profit Growth
15 Number of countries operating in
c. 60% Gross Profit generated outside of Ireland

Product Access

Enabling equitable access to unlicensed medicines worldwide.

Gross Profit
€50m 2021: €41m

Gross Profit Growth
+21.4% 2021: 35.8%

7.0% Organic Gross Profit Growth
160+ Number of countries operating in
10 New EAP's awarded in 2022

Supply Chain & Retail

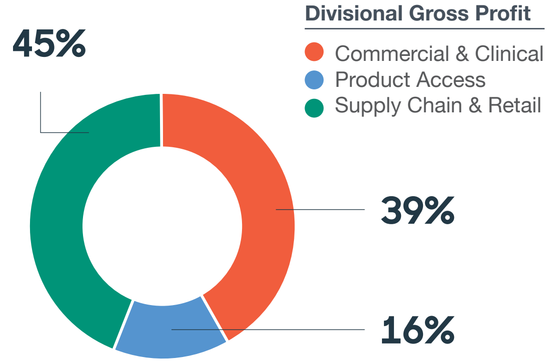
Enabling the supply of medicines in Ireland.

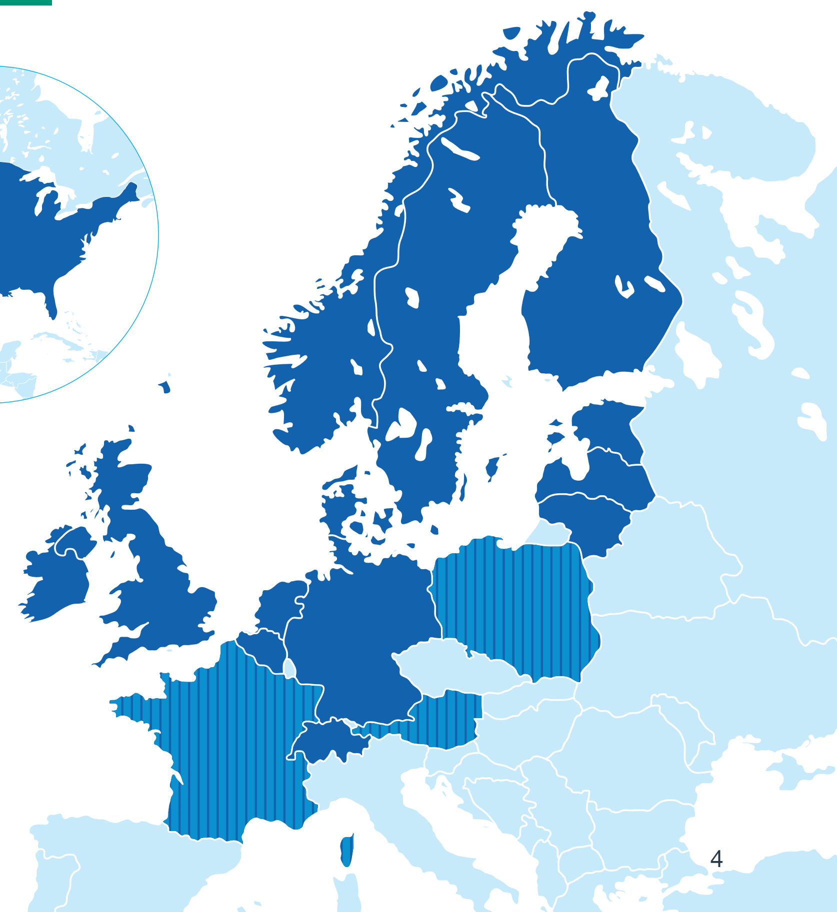
Gross Profit
€139m 2021: €129m

Gross Profit Growth
+7.9% 2021: 36.1%

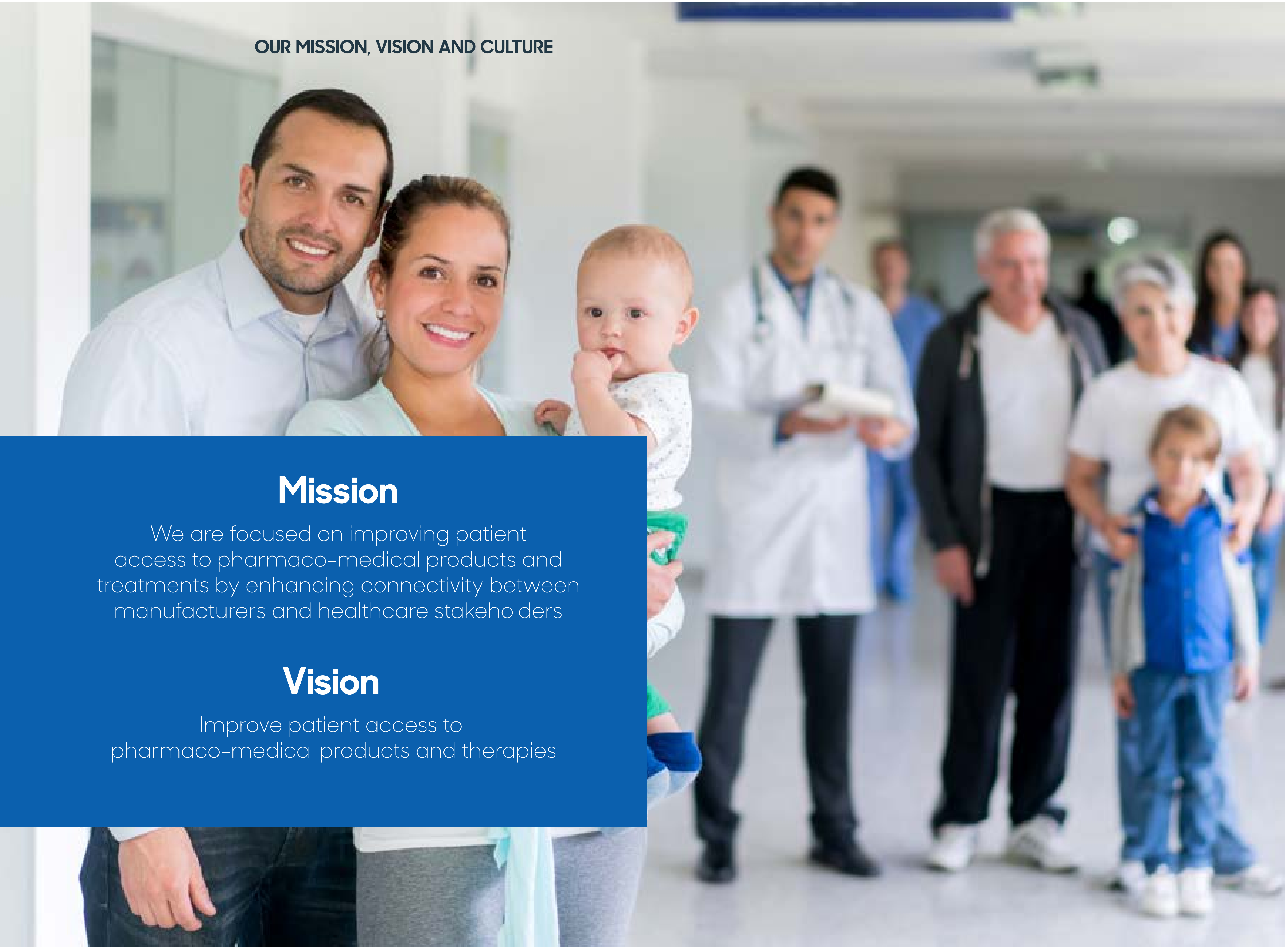
4.1% Organic Gross Profit Growth
53% Market Share
386 Retail Pharmacy Network (Dec 22)

A diversified healthcare services business focused on growth





Global Footprint
- Active in 2022
- Medium term expansion



OUR MISSION, VISION AND CULTURE

Mission

We are focused on improving patient access to pharmaco-medical products and treatments by enhancing connectivity between manufacturers and healthcare stakeholders

Vision

Improve patient access to pharmaco-medical products and therapies

Culture

OUR CULTURE PILLARS

Uniphar has a 'people first' approach – we always do the right thing

Adaptability, commitment and resilience and a strong **entrepreneurial spirit**

Trust is at the heart of how we operate

We **love** what we do for our clients and we have fun **working together** to get it done

Common purpose connects our diversified businesses and people

INVESTMENT CASE

Our Strong Investment Case

Uniphar is a diversified healthcare services business focused on improving access to pharmaco-medical products and therapies.

Our broad service offering, deep manufacturer relationships and clear strategy for growth offers a strong investment case.

Experienced Industry Team

- Executive management with deep relevant industry experience, working together with technical expertise and further enhanced by strong specialist market experience
- Clinically trained teams across the Group, possessing deep knowledge of their therapeutic areas

Compellling Market Opportunity

- Increasing demand for speciality products and advanced therapies
- Continued growth in outsourcing by manufacturers
- Increasingly complex regulatory environment, especially across the highly fragmented European market

Platform for Growth

- A pan-European Commercial & Clinical service offering for our manufacturer clients
- A multi-geography platform and expanded service offerings for new and existing manufacturer clients
- Growth in our Product Access and Commercial & Clinical services on a global basis

Cash Generation

- Strong free cash flow generation delivering growth
- Robust liquidity position with capital allocation prioritised to support sustainable organic growth, accretive M&A and a progressive dividend policy

Integrated Model

- End-to-end solutions across the value chain from early-stage development throughout the product life cycle
- Leveraging of existing capabilities, technology, relationships and infrastructure, to expand our service offering to customers across geographies and products

Competitive Edge

- Long-standing manufacturer relationships
- Sophisticated digital capabilities
- High-tech distribution infrastructure

CHAIRMAN'S REPORT

Our Culture Drives our Performance

Maurice Pratt
Chairman

Uniphar's operational and financial performance demonstrates the strength of the Group's integrated business model.

Performance Review
Read more on page 56

Financial Review
Read more on page 57

Performance in 2022

Uniphar delivered a strong performance in 2022, with an EBITDA of €98.0m and Organic gross profit growth of 5.7% demonstrating the strength of the Group's diverse service offering. The performance is set against the backdrop of unprecedented global cost inflation and supply chain disruption. As usual, the Uniphar team responded quickly and with ingenuity to these new challenges, and the results for the year were achieved, in no small part, because of the dedication and commitment of the Group's employees. On behalf of the Board, I want to thank them for their focus, teamwork and determination to deliver for our clients.

The Group continued to execute its strategic agenda over the past year and progress was made with expanding our global footprint and service offering to clients. We welcomed three new acquisitions into the Uniphar Group in 2022 – BModesto Group in the Netherlands, Inspired Health in the USA and Orspec Pharma in the Asia Pacific region. Each of these acquisitions is a strong cultural fit for the business and brings a range of expertise and insights that further enhance the integrated solutions we offer to our clients.

Corporate Governance

The Board is committed to ensuring the highest governance standards are in place across the Group. In early 2022, the Board adopted the UK Code (the compliance with which is set out on page 72) as the Group's corporate governance code, achieving another important milestone on our journey as a publicly quoted company.

In the time since IPO, we have strengthened the independence of our Board and widened the expertise and experience of its members.

The work of the Board is supported by three active Committees, and in early 2023 the Board approved the expansion of the remit of the Nominations and Governance Committee to include the important area of sustainability oversight. The Committee has been renamed the Nominations, Governance and Sustainability Committee.

During the year, we undertook a shareholder engagement programme to increase our understanding of the views of our shareholders. The views expressed have formed the basis of a number of actions taken by the Board in recent months across a range of topics. In addition, we have begun an independent external evaluation to support the continued development of the Board. We look forward to identifying how best we, as a Board, can continue to serve the interests of our shareholders, employees, partners and all our stakeholders. As Chairman, I am committed to ensuring that Uniphar Group continues to align itself with the highest standards of governance and probity, as are my Board colleagues.

€2.1bn

Group revenues across the three divisions increased to €2.1bn

€57.9m

Group profit before tax and exceptional items up 14.8% to €57.9m

5.7%

Organic gross profit growth achieved in 2022

The Board is committed to ensuring the highest standards of corporate governance across the Group.

Rainbow Alliance

Women's Alliance

The "One Uniphar" event, led by the Executive Leadership Team, provided an opportunity to embed our culture and vision and promote networking, collaboration and sharing of best practices across the Group.

People & Culture

An organisation's culture has a significant impact on how it operates day-to-day and the ultimate success it achieves. The Board acknowledges the importance of Uniphar's unique culture in its success – commercially focused, results-driven and innovative, placing the patient at the centre of everything we do. In a business focused on growth, both organically and through acquisition, the ability to embed this culture and belief in operating to the highest standards is essential.

The underlying strength of our culture has been demonstrated through the growth the Group has achieved in recent years. The Board continues to further the development and enhancement of this culture, recognising that it is driven by the Group's leadership.

Sustainability

Uniphar recognises the importance of being an industry leader in operating in the most sustainable and socially responsible way possible and places a high priority on sustainability. We are sensitive to our impact on the planet, on our communities and on our people. Continuous development across our five pillars of sustainability is a key goal for the Board and the management team. Further detail on our sustainability strategy and execution can be found in our Sustainability Report on pages 36 to 54.

During the year Uniphar launched its Unity@Uniphar initiative, an umbrella for inclusivity and for uniting our workforce for common purposes within our business and the communities where we operate. We have continued to focus on Equity, Diversity & Inclusion, with the creation of two Employee Resource Groups – the Rainbow Alliance and the Women's Alliance. Both groups held events during the year for alliance members and their allies.

People & Culture
Read more on page 25

Sustainability & Governance Report
Read more on page 36

Charity Initiatives

Raised funds to alleviate the humanitarian crisis in Ukraine and to cancer charities around the world.

€4.8m

Total dividend of €4.8m for the year, representing a 4.8% increase on 2021.

Under the Community pillar, as well as facilitating and supporting many initiatives with local communities and charities, we ran two major fund-raising initiatives, Unity for Ukraine and Unity for Hope. We worked with our customers and suppliers to raise €880,000 in funds and medical supplies to alleviate the continued humanitarian crisis in Ukraine and €150,000 to support cancer charities around the world.

Unity for Ukraine

Unity for Hope

Our teams also made progress under our Environmental pillar, improving our carbon footprint initiatives and focusing on ways to further decarbonise our business. We completed our first Scope 3 assessment, highlighting the opportunity for a collaborative approach with our suppliers to reduce our collective impact on the environment.

Dividend

The Board is recommending a final dividend of €3.1m (€0.0113 per ordinary share), payable on 16 May 2023 to shareholders registered on the record date of 21 April 2023. Together with the interim dividend of €1.7m (€0.0061 per ordinary share), this brings the total dividend for the year to €4.8m (€0.0174 per ordinary share).

This dividend for the year represents an increase of 4.8% on 2021 and demonstrates the Board's commitment to a progressive dividend policy, as stated at the time of IPO.

Looking Forward

The Board and I remain confident that the business has built a strong foundation from which the Group's business model and strategy will continue to deliver long-term value for our shareholders and stakeholders in the coming years.

Uniphar will continue to drive profitable growth and pursue acquisition opportunities that expand our footprint and the diversity of services we offer, creating enhanced shareholder value as a result. The Group will continue to adopt a disciplined approach to capital deployment.

The business targeted at the time of IPO to doubling EBITDA within five years and that commitment is on track to be achieved notwithstanding the multiple global headwinds experienced in recent years. To date, we have delivered on our commitments and continue to build the platform for growth. I believe the business is very well positioned to continue its growth trajectory. We have a market leading management team in place, supported by a skilled and knowledgeable Board, a clear strategy for moving forward and the financial strength to execute that strategy.

Maurice Pratt
Chairman

STRATEGIC REVIEW

Enabling Healthcare through Connectivity

CHIEF EXECUTIVE'S REPORT

Strong Performance Enabling Future Growth

Gerard Rabbette
Chief Executive Officer

2022 has been another excellent year for Uniphar, reflecting the resilience and diversity of Uniphar's business model and our strong market position.

Performance Review
Read more on page 56

Financial Review
Read more on page 57

11.7%
Gross profit growth

€98.0m
EBITDA

18.4 (cent)
Adjusted EPS

2022 has been another excellent year for Uniphar, reflecting the resilience and diversity of Uniphar's business model, our strong market position and our ability to proactively respond to the global macroeconomic challenges the world has faced in the last twelve months.

Performance Highlights

Our business delivered a strong performance in 2022 with Gross Profit increasing by 11.7% from €274.5m to €306.7m and EBITDA increasing by 13.4% from €86.5m to €98.0m. This solid growth was achieved against the backdrop of a challenging global operating environment, which brought increasing cost pressures, combined with an uncertain economic backdrop. The strong profitability is reflected in a robust Return on Capital Employed (ROCE) for the year of 17.3%.

Our cash and liquidity position remains solid, finishing the year with leverage of 1.0x and net bank debt of €91.2m. We refinanced our banking facility during the year, more than doubled the revolving credit facility to €400m, with an additional uncommitted accordion facility of €150m, demonstrating the strong support of our banking partners. Three new international banks joined the banking syndicate, providing us with the platform to accelerate our ambitious growth strategy and acquisition pipeline.

Operational Highlights

Each of our three divisions made considerable progress towards their strategic objectives in 2022, with several firsts for Uniphar. We made our first acquisition in the Asia Pacific region when we acquired Orspec Pharma and we completed our first acquisition of significant scale in mainland Europe with the acquisition of BModesto Group.

Commercial & Clinical

Our Commercial & Clinical Division delivered a strong performance this year, particularly in the Medtech business, reinforcing our role as a trusted partner to our clients and customers. Similarly, the Pharma Services business continues to support our customers in the transition to digital and omni-channel technology platforms in a trend accelerated by the Covid-19 pandemic. Recent acquisitions such as E4H and Inspired Health further build out the range of solutions we can offer clients in the Pharma Services business. With approximately 60% of the Commercial & Clinical Division's revenues already earned outside the Irish market, we continue to see significant opportunities for both Pharma and MedTech in Europe and beyond.

Supply Chain & Retail

The Supply Chain & Retail Division has again outperformed expectations, despite the challenges presented by energy and cost inflation during the year. Uniphar remains a leading player in the Irish market and our decision to invest in a new distribution facility in Ireland further highlights our commitment to consolidating that position. This new facility will be built to the highest sustainability standards and encompass the latest technology. This will significantly increase capacity and futureproof the business for growth in the years to come. The acquisition of the McCauley Pharmacy Group which was completed in early 2023, following Competition and Consumer Protection Commission (CCPC) approval, further enhances our position in the Irish retail pharmacy market. The proposed acquisition of Navi Group will no longer proceed to completion as it has not been cleared by the CCPC. Navi Group has been a longstanding partner of Uniphar and both parties will continue to work closely together to support our shared customer base of independent community pharmacies.

Product Access

The Product Access Division delivered a solid performance in the year and continued to build its platform, with two acquisitions in 2022. Gross profit growth of 21.4% was achieved, building on the exceptional growth of 35.8% in the 2021 comparative period. The Covid-19 pandemic has disrupted and delayed the product development and commercialisation pipelines for new pharmaceutical products and this has impacted the division's 2022 organic growth. However, we are targeting a return to double digit organic gross profit growth in the second half of 2023. The recent acquisitions in this division of BModesto Group and Orspec

Pharma will enhance our capabilities and, coupled with a solid business development pipeline, position the Product Access Division well to capitalise on opportunities in the market.

Capital Allocation

We continued our disciplined approach to capital allocation during 2022. Return on Capital Employed for the year is a strong 17.3%, ahead of our target rate range of 12% – 15%. The second half of 2022 has been active from an acquisitions perspective as we continue to invest in our three divisions.

We made our first acquisition in Asia Pacific in August 2022, with the purchase of Orspec Pharma, an Australian distributor of speciality pharmaceuticals with a footprint across the Asia Pacific region. Product Access is a global business, so our first acquisition in the southern hemisphere expands, in a significant way, our capacity to provide a truly worldwide service to our global clients.

Inspired Health, acquired in September 2022, is a US-based healthcare insights and intelligence consultancy business that uses innovative market research techniques to assist its clients to better understand their target physicians, patients, administrators and payers. The acquisition expands Uniphar's presence in the strategically important US market and complements and strengthens our existing US portfolio.

BModesto Group, acquired in November 2022, is a European focused speciality distributor of medicines, headquartered in the Netherlands. This acquisition provides a large, efficient mainland Europe distribution hub that will support further European growth, most particularly in the Product Access Division.

The McCauley Pharmacy Group acquisition completed in early 2023 adds 37 retail pharmacies to the Group's existing network of owned and symbol group stores. McCauley's is widely recognised as a leading provider of pharmacy and retail services in Ireland and a market leader in the delivery of health, wellbeing and beauty products.

> Our first acquisition in the southern hemisphere expands in a significant way our capacity to provide a truly worldwide service to our global clients.

Our Strategy
Read more on page 19

Performance Review
Read more on page 56

We completed four acquisitions in 2021: CoRRect Medical, Best MSLs, E4H and Devonshire. These are all now integrated into the Group. With these businesses already adding value and delivering synergies, we remain excited about the potential they will achieve as part of the wider Group.

Our acquisition approach is to partner with innovative companies that have talented teams who are culturally aligned to the Group and whose value-add services complement and broaden our existing capabilities. Our investments are each expected to deliver a Return on Capital Employed in line with the Group's target rate of 12%-15% within three years, with consideration consisting of an upfront payment plus contingent consideration payable on the achievement of specified objectives.

Technology as an Enabler of Future Growth

We firmly believe that technology is an enabler of future growth and investment in technology is essential to the long-term success of the Group. We continued to invest in our digital platforms, infrastructure and strategic initiatives to drive organic growth during 2022. Our multi-year investment in a new distribution centre in Ireland will encompass the latest technology and enable us to drive operational efficiencies.

It presents the opportunity to futureproof our Supply Chain & Retail business by doubling existing capacity levels. As the business expands, we recognise that technology investment is essential to support the enlarged Group and we have commenced a multi-year technology transformation programme. The initial focus is on our ERP platforms to ensure that we are using the latest technology to enable us to scale the business further.

United by a Common Purpose – Putting the Patient First

Innovation and change are constants in our industry and we continue to be innovative in the solutions we bring to our clients. In Commercial & Clinical, we offer value-added solutions in areas such as data analytics and targeted digital marketing in Pharma, in addition to robotic surgical solutions in MedTech. In Product Access, science is delivering more innovative treatments that are increasingly complex. They require more sophisticated regulatory and distribution processes and Uniphar has the expertise to provide these. In Supply Chain & Retail, pharmacists are spending more time engaging with patients and are seeking solutions to simplify their administration processes. Uniphar's Pharmacy of the Future solution enables pharmacists to focus their time on their patients, where they are most effective.

The common vision across all our divisions is our desire to improve patient access to pharmaco-medical products and therapies. We do this by always focusing on patients and putting them at the centre of our business. We invest capital and resources strategically to ensure that our product and service offering is at the forefront of the industry and that our customers think of us as partners in addressing their challenges. Investments in recent years in businesses that specialise in consultancy services, data analytics and targeted marketing demonstrate our dedication to providing the range of specialist skills required by our clients to take full advantage of the opportunities available to improve access for patients to the medicines they need.

Integrating Sustainable Practices Into What We Do

Sustainability is at the core of what we do and is deeply embedded in our business strategy. We want to contribute positively to the people and the world around us. Running our business in a sustainable way ensures that Uniphar will continue to prosper in the long-term.

We are focused on ensuring that each of the five pillars of our sustainability strategy are a fundamental part of our decision-making process and I am pleased with the progress we made in 2022. From an environmental perspective, we are continually reviewing how we can operate more sustainably. Our capital investment in a new state-of-the-art distribution centre for our Supply Chain & Retail business will be constructed to the gold standard on the LEED ('Leadership in Energy and Environmental Design') rating system for sustainable construction. We achieved a 'B' score in our CDP 2022 submission. This represented meaningful progress on our prior year score of 'C'. Our People pillar is equally important to us. Among the initiatives we launched in 2022 were two employee resource groups to support our female and LGBTQi+ colleagues.

We continue to focus on supporting the communities we operate in. In partnership with our suppliers and customers, we sourced essential medical equipment and supplies of €880,000 for humanitarian efforts in Ukraine, through our Unity for Ukraine initiative. For the third consecutive year, we also ran our Unity for Hope initiative to raise funds for cancer charities around the world. This initiative raised much needed funds of €150,000 and brings the total raised to more than €750,000 since we started the programme three years ago.

Our Strategy Continues To Deliver – Our People Make The Difference

At our core, we are a people business. This is reflected in the relationships we build and the patients who rely on us. None of our achievements would be possible without the talent and dedication of our people who share the same purpose – to get medicines to the patients who need them. It is this purpose that makes our people go the extra mile in the knowledge that it really does matter that healthcare professionals have access to the medicines they need to give their patients the best possible care. I am very proud of the entire Uniphar team who delivered our strong performance in 2022 and made continued progress towards our strategic objectives. On behalf of the Executive Leadership Team, I would like to thank all my excellent colleagues in Uniphar for their ongoing hard work and commitment.

Looking Forward

The Uniphar business model and strategy have proven to be resilient over the past few years and the business is on track to achieve its objective of doubling EBITDA within five years of IPO. Each of our divisions has built a strong platform from which to grow and address our target markets. Our industry continues to change and be shaped by technology and new scientific discovery. We are confident we have the right strategy, the best people and the market opportunity to continue to grow and deliver for our stakeholders. Our strong Balance Sheet enables us to adopt a long-term mindset and deploy capital in areas that offer attractive returns by further enhancing the capabilities of our integrated business model.

Gerard Rabbette
Chief Executive Officer

OUR STRATEGY

Expanding our Reach to Deliver Growth

Our vision is focused on improving patient access to pharmaco-medical products and therapies. We do this by enhancing connectivity between manufacturers and healthcare stakeholders. Delivering our strategy in a sustainable way is a key business objective of the Group.

STRATEGIC PILLARS

COMMERCIAL & CLINICAL

Enabling patient access to treatments in MedTech and Pharma industries

Building an integrated European and targeted US offering to MedTech and Pharma clients

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

STRATEGY IN ACTION

- Acquiring Inspired Health and expanding our capabilities to offer healthcare insights and intelligence consultancy
- Driving divisional growth through the strength of our service offering and the integration of prior acquisitions in building-out an integrated market offering to clients
- Continued service innovation in data analysis, commercialisation consultancy and omni-channel delivery

+ Read more on our Commercial & Clinical Division on page 61

PRODUCT ACCESS

Enabling equitable access to unlicensed medicines worldwide

Becoming a global leader in unlicensed medicines and Expanded Access Programmes (EAPs)

- Sourcing and supplying unlicensed medicines
- Managing EAPs for global manufacturers
- Serving clients in 160+ countries

STRATEGY IN ACTION

- Awarded several US EAPs, demonstrating our capability to deliver global programmes
- Acquiring BModesto and expanding our delivery of services into more European markets
- Acquiring Orspec and expanding our footprint into key Asia Pacific markets

+ Read more on our Product Access Division on page 63

SUPPLY CHAIN & RETAIL

Enabling the supply of medicines in Ireland

Growing our market leadership position

- Achieving the Number One position in wholesale in Ireland
- Becoming a key player in the retail and pharmacy supply chain
- Supporting a network of 386 owned and franchised pharmacies (excluding McCauley's Pharmacy Group)

STRATEGY IN ACTION

- Acquiring the McCauley Group and expanding our retail pharmacy footprint in Ireland
- Investing in a new Irish distribution facility, to provide the infrastructure to double current capacity levels

+ Read more on our Supply Chain & Retail Division on page 65

OUTLOOK

Uniphar has positioned itself as a leading player in the industry, capable of supporting manufacturers throughout the product lifecycle. The inherent strength of our business is in our integrated offering that provides the platform for the next stage of growth.

Innovation is increasingly specialised and originating from a broad range of biotech and MedTech companies focused on niche therapeutic areas. These advanced therapies are often personalised products for patients and dependent on complex R&D and distribution processes. Manufacturers are seeking partners who can help them commercialise their assets, educate their target market on their product and ultimately enable them to get the therapies to the patients who need them.

Uniphar continues to focus on attracting and developing future leaders of the business so that we can deliver our strategic objectives. Capital allocation remains a core focus and we maintain a disciplined approach with the flexibility to pursue acquisition and strategic investment opportunities.

OUR BUSINESS MODEL

Creating Sustainable Value

OUR VISION

Improving patient access to pharmaco-medical products and therapies

WHAT WE DO

Enhance connectivity between manufacturers and healthcare stakeholders

OUR RESOURCES

People
We rely on skilled and engaged employees to deliver our products and services. Our experienced teams, many of whom are clinically trained, have deep industry and sectoral knowledge that our customers depend on.

Relationships
We work with the worlds leading healthcare companies, as a trusted partner, supporting them across the lifecycle of their products. We maintain long term sustainable relationships, providing value added services through all stages of product development and commercialisation.

Financial
We maintain a strong financial position that enables us to pursue organic investment opportunities, supported by M&A, to continue our growth and development.

Infrastructure
We have a diverse geographic footprint, with a presence in major healthcare markets. Our global presence and knowledge of local regulatory requirements enables us to deliver product to the patients who need it.

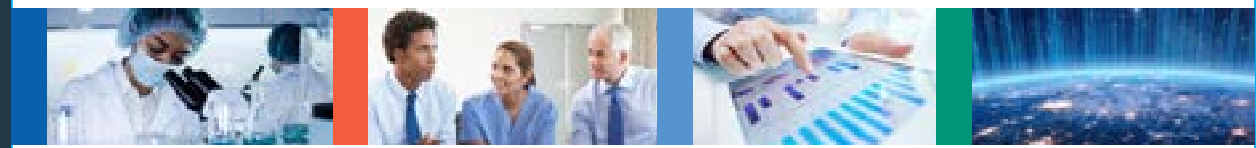
Digital
Healthcare is being transformed by digital innovation across all areas of pharma and MedTech. We have developed capabilities in data analytics, product development consultancy and digital marketing to support our customers.

HOW WE ADD VALUE

Understanding customer needs
We partner with our customers to solve their biggest challenges. Many of our teams are clinically trained and engage with our clients on a peer-to-peer level and become trusted advisors to them.

Our unique integrated model
We offer our customers an integrated model that supports them throughout the lifecycle of their products from early-stage development through to product maturity. We draw on capabilities across our Group to provide an integrated solution.

Sustainable financial model
We are disciplined in our capital allocation and maintain flexibility to invest in opportunities that create shareholder value. Our effective risk management processes are core to optimising our returns.



Operational excellence
We are relied on by our customers and patients to provide them with the therapies and solutions they need daily. We drive the highest standards of operational excellence to ensure we achieve this.

Digital first
We utilise a range of digital capabilities helping our clients to focus their efforts on their most rewarding opportunities and providing insights to them that support their commercialisation objectives.

Always growing
We set ambitious growth targets and deliver them through a combination of organic growth and selective capital deployment in acquisitions.

THE VALUE WE CREATE

EBITDA
We have grown EBITDA each year since IPO and remain on-track to achieve our objective of doubling EBIDTA within five years of IPO.

EBITDA 2022 €98.0m

ROCE
We target a Return on Capital Employed (ROCE) of 12%-15% within three years of capital investment.

Return on Capital Employed 2022 17.3%

Free Cash Flow
We focus on cash generation and target an Adjusted Free Cash Flow conversion of 60%-70%.

Free Cash Flow Conversion 2022 82.5%

Dividends
We have a progressive dividend policy that seeks to return capital to shareholders each year.

Dividends for 2022 €4.8m

People
We invest in our people and develop them to take on future leadership roles in the organisation. We create a rewarding place to work, focused on performance and personal development which embraces diversity and inclusion.

Sustainability
We focus on operating our business in a sustainable way. We continue to make progress with carbon emissions reporting and improved our CDP score to 'B' in 2022. (2021: 'C' score).

Community
In partnership with our suppliers and customers, we sourced essential medical equipment and supplies for humanitarian efforts in Ukraine in 2022. This was also the third consecutive year of our Unity for Hope initiative supporting cancer charities across the world.

KEY PERFORMANCE INDICATORS

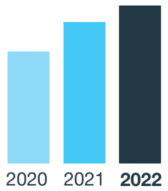
Measuring Success

FINANCIAL

Gross Profit

€306.7m

2022: €306.7m
2021: €274.5m
2020: €217.3m



WHY WE MEASURE IT?

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 measure in the assessment of divisional performance.

PERFORMANCE

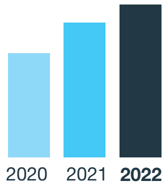
Gross Profit has increased by 11.7% driven by strong organic gross profit growth of 5.7%, in conjunction with the impact of acquisitions in both 2021 and 2022.

Despite a challenging macro environment, the Group expects another strong year of profit growth in 2023.

EBITDA*

€98.0m

2022: €98.0m
2021: €86.5m
2020: €66.7m



WHY WE MEASURE IT?

EBITDA provides management with an assessment of the underlying trading performance of the Group and excludes transactions that are non-recurring, allowing for comparison of the trading performance of the business across periods and/or with other businesses.

PERFORMANCE

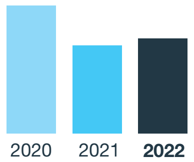
Our EBITDA increased by 13.4% to €98.0m in 2022. The result reflects the strength of the business model, the quality of our business and our expanding geographic and product diversity.

The Group remains confident of delivering the target of doubling pro-forma EBITDA within five years of IPO.

Free Cash Flow Conversion*

82.5%

2022: 82.5%
2021: 76.6%
2020: 111.0%



WHY WE MEASURE IT?

Free cash flow conversion 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. We use free cash flow to assess and understand the total operating performance of the business.

PERFORMANCE

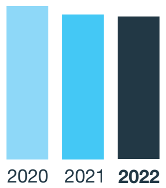
A free cash flow conversion of 82.5%, reflects a strong performance, together with tight working capital management and growth delivered from cash reinvestment.

Cash generation and working capital management remain a key focus of the Group in 2023.

Return on Capital Employed*

17.3%

2022: 17.3%
2021: 17.6%
2020: 18.7%



WHY WE MEASURE IT?

Return on Capital Employed (ROCE) is the key benchmark the Group uses to evaluate the performance of existing businesses and potential investment opportunities.

PERFORMANCE

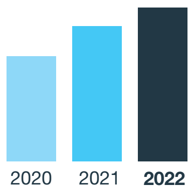
The Group continues to generate strong returns on capital employed, despite its continued growth and investment.

Strong returns on capital will continue to be a key focus in future capital allocation decisions by the Group.

Adjusted Earnings per Share (cent)*

18.4c

2022: 18.4c
2021: 16.2c
2020: 12.6c



WHY WE MEASURE IT?

Adjusted EPS is used to assess the after-tax underlying performance of the business, in combination with the impact of capital structure actions on the share base. This is a key measure used by management to evaluate the operating performance of the business, generate future operating plans and make strategic decisions.

PERFORMANCE

Adjusted EPS grew by 13.2% during 2022 – from 16.2c (2021) to 18.4c (2022). It was driven by a 14.4% increase in Profit after Tax excluding exceptional items. It was offset by a small increase in the weighted average number of shares, as a result of the timing impact of LTIP shares which met the performance conditions in 2022. As noted above, the Group expects growth to continue in future periods.

* This is an Alternative Performance Measure (APM) not defined under IFRS. Details on how this is calculated is included in the APM section on pages 207 to 211.

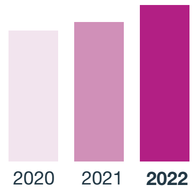
The Group has a number of Key Performance Indicators ('KPIs') that monitor progress against the achievement of our strategy. Each division has its own KPI measures which are aligned with the Group's measures.

NON-FINANCIAL

Number of Expanded Access Programmes

75

2022: 75
2021: 65
2020: 61



WHY WE MEASURE IT?

A key strategic priority of Product Access is the successful operation of Expanded Access Programs (EAPs), facilitating the supply of specialised medicines to patients who require them. Continued growth in the number of these programmes is a key metric in measuring progress against this priority, as well as the strength of our manufacturer relationships.

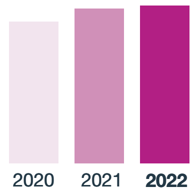
PERFORMANCE

During 2022, the number of Expanded Access Programs (EAPs) in progress or completed by the Group grew to 75. Recent acquisitions in the Product Access Division have increased the capabilities of the Group to offer global EAP solutions to manufacturers.

Symbol Group Pharmacy Numbers

386

2022: 386
2021: 378
2020: 346



WHY WE MEASURE IT?

The Uniphar Symbol Group consists of owned and franchised pharmacies operating under our Allcare, Life and Hickey's pharmacy brands, as well as wholesale customers who we support through our range of innovative retail support services. The number of pharmacies operating under the Symbol Group provides management with insight into the strength of these brands and our service offering in the marketplace.

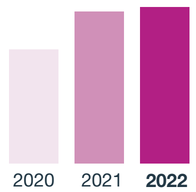
PERFORMANCE

The growth in pharmacy numbers demonstrates the strength of our market offering and the key role we play in the national health infrastructure. We support our pharmacies through our best-in-class supply chain e-commerce platform providing a tailored solution for each group member.

Healthcare Professional Interactions

825k+

2022: 825k+
2021: 800k+
2020: 600k+



WHY WE MEASURE IT?

The number of interactions with healthcare professionals is a key metric of the Commercial & Clinical Division, as it measures the strength of our relationships and enables us to deliver solutions for our manufacturers.

PERFORMANCE

The Group grew the number of interactions by 3% in the year, against the backdrop of a changing environment.

The Covid-19 pandemic has changed how healthcare professionals are engaged with and there is a move towards a digital-first engagement model.

The Group has made strategic investments in digital engagement technologies and resources that enable the business to succeed in this dynamic environment.

PEOPLE & CULTURE

Our People – Our Greatest Resource

Developing our Greatest Resource

People & Culture is one of the five pillars of our Sustainability Strategy and our business is built on the talent, ingenuity and commitment of our people. We truly believe that people are our greatest resource and we continue to invest in growing and developing our colleagues.

Encouraging Diversity and Inclusion

Our clients engage with a team of great people who can offer them the support, advice, expert knowledge and services that they need. It's not just our diversification as a business that gives us the ability to meet client needs but also our diversity as a team. Uniphar's role as an employer is to make sure that every colleague feels comfortable, accepted and able to fulfil their professional potential, while bringing their true self to the workplace. To this end, we launched our first two Employee Resource Groups (ERGs) in 2022 – our Women's Alliance to provide support for women in the workplace and the Rainbow Alliance to support and provide allyship for LGBTQi+ colleagues.

Women's Alliance

Rainbow Alliance

Both Alliances fill the important role of reminding us to consider the needs of all our colleagues, not just those in the majority, when we look at business decisions.

Hybrid Working Supporting Work Life Balance

One of the outcomes of our Future of Work project was the development of guidelines to support our businesses in offering a hybrid working solution to any employee whose position allowed it. Our recently renovated headquarters building, completed in April 2022, was remodelled to create a variety of flexible, open spaces for collaboration, problem-solving and focused work. The open plan desk seating, combined with the visually appealing interior design and the range of workspaces, makes for an exciting place to work for employees.

One Uniphar – Being More than the Sum of our Parts

In 2022, we spent time examining our culture, looked at what makes Uniphar stand out from other companies and how this can help us to attract and retain great talent across our three divisions. As we see it, we are building a culture based on five core principles that we all share. When we seek out acquisitions, finding a good cultural fit is important to us. As we acquire new companies, our capabilities increase, our resources improve and our ability to serve more customers in more markets grows, but our culture is not diluted. Every team and business we acquire or grow will need to share our common purpose – to improve access to medicines for patients. The five core principles that underpin our culture are set out on page 6 of this report.

> We truly believe that people are our greatest resource and we continue to invest in growing and developing our colleagues.

Improving Transparency and Access to HR Information

A major initiative this year has been the development and roll out of a global HR information system. With the first phase completed, every colleague has access to key employment and HR information in an easy-to-use portal. Future phases that will expand and enhance the services the system can provide and further improve the employee experience are being planned.

Wellbeing

As an employer, Uniphar Group works to support employee wellbeing. We understand the links between work, health and wellbeing, and the role that every employee can play in adopting a joined-up approach to wellbeing in their team. We provide ongoing support for employees through our Employee Assistance Programme. This allows all employees to avail of support from a qualified counsellor on the phone on a confidential basis, to help them to manage stress, the loss of a loved one, financial issues etc. In addition to these structural supports, we also arranged a number of wellbeing events throughout the year to increase awareness among our staff of ways in which they can manage and improve their own wellbeing.

Community Involvement

Uniphar colleagues have always been very active in their local communities and this work continues across the business. We have created Unity@ Uniphar to act as an umbrella for community and charitable activities that Uniphar colleagues get involved in, across all divisions and geographies. This year, we worked together on two major initiatives – Unity for Ukraine and Unity for Hope. Unity for Ukraine raised funds, medical equipment and other healthcare supplies to send to Ukraine, to help alleviate the humanitarian crisis caused by the war that began in 2022. Colleagues from across the business worked with suppliers, manufacturers and customers to provide medicines, personal protective equipment (PPE) and medical devices to the value of approximately €880k.

Our second major initiative was Unity for Hope (formerly called Relay for Hope). This is now in its third year of raising money for cancer charities around the world. This is an activity-based challenge that encourages teams to raise their stepcounts and this year we collectively covered more than one million steps with colleagues around the world organising everything from walks on Australian beaches, to sea swims, to walking tours of Washington DC. A total of €150k was raised for our chosen cancer causes around the world.

Looking Forward

We are developing our divisional human resources teams, to ensure that we have the right people in the right place, to support the differing needs of colleagues and teams across our business. Training, learning and talent development are our focus for 2023, as we look to build a strong learning environment to support our ambitious growth plans and to offer our colleagues the opportunity to develop and grow their skills for their own benefit and for the benefit of all Uniphar stakeholders.

Sustainability & Governance Report
Read more on page 36

RISK MANAGEMENT

Managing Risk to Maximise Sustainable Value

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 is regularly reviewed.

The Group has a 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. This is reviewed and updated on a regular basis and presented to the Audit, Risk and Compliance Committee. The Committee considers the risks identified and the effectiveness of the mitigating actions 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 for managing the principal risks. 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' plays a distinct role within the Group's wider governance framework.

Audit, Risk and Compliance Committee Report
Read more on page 81

Board of Directors
Read more on page 69

Key Principal Risks and Uncertainties
Read more on page 30

Risk Register Process
Read more on page 29

Risk Management Policy Standards and Guidelines

Principal Risks

Board/Audit, Risk and Compliance Committee

1st line of defence

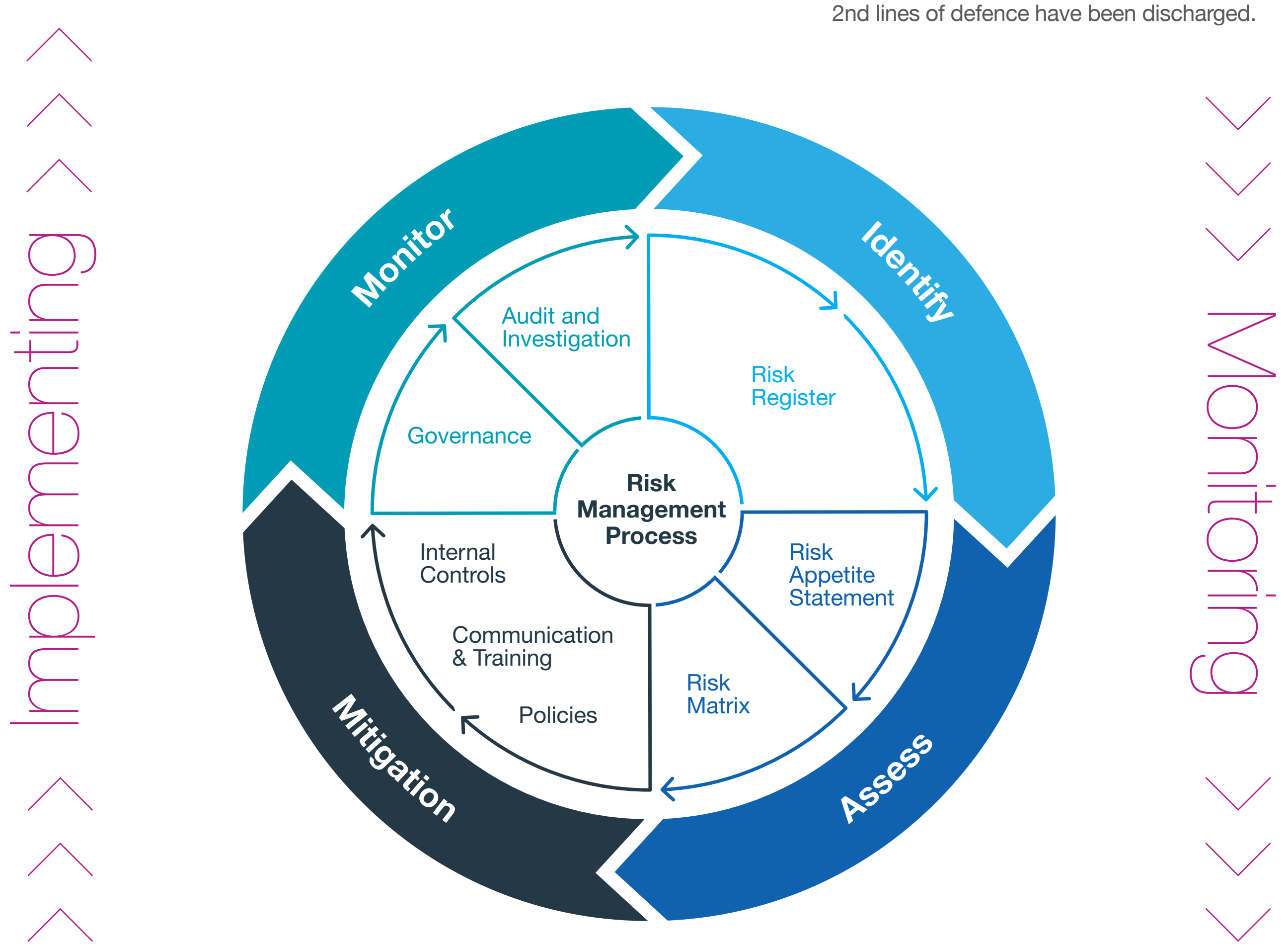
Operational Level
Processes and Controls in the ordinary operations of the business which identify, assess and reduce or mitigate risk exposure through management or internal control measures.

2nd line of defence

Risk Co-Ordinator
Responsible for overseeing and executing the Group's risk management process and maintaining the Group's Risk Management Policy and Risk Appetite Statement.

3rd line of defence

Internal Audit
Ensures independent oversight of the Risk Management Policy and the execution of the Group's risk management process. The Internal Auditor is responsible for testing the design and effectiveness of the Group's control environment and ensuring the risk management responsibilities of the 1st and 2nd lines of defence have been discharged.



Board/Audit, Risk and Compliance Committee

Board
Ensure prudent risk management is implemented in the Group. Review and approve the Group Risk Register along with Risk Appetite and Risk Management Policy.

Audit, Risk and Compliance Committee
Oversee the adequacy and effectiveness of the Group's internal controls. Responsible for the review and assessment of the effectiveness of the Group's risk management process.

Senior Management

Overall responsibility for establishing and embedding the risk management processes within the Group. The Group Risk Manager is responsible for monitoring, maintaining, and presenting the Group Risk Register to the Audit, Risk and Compliance Committee and the Board.

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 and assigned a rating based on the likelihood of occurrence and the potential impact. The Risk Register is reviewed regularly, and any new or emerging risks are added as they are identified and assessed.

Divisional management are responsible for completing and maintaining divisional risk registers, setting out the risks and mitigating factors pertaining to their area. The Group Risk Manager reviews these and updates the Group risk register as required for any significant risks arising. The Group Risk Manager reports to the Audit, Risk and Compliance Committee and the Board on risk during the year.

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 to executive and divisional management levels.

2022 Highlights

The Group continues to ensure that the Risk Management Framework is integrated in the day-to-day activities of the business. During the year ended 31 December 2022, the Group carried out the following:

» Reviewed the Group Risk Register, updating for all the key risks facing the Group at this time
» Performed a review of emerging and new risks, including the risk associated with Transformational Project Execution
» Expanded some existing risks to include new factors such as climate change. Details of specific climate related risks and opportunities identified by the Group are set out in the Environment and Sustainability Section of this Report on page 49
» Continued to focus on Cybercrime related risks

Emerging Risks

In addition to considering our current principal risks, emerging risks are also considered as part of our overall risk management processes. Management identifies, assesses, and manages new and emerging risks in the same way as the Group's principal risks. Emerging risks can arise in two ways for the Group. The risk can be newly identified as part of the ongoing risk management process in existence across the Group; or the risk may already be identified on the Group Risk Register, but its potential impact may have changed pointing to the need for a reassessment.

Principal Financial and Reporting Risks and Uncertainties

The following tables set out the principal risks and uncertainties, which have the potential to have a direct impact on the key strategic objectives of the Group. The principal risks are categorised as Strategic, Operational and Financial. These have been developed from a full review of the Group Risk Register, the business performance and evolving global trends.

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

Key Principal Risks and Uncertainties

The principal risks and uncertainties for the year ended 31 December 2022 are summarised below.

Strategic Initiative Link to strategic initiatives key	Trend Indicators Strategic initiatives key to trending	
Continued Client Growth	Stable	↔
Focused Market Leadership	Increasing	↗
Scaling Through Digital	Decreasing	↘

STRATEGIC RISKS

RISK	IMPACT	MITIGATION	TRENDING
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. The ongoing war in Ukraine combined with rising interest rates, unprecedented cost inflation and supply chain challenges present an increased risk for the Group. This may adversely affect the Group's financial and operational results.	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 which now includes Ireland, the UK, the US, Europe and Asia Pacific, thus decreasing the reliance on any particular geographic market. The Group actively manages its cost base to ensure that margins are maintained and to reduce margin erosion. Supply chain challenges are managed by working closely with suppliers, managing stock levels and advance purchasing, where possible.	↗
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. The Group carries out a Goodwill Impairment assessment annually, or more frequently, if required, to ensure the carrying value remains appropriate.	↔
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 colleagues across all divisions. If the Group fails to attract, retain, and develop the skills and expertise of colleagues, 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. The Group looks to appropriately incentivise teams, to ensure long-term alignment with shareholder objectives.	↔
Market perception & reputational risk	Uniphar plc is 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 Investor Relations team actively engages with the investment community. The team ensures a timely and accurate communication of information to the market. A positive corporate culture reinforces ethically responsible behaviour in the business.	↔

STRATEGIC RISKS Continued

RISK	IMPACT	MITIGATION	TRENDING
Loss of competitive position	Changes in the competitive environment in which the Group operates may occur as a result of new market entrants, loss or material change in the terms of key customers or key suppliers, new technologies or regulatory changes. Failure of the Group to respond to any of these may result in the loss of its competitive edge and market share, which may put pressure on profitability and margins.	The Group continues to monitor market trends and demands, to maintain its competitive edge. Individual business management teams manage the supplier and customer relationship and keep informed of any changes in their business strategies. Value-add and unique services are offered to enhance the relationship and promote customer loyalty. Strategic acquisitions enhance the commercial relationships within the pharmaco-medical market and provide a wider and more diverse service offering, protecting the competitive position.	↔
Environment & Sustainability	The increasing global focus on environmental and sustainability governance is recognised by the Group, and its stakeholders. Failure to appropriately assess, monitor, report and manage the Group's impact on the environment and the communities in which it operates may result in reputational damage, impacting the Group's ability to deliver results. The Group is subject to an increasing number of environmental and climate change regulations and legislation, which may negatively affect the Group's business if it fails to adequately comply with them.	The Group recognises the lasting impact its actions can have on the environment and is committed to operating sustainably and reducing its environmental impact. The Group's Sustainability Council drives the sustainability agenda across the Group and ensures that sustainability targets are integrated across all businesses. The Group engages with external advisors throughout the year to ensure it is prepared for upcoming reporting obligations. The Group's banking facilities incorporate sustainability provisions that will enable discounted rates of interest for achieving specified ESG goals and benchmarks. Furthermore, bonus metrics for Executive Directors and some senior management include specific sustainability and governance targets to ensure focus on achieving continuous improvements in this area.	↗
Brexit	The post-Brexit environment poses several risks for the Group, due to uncertainty and complexities as to the future fiscal and regulatory landscape in the UK and Northern Ireland. This may have a negative impact on supply and trade. Brexit, together with political uncertainty in the UK, has the potential to create market unease and currency fluctuations which could impact the translation of our UK operations into the Group reporting currency.	Since the withdrawal of the UK from the European Union in early 2020, the Group has navigated the challenges presented by Brexit successfully and continues to monitor the evolving landscape. The Group is continuing to expand its operations in Europe and the US creating geographical diversity. The Group monitors currency fluctuations for subsidiaries that operate in countries outside of the Eurozone. Brexit has also presented opportunities in Commercial & Clinical for outsourced services and in Product Access for specialist procurement services.	↔
Transformational project execution	The Group is embarking on several transformational projects that will provide it with the platform and capacity to grow over the coming years. Significant transformation programmes bring inherent risks such as an inability to manage change in the organisation or to deliver projects within time and budget constraints. Failure of the Group to satisfactorily deliver such projects may result in cost overruns or reputational damage impacting the Group's ability to deliver strategic targets.	The Group has implemented appropriate project management structures to ensure projects are delivered in line with their plans. Appropriate Project Management resources have been added to the organisation to facilitate this. Furthermore, the Group utilises external advisors to supplement our internal knowledge where specialist skills are required.	NEW RISK

OPERATIONAL RISKS

RISK	IMPACT	MITIGATION	TRENDING
Cybercrime	In common with all large organisations, the Group is exposed to risk relating to cyber events threatening the availability or integrity of our systems and data. There is a constant threat of sophisticated cyber-attacks including ransomware, phishing and malware. An adverse event could result in significant reputational, operational and financial damage. The Group is also exposed to the risk of an attack on our business partners that could negatively impact the Group.	The Group has IT security processes in place to minimise the occurrence of cyber-attacks. Continuous user awareness is a key measure used in helping to protect against the threat of a cyber-attack. External audit and penetration testing is carried out to identify vulnerable areas and put in place mitigating controls. The Group has invested in a dedicated IT Security team led by the Director of Information Security to continuously review, monitor and strengthen the preventative and detective controls required to protect against a cyber related incident and draws on appropriate external support to achieve this objective.	↗
IT systems	Digital capabilities are a specific strategic offering of Uniphar, and the alignment of the IT strategy with the business strategy is essential. 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 IT strategy is a key factor in the Group's strategic planning process. This ensures that the development of our IT systems and processes remains aligned with Group objectives. The Group actively monitors the performance and robustness of our IT systems. The in-house IT team works in tandem with external providers to ensure all business-critical processes are safeguarded. A business continuity plan is in place to ensure the uninterrupted provision of services and to enable the restoration of key systems, if necessary. Continued technology investment is essential to support the enlarged Group, and a multi-year technology transformation programme has commenced, with the initial focus on ERP platforms.	↔
Pandemic risk	Global pandemics have the potential to cause significant disruption to the Group and the wider global economy. Although the risk from Covid-19 has subsided in recent months there is still a risk that other variants or pandemics may arise in the future. Such a pandemic could severely impact our financial results or cause supply chain disruption that would impact the business and its operations.	The safety and wellbeing of our people is our first priority and if a new pandemic emerges the Group will rely on the mitigation strategies developed during the Covid-19 pandemic. Uniphar plays a significant role in the healthcare infrastructure of the countries we operate in and the Supply Chain & Retail infrastructure was considered an essential service during the previous pandemic. The Group continues to monitor the preparedness of the business for another pandemic to ensure that appropriate response strategies are in place.	↘

The Group has identified Transformational project execution as a new Strategic risk in 2022.

OPERATIONAL RISKS Continued

RISK	IMPACT	MITIGATION	TRENDING
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 hazards, or industrial disputes, resulting in potential lost sales and loss of customer loyalty.	A business continuity 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. Uniphar also provides consultancy services to a range of healthcare practitioners. Failure to follow all applicable regulations and guidance could impact patient safety. The health and safety and wellbeing of our staff is also paramount. With large operational facilities in various locations, it is essential we adhere to the highest standards of health and safety throughout the organisation. Failure to implement and follow proper health and safety procedures could have adverse effects on our people or patients.	Dedicated quality functions are in operation across the Group, ensuring that we adhere to and comply with good distribution practice, pharmacovigilance and regulatory requirements. A robust health and safety framework is in place to ensure that we have effective health and safety processes.	↔
Laws, regulations and compliance	Uniphar operates in a highly regulated environment and is subject to both local and international laws and regulations in the jurisdictions where we operate. Failure to operate under any of these stringent laws and regulations could result in financial penalties, reputational damage, and risk to business operations.	The Board has overall responsibility for the Group's corporate governance environment. Our strong corporate governance culture prioritises continuous improvement. The Group General Counsel and Company Secretary is responsible for the oversight of compliance across the Group. The Group also has an extensive quality and regulatory team, who ensure compliance with all applicable regulations relating to our service offerings. In the area of GDPR, the Group has a dedicated Data Protection Compliance Officer and Data Protection Officers within each division. The Data Protection Compliance Officer provides group guidance and governance to the divisional Data Protection Officers. In addition, the Group ensures that professional and appropriately qualified personnel are employed in positions of responsibility. Education and internal training are provided on updates to laws and regulations, as appropriate.	↔

FINANCIAL RISKS

RISK	IMPACT	MITIGATION	TRENDING
Foreign currency	The Group's reporting currency is the euro. Exposure to foreign currency occurs in the normal course of business, as the Group operates in jurisdictions outside of the Eurozone. The ongoing expansion of the Group outside the Eurozone, combined with the volatility experienced in currency markets in 2022, leads to an increase in this risk.	The Group's activities are primarily conducted in the local currency of the operation, which results in low levels of transactional risk. The foreign currency risk has increased in recent years, due to acquisitions in jurisdictions outside of the Eurozone. The Group reduces its exposure to currency fluctuation by matching foreign currency payments and receipts across business units. The current banking facility permits drawdown across multiple currencies, which can create a natural hedge.	↗
Treasury	The Group is exposed to liquidity, interest rate and credit risks. The recent increases in interest rates impact the Group by increasing interest costs on outstanding borrowings.	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. The current banking facility agreement provides sufficient headroom for the Group in terms of liquidity. The Group monitors and manages its net bank debt and leverage and seeks to actively manage cash flow conversion, to minimise debt levels and associated interest costs.	↔

The Group continues to ensure that the risk management framework is integrated in its day-to-day activities.

SUSTAINABILITY AND GOVERNANCE REPORT

Enabling Sustainability through Strategy

CEO SUSTAINABILITY STATEMENT

Sustainability Driving our Performance

2022 saw a continued emphasis on the Group's sustainability agenda and we are delighted and proud of the progress we are making across all five sustainability pillars.

Sustainability remains a focus for the Group and a key element in defining the Group's strategy and decision making going forward. In early 2023, the Board approved the expansion of the remit of the Nominations, Governance and Sustainability Committee to include oversight of the Group's sustainability agenda and executive remuneration continues to be linked to the achievement of sustainability objectives.

People & Culture

During 2022, the Group launched Unity@Uniphar, an initiative that focuses on inclusivity and uniting our workforce for common purposes. We ran a number of initiatives under the Unity@Uniphar umbrella this year including our Unity for Ukraine and Unity for Hope events. We also launched two employee resource groups – the Women's Alliance, supporting women across our business and the Rainbow Alliance, supporting our LGBTQi+ colleagues. After successful launch events and webinars, during the year, the Group is continuing to build out the mission and vision for these groups to ensure that they are meeting the needs of our workforce. In this regard, a questionnaire was circulated to all teams during National Inclusion Week in September to ensure that these employee resource groups are built on feedback from our wider workforce. We will continue to focus on ED&I initiatives during 2023 and we look forward to building on the foundations established during 2022.

Supporting our Community

In early 2022, we set up Unity for Ukraine, to raise funds and provide badly needed medicines and medical equipment to alleviate the terrible humanitarian crisis caused by the invasion of Ukraine. In October, we ran our annual fund-raising event for cancer, named Unity for Hope this year, raising €150k for our cancer charity partners, globally. These are just two examples of the great community work done by Uniphar people around the world. I am really proud of the huge efforts made by so many of our team to support those in need of help.

Emissions Targets and Climate Reporting

The focus for our environmental pillar during 2022 was embedding climate awareness and reporting in each of our businesses and broadening our climate reporting to include a Scope 3 analysis for the first time. This was our third year of Group-wide carbon emissions reporting and we are delighted to have increased our CDP (Carbon Disclosure Project) rating from a 'C' to a 'B' during the year. We believe this increase in rating reflects the key role that sustainability and climate reporting now play in our business.

A number of decarbonisation workshops were run during the year for our senior leaders and across our businesses. Green Teams were appointed in each of our divisions, tasked with assessing historic emissions data and preparing a decarbonisation plan for their division. This is to ensure that we meet our internal interim target to reduce our absolute Scope 1 & 2 emissions by 5% per annum between 2019 and 2030, in line with the SBTi 1.5° C aligned pathway for targets, which would see us achieve our climate ambition of at least 50% reduction in our absolute Scope 1 & 2 emissions by 2030.

We completed our first Scope 3 assessment during the year. This demonstrated the enormous impact of our purchased goods and services relative to emissions from our own facilities. Following our Scope 3 assessment, we formally submitted our Science Based Targets to SBTi in early 2023 and we are awaiting validation of those targets. We have engaged external advisors to assist with a structured programme of supplier engagement to ensure that we work together to reduce our collective impact on the environment.

Our banking facility was renewed and expanded in August and the new facility incorporates sustainability provisions that will enable discounted rates of interest for achieving specified ESG goals and benchmarks.

AA ↑

Our MSCI rating increased from an 'A' to 'AA' during the year.

Sustainability Engagement

We are proud to have improved our external sustainability ratings during 2022. We are delighted to have achieved an outstanding score from Sustainalytics, ranking us in the first percentile (out of 636) of global healthcare companies and the third percentile (out of 15,634) of all companies rated by Sustainalytics globally.

We also increased our MSCI rating from an 'A' to 'AA' during the year and increased our CDP rating from a 'C' to a 'B'. This continuous improvement is really important to us at Uniphar and we believe these scores are testament to our focus across all of our sustainability pillars and demonstrate that sustainability has always been at the heart of how we operate our business.

Looking Forward

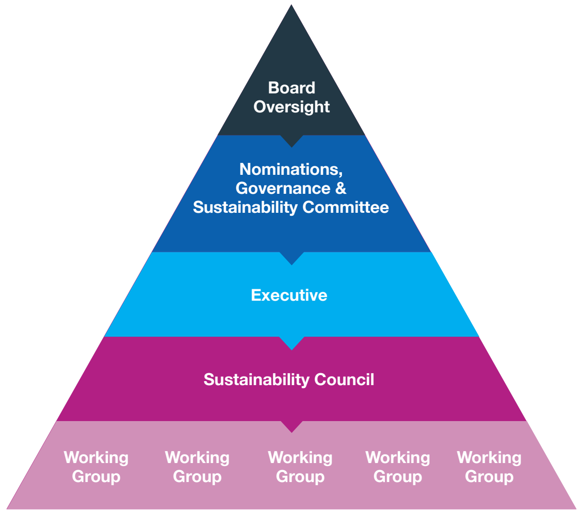
I would like to extend a huge thanks to our teams, colleagues, suppliers and partners who supported our various sustainability initiatives this year, particularly our Unity for Ukraine and Unity for Hope events. I look forward to many more events under our Unity@Uniphar umbrella to demonstrate the power we can have when we come together.

As we look ahead to 2023, we will continue to keep sustainability at the heart of how we run our business and we will focus on continuing to improve our monitoring and reporting in this key area, with an emphasis on embedding KPIs within our business across all five pillars. We are also actively preparing to align our sustainability reporting with the Corporate Sustainability Reporting Directive ('CSRD').

Ger Rabbette
Chief Executive Officer

Sustainability Governance and Oversight

Sustainability governance and oversight was a key topic for our Board and Executive Leadership Team during 2022. In early 2023, the Board resolved to expand the remit of the Nominations & Governance Committee to include sustainability oversight and the Committee was renamed the Nominations, Governance and Sustainability Committee. The Committee will be supported in its work by the Sustainability Council which has been in place across the business since 2020. The Group has appointed a number of working groups and 'Green Teams' across the business to drive the sustainability and environmental agenda and initiatives locally in each division.



Sustainable Development Goals

Uniphar fully endorses the UN Sustainable Development Goals ('SDG') and we consider the following goals to be the ones where we can make the most significant contribution:

We acknowledge the importance of all 17 SDGs and will work together with our stakeholders to contribute to each of them.

PILLARS AND MATERIALITY

Uniphar has identified five strategic pillars that define our approach to sustainability. We have identified the areas and metrics that are perceived as the most material in our industry.

		WHAT THIS PILLAR MEANS TO US	RELEVANT SDGS	MATERIALITY	INITIATIVES DURING 2022
PILLAR 1	**People and Workplace**	**Our people are our most important resource, and we are committed to making Uniphar a fulfilling and inclusive place to work.**	3, 8, 10	» Diversity & Inclusion Practices » Employee Health & Safety » Employee Wellbeing » Employee Training » Employee Labour Practices	» Focus on ED&I » Launch of two Employee Resource Groups – Women's Alliance and Rainbow Alliance » First Groupwide Leadership Event » Launch of Groupwide HR Information System » Hybrid Working Model
PILLAR 2	**Community Involvement**	**Supporting employees to actively participate in the local communities where we are based is a long-standing objective for the Group and is achieved through serving the community and supporting good causes.**	3, 10, 11	» Charity & Fundraising » Active Community Support » Customer Privacy » Customer Welfare	» Launch of Unity@Uniphar » Unity for Ukraine Initiative » Unity for Hope Annual Cancer Fundraiser » Local Charity Initiatives » Data Privacy & Cyber Security
PILLAR 3	**Environment and Sustainability**	**As the business grows and our geographical footprint expands, we remain committed to managing our environmental responsibilities effectively.**	11, 12, 13	» Energy Management » Greenhouse Gas Emissions » Waste & Hazardous Waste Management » Pollution Prevention » Sustainable Transport & Logistics	» Groupwide Carbon Footprint across Scopes 1, 2 and 3 » Improved CDP Rating from 'C' to 'B' » Scope 3 Assessment » Groupwide Decarbonisation Plans » Planning Supplier Engagement Programme
PILLAR 4	**Governance, Quality and Compliance**	**Operating in healthcare markets that are highly regulated and demand high quality and compliance standards, drives our quality focus and culture of continuous improvement. Ensuring the highest standards of governance, quality and compliance is fundamental to our business.**	3, 9, 10	» Product Quality & Patient Safety » Business Ethics » Systemic Risk Management » Critical Incident Risk Management » Legal & Regulatory Requirements » Selling Practices & Product Labelling	» Step up to UK Code » Expanded remit of Nominations, Governance and Sustainability Committee » Shareholder Engagement on topic of ESG » New Climate Change Risk on Risk Register » Data Protection Structure
PILLAR 5	**Business Solutions and Innovation**	**We believe a positive difference will be achieved through collaboratively developing innovative business solutions across all our divisions, resulting in a more sustainable business and better outcomes for our stakeholders.**	8, 9, 12	» Business Model Resilience » Innovation » Supply Chain Management	» Digital Focus & Appointment of Director of Information Security » Acquisitions » Planning Supplier Engagement Programme

PILLAR 1

PEOPLE AND WORKPLACE

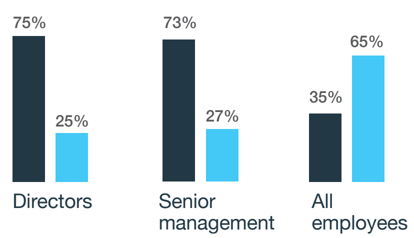
RELEVANT SDGS

Equity, Diversity & Inclusion

At Uniphar, our aim is for our workforce to be truly representative of all sections of society and for each employee to feel respected and able to give their best. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities, and talent that our employees invest in their work represents a significant part of not only our culture, but of our reputation and the Group's overall success. We embrace and encourage the differences that make our employees unique.

In 2022, the Group launched our Unity@Uniphar umbrella initiative, designed to promote an inclusive culture and unite people across our business. As part of this initiative, we launched two employee resource groups – our Women's Alliance and our Rainbow Alliance. The concept behind global employee resource groups is to create a community of support and empowerment for the people directly concerned and the people who would like to join them as allies. We want to encourage women, members of the LGBTQi+ community and their allies to connect and support each other across teams, businesses and geographies, regardless of how they identify, and where they are based.

Uniphar is also committed to an ongoing focus on developing our global talent pool and building a more diverse leadership team for the future. As at 31 December 2022, women accounted for 27% of senior management and 65% of total employees. This demonstrates an increase in female representation at both senior management level and across the global workforce



Diversity was a key topic at Board level during 2022.

during 2022. Diversity was also a key topic at Board level during 2022, as the Chair and Company Secretary embarked on a shareholder engagement programme with investors.

Diversity is a key area of focus for many of our investors. Although 25% of the Directors on the Board are female, the Board is cognisant that this falls short of the Balance for Better Business guidance of 33% female representation by 2023. In light of this, they have set a target of 33% female representation on the Board by the end of 2023. In January 2023, the Board also approved a Board Diversity Policy to formalise and expand on their commitment to diversity. The policy sets out the Board's commitment to diversity in succession planning, to ensure an inclusive and diverse Board.

The actions that we have taken, to date, to promote ED&I, and those that we intend to roll out across the Group are set out below:

WHAT WE HAVE DONE SO FAR	WHAT WE WILL BE DOING
» Launched Uniphar ED&I Policy » Launched Women's Alliance and Rainbow Alliance Employee Resource Groups » Rolled out hybrid working guidelines to our employee population where possible » Applied flexible working practices to our employee population where possible	» Promote company ED&I Policy and Employee Resource Groups to enhance employee awareness and allyship » Roll out of ED&I awareness training to our employees » Develop a recruitment policy and consistent recruitment practices which incorporate our ED&I principles » Build a talent development framework to develop a diverse pipeline for key roles

Gender Pay Gap Reporting

In 2022, for the first time in the Republic of Ireland, organisations employing more than 250 people were required to publish information on the gender pay gap under the Gender Pay Gap Information Act 2021. A gender pay gap measures the difference between the average earnings of all women and men across the business, irrespective of the work they do, expressed as a percentage of men's earnings. In accordance with the Republic of Ireland and UK Government Gender Pay Gap Regulations, our Gender Pay Gap Reports in respect of the relevant entities within the Group for 2022 are available on the Group website at www.uniphar.ie/static/sustainability/people-workplace/

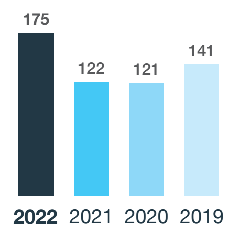
Health and Safety

The health and safety and wellbeing of our people is paramount to Uniphar. With large operational facilities across various locations, it is essential that we adhere to the highest standards of health and safety throughout the organisation, ensuring that best practice is adhered to at all times.

Uniphar provides training courses on a regular basis, including training on Good Distribution Practices (GDP), manual handling and first aid. We monitor and investigate all safety concerns and analyse this data, in order to continuously improve.

The number of reported health and safety incidents increased during 2022, with motor vehicle incidents accounting for 47% of all recorded incidents across the Group in 2022. We believe this increase in reported incidents reflects the increased emphasis on health and safety reporting across the business. We are committed to continuing to improve our health and safety risk assessment processes and incident reporting, and embedding more detailed health and safety KPIs across our businesses. This is a key area of focus for the Group for 2023.

Number of H&S incidents



We were delighted to re-open our Group headquarters in Citywest in April 2022 following a significant re-design and refurbishment project.

Wellbeing

In 2022, our focus on wellbeing continued as we looked to continue to support our teams and keep our colleagues healthy and mentally well. During 2022, we implemented a wide range of initiatives to support our teams across the Group, including the roll out of our employee resource groups and a webinar on change management, resilience and support networks hosted by 'Tackle Your Feelings'.

Like many workplaces, the emphasis on work-life balance continued, following a return to some normality during 2022 after the Covid-19 pandemic. It is fundamental that our people feel supported in achieving this balance and our Hybrid Working Guidelines assist those who can avail of hybrid working to find that balance.

We were also delighted to re-open our Group headquarters in Citywest in April 2022, following a significant re-design and refurbishment project. The space is designed to facilitate a more flexible working model with plenty of bright spaces for collaborative working and connecting with colleagues. The incorporation of plants and greenery into the design concept adds to the modern aesthetic of the redesigned workplace.

Training and Development

Uniphar is committed to supporting and investing in the professional development of our employees. The Group provides a range of career development opportunities which enable our employees to reach their full potential and grow within our business. We also continue to support our employees through further education and professional exams.The implementation of our new global HR Information System during 2022 will assist with the rollout and monitoring of training and development across our various businesses in a more consistent way.

Labour Practices

The Group is committed to complying with the highest labour standards across all jurisdictions in which we operate. Attracting and retaining the right people is essential for the success of our business. Equality underpins our recruitment activity, ensuring that recruitment and selection processes promote fairness. The Group's ED&I Policy outlines our approach to equity, diversity and inclusion and reaffirms our commitment to equality for all employees and potential employees. The Group's Dignity at Work Policy recognises the right for all employees to be treated with dignity and respect and the Group is committed to providing all employees with a safe working environment which is free from bullying, harassment and sexual harassment. The Group has a Modern Slavery Policy in place. This is available on the Group website: www.uniphar.ie.

The Group also recognises the trade unions of which some of its employees are members and engages with them as necessary.

PILLAR 2

COMMUNITY INVOLVEMENT

RELEVANT SDGS

3 GOOD HEALTH AND WELL-BEING

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

Uniphar's Charity Partners

During 2022, we launched Unity@Uniphar to act as an umbrella for inclusivity, community and charitable activities that Uniphar colleagues get involved in across all divisions and geographies. This year, we worked together on two key initiatives – Unity for Ukraine and Unity for Hope. Unity for Ukraine raised funds, medical equipment and other healthcare materials to send to Ukraine to help alleviate the humanitarian crisis caused by the war that began in 2022. Colleagues from across the business worked with suppliers, manufacturers and customers to provide medicines, PPE and medical devices to the value of approximately €880k.

Our second major initiative was Unity for Hope (formerly called Relay for Hope), which is now in its third year of raising money for cancer charities around the world. This is an activity-based challenge that encourages teams to raise their stepcounts. In 2022, we collectively covered more than one million steps with colleagues around the world organising everything from walks on Australian beaches to sea swimming to walking tours of Washington DC. Altogether, a total of €150k was raised for our chosen cancer causes in Ireland, Europe and the US.

Unity for Hope

Unity for Ukraine

St. Francis Hospice Dublin · Irish Cancer Society · Cancer Focus Northern Ireland · American Cancer Society · Cancer Council Australia · Childhood Cancer International · Teenage Cancer Trust

Active Community Support

The core business of each of our divisions is rooted in serving and supporting local and global communities. Our Supply Chain & Retail teams ensure timely, secure delivery of essential medicines to Irish pharmacies and hospitals as well as providing expertise and support to pharmacies across Ireland, relieving some of the administrative burden on pharmacists and enabling them to focus their efforts on serving their patients. Our Commercial & Clinical Division is also focused on providing outsourced sales, marketing and distribution solutions to pharma and medical device manufacturers, ensuring access to leading healthcare technologies and medicines in the geographies we serve. Our Product Access Division, through its On Demand and Exclusive Access business units, ensures access to unlicensed and hard to source products and its Aid and Development team also works with global charity partners to ensure medicines and medical supplies can be provided to those most in need. Uniphar also supports a variety of local community initiatives across each of our businesses and locations.

Community Sponsorship

During 2022, the Group sponsored a number of local and national events including the Irish women's hockey under-21's team and the under-23's Five Nations tournament with Ukraine, the Netherlands, USA and India competing at the National Hockey Stadium, Dublin.

Customer Privacy and GDPR

We are committed to protecting the personal data that we process as part of our service provision. We ensure that customers can trust us to keep their personal data safe and that they have a clear understanding of how and why the data is used. Uniphar has a robust GDPR framework in place, to ensure that we are operating consistently across the organisation and in accordance with applicable laws.

The Group applies the following data protection principles:

- Governance – We have appointed designated Data Protection Officers within each division. Their role is to monitor, advise and inform senior management regularly regarding compliance.
- Transparency – We are open and honest about how and what data we process. We only use personal information for specified fair and lawful purposes.
- Data Minimisation – We only collect necessary and relevant personal information.
- Accountability – We continually monitor and assess regulatory compliance. We provide training to all personnel.
- Retention – We do not retain personal information for longer than is necessary.
- Accuracy – We keep personal information accurate, complete, and up-to-date.
- Access Rights – We respect individuals' rights and choices.
- Security – We use appropriate security safeguards to protect personal data.
- International Transfer – We ensure protection for international transfers of personal information.
- Privacy by Design – We implement appropriate measures to ensure the principles of privacy by design and default are embedded into our processes and systems.
- Risk Assessments – We evaluate new business processes to ensure that they do not present any risk to data subjects.

The Group has a Privacy Policy which is available on the Group's website: www.uniphar.ie/static/privacy-statement and a Data Protection Policy, which is available to the workforce.

Customer Welfare

The needs of our customers, the pharmacies, hospitals, manufacturers and patients we serve are always paramount. Our can-do attitude, coupled with our commitment to the highest standards of product quality and patient safety ensured this important topic remained a priority throughout the year. Further details of our commitment to quality and ensuring patient safety are set out in our Governance, Quality and Compliance Reports.

PILLAR 3

ENVIRONMENT AND SUSTAINABILITY

RELEVANT SDGS

Energy Management

We understand that our activities can have a lasting impact and we believe in protecting our environment for the benefit of future generations. We are committed to achieving our Sustainable Development Goals (SDGs) of Responsible Consumption and Climate Action.

We are now in our third year of group-wide carbon reporting and the data gathered since 2019 has given the Group an understanding of the energy usage of the Group as a whole.

The Citywest facility, our largest facility, has energy monitoring software, providing a granular view of electricity usage throughout the facility. This software has enabled us to identify areas of inefficient electricity usage, for example lights and electrically powered systems remaining on during non-operational hours. Using this information, we are able to develop systems and processes to reduce energy consumption.

Greenhouse Gas Emissions

In 2022, we completed the Group's second Group-wide carbon foot-printing exercise to assess our Scope 1 & 2 carbon emissions and we also completed the first assessment of our Scope 3 emissions. The outcome of that assessment was reported through CDP and we were delighted to receive an increase in our CDP score from 'C' to 'B' on foot of that submission.

In early 2023, we completed our carbon foot-printing exercise in respect of our Scope 1 & 2 emissions during 2022. The results of this exercise are set out below (excluding entities acquired during 2022 and adjusting all results to include entities acquired during 2021 for the first time). Following a 26.5% reduction in Scope 1 & 2 emissions from 2019 to 2021, 2022 saw a slight increase in Scope 1 & 2 emissions of just over 5% on an absolute basis. This represents a 22% overall reduction in absolute Scope 1 & 2 carbon emissions since our baseline reporting year of 2019. The Group's carbon intensity measurement has increased by 1% during the year. We believe the marginal increase in emissions during 2022 reflects a normalisation of emissions following Covid-19 during 2020 and 2021.

Based on the analysis carried out, a large proportion of the reduction in Group emissions, to date, has arisen as a result of a reduction in company car usage across the Group.

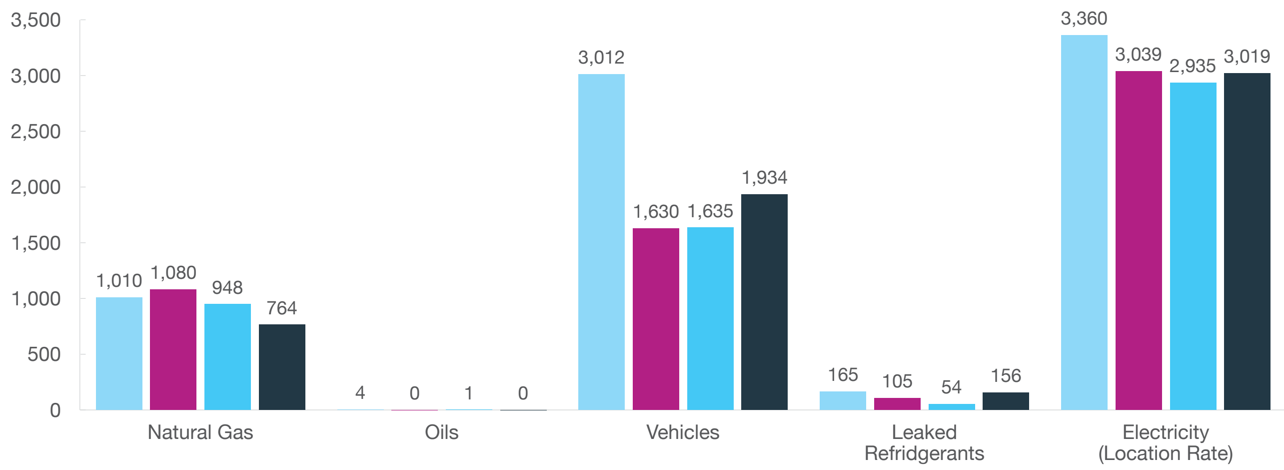
We believe the reason for this is two-fold. Firstly, the healthcare industry saw a big drop in the number of in-person visits to healthcare providers during 2020 and 2021 as a result of Covid-19. The second reason is that in recent years our Commercial & Clinical Pharma Division has shifted to an omni-channel engagement model which enables the teams to engage with healthcare professionals through mediums other than in-person office visits. We believe that the move to the omni-channel model and changes in the preferences of healthcare professionals will mean that emissions from company cars will remain significantly lower than pre-Covid levels. With the increasing availability of electric vehicles, we expect this reduction to continue.

Another reason for the significant reduction in emissions in the period since 2019 is the introduction of energy efficiency initiatives such as lighting sensors, LED lights, and energy monitoring.

Group Intensity Measure	2019	2020	2021	2022
tCO_2e/Million € Revenue	4.35	3.23	2.88	2.92

	Emissions (tCO_2e)			
	2019	2020	2021	2022
Scope 1	4190.79	2814.74	2637.60	2854.42
Scope 2 (Location Rate)	3360.37	3039.09	2935.26	3018.83
Total	7551.16	5853.83	5572.86	5873.25

Uniphar Group Emissions by Emissions Source

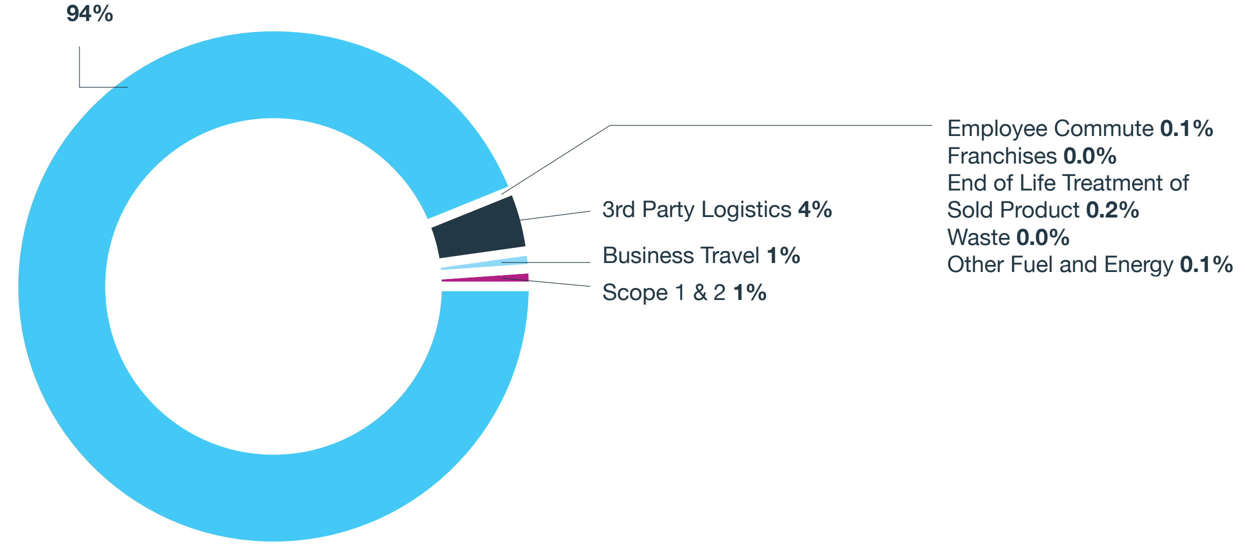


Scope 3

In 2022, we completed our first Scope 3 emissions screening with the assistance of external environmental consultants. This process identified the enormous significance of purchased goods and services as a contributor to the Group's overall carbon footprint. Our purchased goods and services category analysis was based on spend data which was inputted to the EEIO spend-based tool.

As can be seen from the diagram below, purchased goods and services represent 94% of the Group's overall carbon emissions. As such, measures and initiatives to reduce emissions from the goods and services that we purchase are essential to reducing the environmental impact of our business.

Uniphar Group Emissions by Category



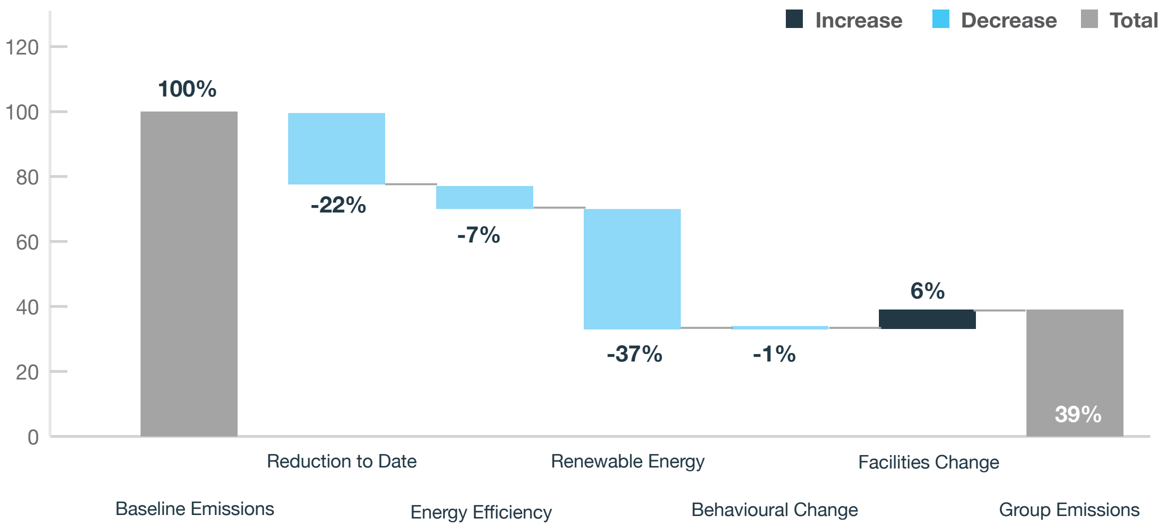
Targets

The Group formally committed through the Science Based Target Initiative (SBTi) to setting a science-based target before the end of 2023 and, in early 2023, we submitted our targets for validation to the SBTi. Pending validation of our SBTi targets, we have set an internal target to reduce our absolute Scope 1 & 2 emissions by 5% per annum between 2019 and 2030, in line with the SBTi 1.5° C aligned pathway for targets. This would see us achieve our climate ambition of at least 50% reduction in our absolute Scope 1 & 2 emissions by 2030.

As part of our commitment to SBTi, we have also submitted a target that 71% of our suppliers covering purchased goods and services, will have science-based targets for emissions by 2028. In order to achieve this we propose to roll out an active supplier engagement programme to work with our suppliers and partners in tackling the challenges of reducing emissions and identifying ways in which we can work together with them to reduce our collective emissions.

Decarbonisation

In 2022, a number of 'Green Teams' were established across each of our divisions. Following externally facilitated training on the topic of decarbonisation, each team was tasked with assessing the emissions for their respective divisions and developing a decarbonisation plan outlining how that division could achieve our climate ambition of at least 50% reduction in our absolute Scope 1 & 2 emissions by 2030. A consolidated output from that exercise is presented below and the Group are currently working on timelines for implementation of these initiatives.



TCFD and EU Taxonomy

2022 saw continued discussion around environmental matters and emissions by the Board. The Board received regular reports from the Sustainability Council and considered specific climate-related risks and opportunities as part of its bi-annual Risk Register Review.

Further details in relation to the Group's actions, in alignment with Taskforce on Climate-Related Financial Disclosures (TCFD) are set out in the following table.

In addition, the Group carried out its first assessment of the extent to which the Group's activities are aligned to The EU Taxonomy Regulations and the results of this assessment are set out in the Directors' Report on page 109 of this report.

Taskforce on Climate-Related Financial Disclosures (TCFD)

	Recommendation	Response	Page
Governance	Describe the Board's oversight of climate-related risks and opportunities	The Board is responsible for overall Group climate-related risks and opportunities oversight. The Risk Register of the Group is presented to the Board twice a year and as part of this process the Board now considers a specific sub-set of climate-related risks and opportunities. The remit of the Nominations & Governance Committee was also expanded to include sustainability oversight in early 2023.	Environment & Sustainability Section, page 45
	Describe managements role in assessing and managing climate-related risks and opportunities	Climate-related risks are assessed and managed as part of the Group's overall risk management framework.	Risk Management Section, page 27
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term	Climate Change Risk is a risk identified on the Group's Risk Register. As part of the Board's Risk Review the Board also considered specific climate risks and opportunities and these are set out in further detail on page 49.	Risk Management Section, page 27 Environment & Sustainability Section, page 45
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	See the disclosures on page 49 in respect of specific climate-related risks and opportunities identified by the Group.	Environment & Sustainability Section, page 45
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Uniphar conducted a qualitative transitional scenario analysis using the IEA NZE 2050 (1.5C) scenario and a qualitative physical scenario analysis using the RCP 8.5 (>3C) scenario. This assisted Uniphar in identifying material risks and opportunities for future climate scenarios. See further details on page 49 in relation to the scenario analysis conducted during 2022.	Environment & Sustainability Section, page 45
Risk Management	Describe the organisation's processes for identifying and assessing climate-related risks	Climate-related risk management is integrated into Uniphar's overall risk management structures and considered by the Board as part of the Risk Management Framework.	Risk management section, page 27
	Describe the organisation's processes for managing climate-related risks		
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management		
Metrics and Targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	In addition to greenhouse gas emissions data, Uniphar discloses waste metrics.	Environment & Sustainability Section, page 45
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Uniphar has disclosed Scope 1 & 2 emissions since 2020. In 2022, Uniphar did a full screening of Scope 3 emissions, in preparation for their Science Based Target submission.	Environment & Sustainability Section, page 45
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Uniphar have submitted targets in respect of Scope 1, 2 and 3 emissions to the Science Based Targets Initiative (SBTi) for validation. Pending validation of those targets, Uniphar have set internal Scope 1 and 2 emissions targets.	Environment & Sustainability Section, page 45

Climate Related Risks and Opportunities

	Driver	Description	Potential Impact	Response to Risk/ Opportunity
Risk	Emerging Regulation	An increase in carbon tax has the potential to significantly increase operating costs for the business	Medium	Supplier engagement programme for third party logistic providers. Currently reviewing renewable energy options as part of decarbonisation planning
	Acute Physical	Disruption of activities due to increased flooding	Medium	The operation of regional depots mitigates the risk of full operational outage due to an individual weather event
	Reputation	A failure to implement an appropriate decarbonisation strategy could impact negatively in tender processes, resulting in the loss of business and potentially the loss of existing customers	Medium	During 2022, each division prepared a decarbonisation plan in respect of its business
Opportunity	Markets	Uniphar is well positioned to develop new services and solutions to ensure that both our business and that of our partners meet our climate related requirements and ambitions	Medium	Embedding climate-related risks and opportunities into the core business strategy and formally commencing a supplier engagement programme
	Resource efficiency	Potential to increase energy efficiency and to reduce costs through reduced consumption	Low	Currently reviewing potential solar panel installation
	Markets	The ability to demonstrate meaningful progress on climate-related issues increases access to capital from institutional investors and fund managers	Medium	Setting clearly defined environmental objectives, including carbon reduction targets, with transparent disclosure on progress towards those targets

Climate Scenario Analysis

In preparation for its CDP submission, the Group conducted a transitional scenario analysis, using the IEA NZE 2050 scenario, a scenario to bring global energy-related carbon dioxide emissions to net zero by 2050 and give the world an even chance of limiting the global temperature rise to 1.5 °C. This was a qualitative analysis where we reviewed the policy milestones from 2025 – 2050 using this scenario to identify if any material risks or opportunities would arise. We identified technology risks around transitioning to electric vehicles and retrofitting existing buildings to zero-carbon-ready levels. Electricity grid decarbonisation was identified as a potential opportunity for Uniphar.

The Group also conducted a physical scenario analysis, using the RCP 8.5 scenario. RCP 8.5 refers to the concentration of carbon that delivers global warming at an average of 8.5 watts per square metre across the planet.

The RCP 8.5 pathway delivers a temperature increase of about 4.3°C by 2100, relative to pre-industrial temperatures. This was a qualitative analysis, where we reviewed the high-level impacts in this scenario, to identify if any material risks or opportunities would arise. In this scenario, there is a possible risk for disruption to activities, due to increased severe weather events and damage to transport infrastructure. Rising sea levels pose a risk to Group operations in the Netherlands, which is at or below sea level. Water scarcity and loss of biodiversity are potential risks for the Group in this scenario as they could impact the production and supply of medicines.

Waste and Hazardous Waste Management

Across all our sites we are continuously exploring ways to reduce, reuse and recycle. We have been a member of Repak since 1999 and we make considerable efforts across the business to reduce plastic waste. As part of our overall Scope 3 emissions assessment, the Group collated data from all locations across the business in relation to waste. In 2022, 83% of the Group's waste (approximately 925 tonnes of waste) was diverted from landfill.

Relevant parts of our business are compliant with the Waste Electrical and Electronic Equipment Directive (WEEE).

Pollution Prevention

The Group recognises the importance of protecting the environment around us and ensuring that our operations do not emit pollution into our surrounding environment. During 2022, there were no reportable instances of pollution across the Group.

Sustainable Transport

We are conscious that a significant portion of our carbon footprint arises through outsourced activities such as logistics and through our supply chain and we are committed to working with our supply chain partners in this area. During 2022, we appointed external consultants to assist the Group in developing a programme for supplier engagement, to ensure that the Group is working closely with its suppliers and partners to reduce our collective impact on the environment. The Group is continuing to work on a Supplier Code of Conduct and Responsible Sourcing Policy, which we expect to roll out during 2023.

> Across all our sites we are continuously exploring ways to reduce, reuse and recycle.

PILLAR 4

GOVERNANCE, QUALITY AND COMPLIANCE

RELEVANT SDGS

Adopting the highest standards of Governance, Quality & Compliance is essential to the success of our business. The Board approved the adoption of the UK Code as the corporate governance code of the Group in early 2022. The governance of our business is dealt with in extensive detail in the Corporate Governance section of this report on page 71.

Product Quality and Patient Safety

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 is committed to ensuring that the products we supply reach the patient in perfect condition and that we provide all services in an ethical and compliant manner. Through extensive training the Group places a focus on a quality culture and a strong understanding of quality risk management. This allows us to meet or exceed the requirements and expectations of our customers and partners.

Uniphar has a robust digital quality management system (QMS) in place, underpinned by the core GxP regulatory requirements, which ensures alignment and ongoing certification with ISO 9001 2015. This allows us to comply with the many regulatory regimes, including importation, storage, distribution of products in accordance with EU GDP Regulations as well as promotion of and engagement with pharmaceutical and medical device manufacturers in an ethical and compliant manner. The Group appointed a Global Head of Quality in 2022 to oversee and harmonise the quality functions across each business in the Group to ensure all businesses are operating best-in-class quality management systems.

Business Ethics

Uniphar is committed to promoting a corporate culture that is based on sound ethical values and behaviours. The Group's Code of Conduct is an overview of our responsibilities to each other and to the many different constituencies we serve – to our clients, customers, principals and to the communities where we live and work. It defines business conduct standards for everyone who works for us, in all business areas, in every function, geography and role. The Group is continuing to develop its Supplier Code of Conduct and Responsible Sourcing Policy to outline our expectations of our suppliers and their responsibilities to us. The Group also has a Whistleblower Policy in place, establishing a structure where behaviours which depart from this ethical culture can be reported whilst protecting the rights of the whistleblower. This policy includes an external reporting line.

Anti-bribery & Corruption

The Group has an Anti-Bribery and Corruption Policy in place and adopts a zero-tolerance approach to all forms of bribery and corruption. These standards are communicated to, and expected of, all employees.

Human Rights

The Group is opposed to any form of slavery and human trafficking and conducts its business in line with the UK Modern Slavery Act 2015 and has a Modern Slavery Policy in place which is available on the Group's website: www.uniphar.ie

Conflict of Interest

The Group is conscious that, at times, the interests of our employees may conflict with those of the Group or our customers. The Group has a Conflict of Interest policy in place which seeks to manage or avoid ethical, legal, financial or other conflicts of interest and to ensure that the activities and interests of our employees do not conflict with their obligations to the Group or its welfare.

Risk Management

Systemic Risk Management

The Group has a robust risk management framework in place, which provides the structure for managing the principal risks of the business. Details of this risk management framework are detailed on pages 27 to 34. In addition, the quality and regulatory personnel across the Group perform regular risk assessments and have robust validation processes in place.

Critical Incident Risk Management

Critical incident management requires a coordinated response from multiple teams to ensure that any critical incidents (regardless of severity) are appropriately managed. Our internal reporting lines and focus on open communication across divisions and functions ensures that any critical incident identified is managed appropriately.

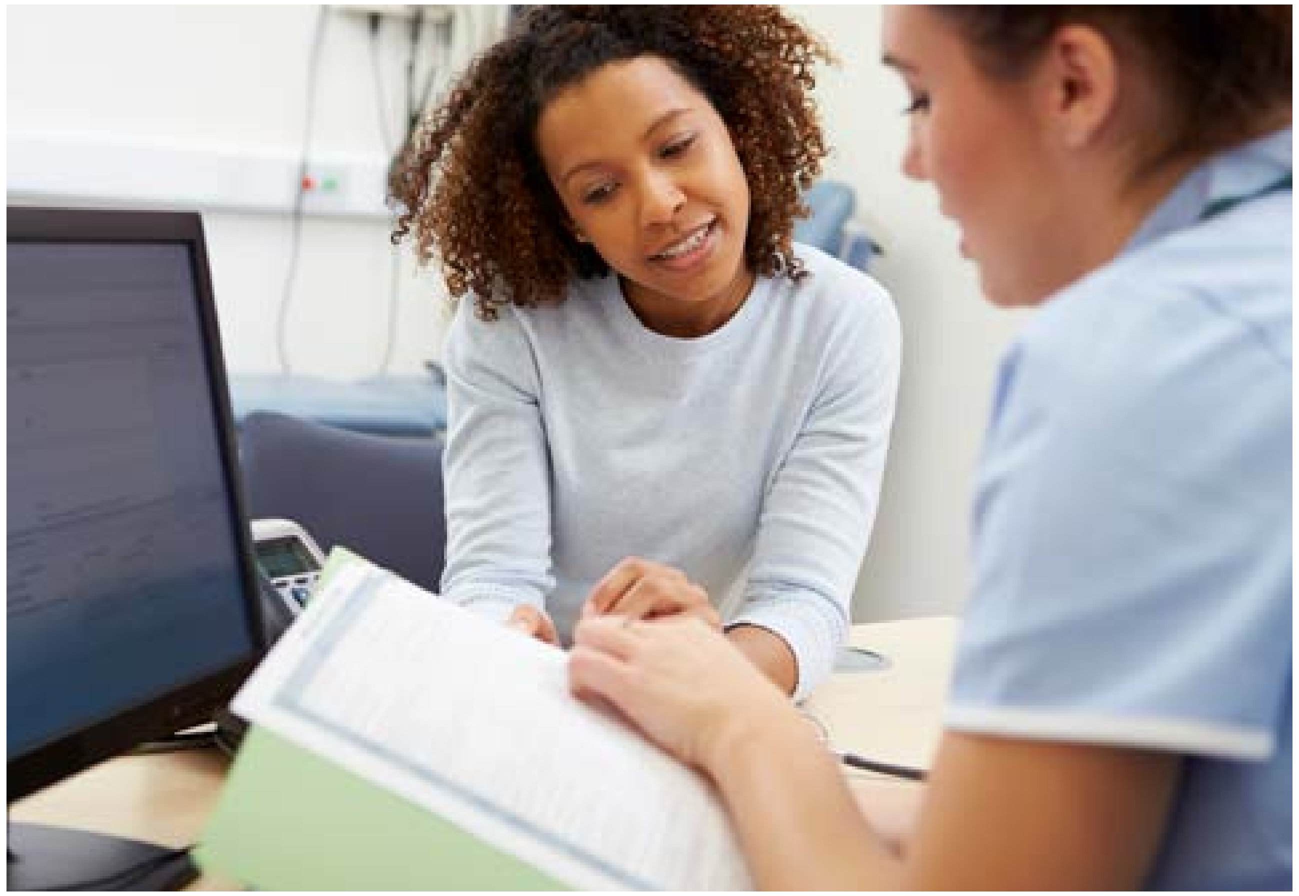
Legal and Regulatory Requirements

The Group appreciates the importance of regulatory expertise in navigating the ever-changing regulatory environment in which we operate. The Group's General Counsel heads the legal and compliance function across the Group with external legal and regulatory support sought, where necessary. Our extensive quality teams specialise in healthcare regulation and the requirements of GDP and other regulatory codes relevant to our business. Appropriate training of our teams on the applicable regulations in the areas in which they work is essential to maintaining the Group's reputation for quality and regulatory excellence.

Selling Practices and Product Labelling

As a healthcare business engaged in the sale, marketing and distribution of pharmaceutical products and medical devices, the Group is subject to extensive regulation on Selling Practices and Product Labelling Regulations, together with industry codes of practice, set down strict requirements within which the Group must operate and the Group's quality policies, manuals, extensive standard operating procedures (SOPs), and employee training programmes are designed to ensure the Group meets its obligations and ensures compliance to the fullest extent. The Group's internal procedures are the core of the Group's Quality Management System and it is through these robust procedures and ongoing training and development that the Group continues to meet the regulatory standards across all our activities.

The Group is also required to comply with standards relating to the provision of information to healthcare professionals (HCP), patients and the public. The Group is committed to enabling doctors and healthcare professionals to offer their patients the best possible therapeutic care by providing them with complete, accurate and up-to-date information in accordance with the applicable legislation on the promotion of medicinal products.



PILLAR 5

BUSINESS SOLUTIONS AND INNOVATION

RELEVANT SDGS

Business solutions and innovation is something we are passionate about. It underpins our 'can-do' culture and entrepreneurial spirit and is central to our organic growth. It is also a key factor in identifying appropriate M&A targets.

Business Resilience

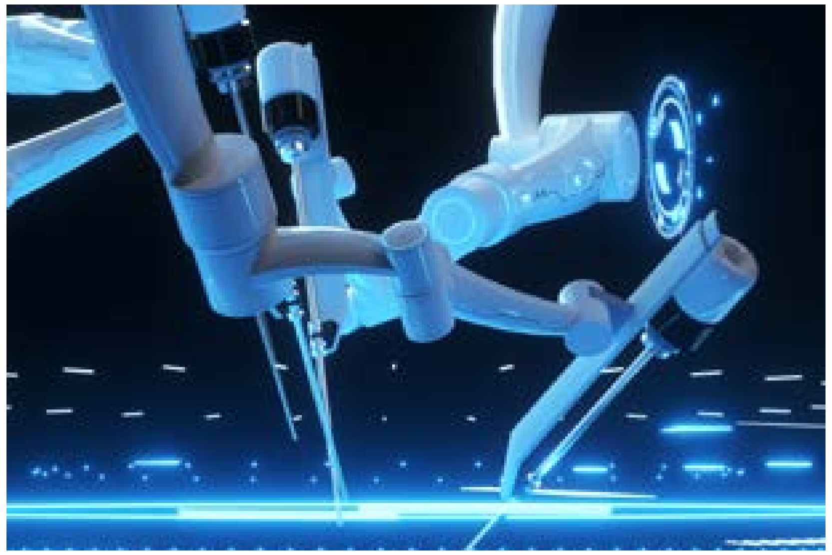
Business resilience remained a key focus during 2022, as businesses globally were impacted by macroeconomic and geopolitical challenges across all markets. The resilience and dedication of our teams coupled with clear strategic objectives and agility to adapt traditional business models meant the Group was well positioned to continue to deliver for all of our stakeholders. The Group's diversity in product portfolios and services offerings, as well as our digital capabilities were key to the Group's continued success during 2022.

The Group is embarking on a five year digital transformation strategy, which will include back-office systems to support our expansion and growth plans, as well as new ways to engage our customers with innovative digital solutions. We have also commenced a cybersecurity improvement programme, deploying best-in-class security controls to reduce risk and improve resilience. The programme is enhancing the detection of cyber threats, as well as improving our ability to respond to attacks and recover from incidents. The programme is evolving in the face of the shifting threat landscape to address changing tactics, techniques, and procedures.

Innovation

Uniphar prides itself on its innovative and entrepreneurial culture. This is evident in all areas of the business, from implementing improvements in existing systems, to identifying new market opportunities, evaluating acquisition targets, and enhancing our digital capabilities.

The acquisitions completed in 2022 reflect the Group's commitment to delivering innovative solutions for our customers. Each of the acquisitions brings with them a proven management team with the entrepreneurial ambition to innovatively solve problems by viewing them from new perspectives.



Uniphar prides itself on its innovative and entrepreneurial culture

Commercial & Clinical
Read more on page 61

Product Access
Read more on page 63

Supply Chain & Retail
Read more on page 65

In Supply Chain & Retail, our multi-year investment in Greenogue 2 will deliver a flagship European site that will transform how the division operates, including a step-change in automation, order line handling, operational efficiency and digital capability. We expect that this will further differentiate our customer offering and will help drive further market share growth.

In Commercial & Clinical MedTech, we are working with our partners to bring innovative minimally invasive surgery techniques (MIS), supported with robotic technology, to market. Examples of areas where we are enabling MIS include laparoscopy, orthopaedics and vascular surgery.

Product Access continues to support manufacturers to bring new therapies to patients using the latest science in areas such as gene therapy.

Supply Chain Management

As set out above, a large proportion of our carbon footprint derives from our purchased goods and services. As part of our commitment to setting a science based target, we have committed to a supplier engagement target that 71% of our suppliers by emissions covering purchased goods and services, will have science-based targets by 2028. In order to achieve this target, we need to actively engage with our suppliers to improve data collection in our supply chain and to work together to not only set targets, but to find innovative solutions to how we can collectively reduce the impact of our supply chain on the environment. The Group is also working on implementing a new Supplier Code of Conduct and Responsible Sourcing Policy, which the Group intends to roll out during 2023.

The Group's diversity in product portfolios and services offerings, as well as our digital capabilities were key to the Group's continued success during 2022.

PERFORMANCE REVIEW

Enabling Healthcare through Technology

FINANCIAL REVIEW

Investing for Sustainable Growth across our Divisions

Tim Dolphin
Chief Financial Officer

Gross profit growth across each of our divisions driving adjusted EPS growth of 13.2%. A strong Balance Sheet with low leverage and net bank debt positions the Group well to execute its strategic objectives

18.4c
Adjusted EPS
(2021: 16.2c)

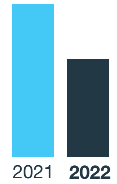
17.3%
Return on Capital Employed
(2021: 17.6%)

2022 FINANCIAL HIGHLIGHTS

Gross Profit
€306.7m

2022: €306.7m
2021: €274.5m

Organic Gross Profit Growth
5.7%

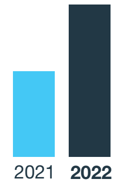


2022: 5.7%
2021: 8.5%

EBITDA
€98.0m

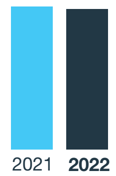
2022: €98.0m
2021: €86.5m

Net Bank Debt
€91.2m



2022: €91.2m
2021: €48.3m

ROCE
17.3%

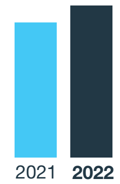


2022: 17.3%
2021: 17.6%

Basic Earnings Per Share
16.7c

2022: 16.7c
2021: 17.8c

Adjusted Earnings Per Share
18.4c



2022: 18.4c
2021: 16.2c

Summary Financial Performance

Year ended 31 December	2022 €'000	2021 €'000	Growth Reported	Growth Constant currency
IFRS measures				
Revenue	2,070,669	1,943,149	6.6%	6.3%
Gross profit	306,744	274,497	11.7%	10.8%
Operating profit	53,155	45,147	17.7%	17.0%
Basic EPS (cent)	16.7	17.8		
Alternative performance measures				
Gross profit margin	14.8%	14.1%		
EBITDA	98,040	86,481	13.4%	12.5%
EBITDA %	4.7%	4.5%		
Adjusted EPS (cent)	18.4	16.2		
Net bank debt	(91,217)	(48,297)		
Return on capital employed	17.3%	17.6%		

Revenue
Revenue exceeded €2bn, increasing by 6.6% in the year (6.3% constant currency). The increase was evident across all three divisions and further supported by acquisitions in each of the divisions, with a particularly strong performance in the Supply Chain & Retail division.

Gross Profit
Gross profit growth of 11.7% (10.8% constant currency) was achieved in the year through a mix of 5.7% organic growth and the contribution from 2022 acquisitions. Growth was achieved across each of the divisions, with a particularly strong performance in the Supply Chain & Retail division, driven by strong market demand. The Commercial & Clinical division's result was driven by a strong demand for MedTech products coming out of the Covid-19 pandemic, while Product Access delivered a solid performance in a market that is still recovering from the impacts of the pandemic. Gross profit margin has increased from 14.1% to 14.8% reflecting a shift towards higher margin sectors and businesses. In 2022, 32% (2021: 32%) of the Group's gross profit was generated outside of Ireland, reflecting the ongoing expansion of the Group's Commercial & Clinical and Product Access divisions into new regions.

Divisional gross profit

Year ended 31 December	2022 €'000	2021 €'000	Growth Reported	Growth Constant Currency	Growth Organic
Commercial & Clinical	117,554	104,398	12.6%	11.5%	7.1%
Product Access	50,178	41,318	21.4%	18.2%	7.0%
Supply Chain & Retail	139,012	128,781	7.9%	7.9%	4.1%
	306,744	274,497	11.7%		5.7%

EBITDA
EBITDA increased by €11.6m to €98.0m. This represents growth of 13.4% in the year (constant currency 12.5%). 2022 saw unprecedented global inflationary challenges with the EBITDA growth reflecting not only organic gross profit growth and the impact of recent acquisitions, but also strong cost management to ensure the business remains competitive.

Exceptional Items
Exceptional items in the year amounted to a charge of €3.2m before tax (2021: €5.4m credit). This includes costs of €16.4m primarily comprising acquisition costs, redundancy and restructuring costs. This was offset by a release of deferred contingent consideration of €12.1m, following a review of the expected performance against earn-out targets and contractual obligations and €1.4m relating to a revision in discount rates, associated with deferred contingent consideration to reflect the present value of the future contingent liabilities. In addition, there was the release of re-financing costs relating to the 2020 banking facility of €0.3m. Further details can be found in Note 4 of the financial statements.

Robust balance sheet

1.0x
Leverage

€91.2m
Net bank debt

Earnings per Share
Basic earnings per share reduced from 17.8 cent to 16.7 cent in 2022.The decrease is primarily as a result of an increase in exceptional costs in 2022 when compared to 2021. The weighted average number of shares also marginally increased in 2022, reflecting the full year impact of LTIP shares on which the performance conditions were satisfied.

Adjusted earnings per share is calculated after adjusting for amortisation of acquisition related intangibles and exceptional costs. The Group's adjusted earnings per share for 2022 was 18.4 cent (2021: 16.2 cent). Underlying earnings have increased by 14.4% from €43.8m in 2021 to €50.1m in 2022. This was partially offset by a 1% increase in the weighted average number of shares in issue compared to 2021.

Cash Flow and Net Bank Debt
The Group delivered a strong cash performance during the year, with a free cash flow conversion of 82.5% and a net bank debt position of €91.2m (2021: €48.3m).

Year ended 31 December	2022 €'000	2021 €'000
Net cash inflow from operating activities	82,831	52,177
Net cash outflow from investing activities	(106,332)	(49,658)
Net cash inflow from financing activities	50,405	13,259
Foreign currency translation movement	(1,225)	1,837
Increase in cash and cash equivalents in the year	**25,679**	**17,615**
Movement in restricted cash	–	(3,097)
Non-cash movement in borrowings	14,423	350
Cash flow from movement in borrowings	(83,022)	(28,746)
Movement in net bank debt	**(42,920)**	**(13,878)**

The Group continues to maintain a strong focus on working capital management and this is reflected in the cash generated from operating activities of €82.8m. Free cash flow conversion for the period was 82.5%, which exceeds the medium-term free cash flow conversion target of 60-70%.

The net cash outflow from investing activities of €106.3m principally consisted of acquisitions completed during the year of €67.2m (net of cash acquired), capital investment of €19.9m, deferred and deferred contingent consideration payments of €9.3m and repayment of debt acquired on acquisition of €9.4m.

The net cash inflow from financing activities of €50.4m was due to a net increase in borrowings offset by principal lease payments and the payment of dividends.

Debt Refinancing
The Group refinanced its debt facility in August 2022 and entered a new five-year arrangement (with two options to extend by a further one year) which more than doubled the revolving credit facility to €400m with an additional uncommitted accordion facility of €150m. Three new international banks, Barclays Bank, ING Bank and Citizens Bank joined the existing syndicate, with a total of seven participating banks in the renewed facility. Net bank debt was €91.2m (2021: €48.3m) at year-end and leverage remained low at 1.0x. The expanded facility combined with low leverage provides the Group with the platform to support future growth and investment.

Taxation
The Group's tax charge has increased by €1.3m to €9.0m driven largely by the growth in pre-exceptional profits of the Group. The effective tax rate before exceptional items has increased from 16.8% to 17.4% reflective of the contribution of profits from higher tax jurisdictions outside of Ireland. The effective tax rate is calculated as the pre-exceptional income tax charge for the year as a percentage of the profit before tax and exceptional items.

Currency Exposure
The Group continues to expand into new geographies which, together with the continued growth in existing geographies outside of the Eurozone results in a foreign exchange exposure for the Group being the translation of local income statements and balance sheets into Euro for consolidation purposes.

On a constant currency basis, revenue increased by 6.3% vs 6.6% reported growth, gross profit increased 10.8% vs 11.7% reported growth and operating profit increased by 17.0% vs 17.7% reported growth.

	2022 Average	2021 Average
GBP	0.852	0.860
US Dollar	1.051	1.182
Swedish Krona	10.623	10.145

Return on Capital Employed (ROCE)
Group ROCE in 2022 of 17.3% (2021: 17.6%) is slightly lower than prior year reflecting the impact of prior and current year acquisitions as the Group continues to expand into new geographies and higher value businesses.
The investments made during 2022 are performing well and will deliver further benefits and growth in the coming years.

Details on how this was calculated are included in the APMs section on page 207 to 211.

Dividends
The Board remains committed to a progressive dividend policy as stated at the time of IPO. The Directors are proposing a final dividend of €3.1m (€0.0113 per ordinary share), subject to approval at the Company's AGM. It is proposed to pay the dividend on 16 May 2023 to ordinary shareholders on the Company's register at 5pm on 21 April 2023. Together with the interim dividend of €1.7m (€0.0061 per ordinary share) paid in October 2022 this brings the total dividend for the year to €4.8m (€0.0174 per ordinary share), representing an increase of 4.8% on 2021.

Tim Dolphin
Chief Financial Officer

COMMERCIAL & CLINICAL

Commercial & Clinical delivered a strong performance in 2022 with organic gross profit growth of 7.1%

2022

Organic gross profit growth

7.1%

Number of countries operating in

15

Gross profit generated outside of Ireland (%)

c. 60%

Innovative and Digitally Enabled Solutions

The Business

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

Highlights

Commercial & Clinical delivered a strong performance in 2022 with organic gross profit growth of 7.1% reinforcing our role as a trusted partner to our clients and customers. The result in 2022 builds on strong growth in the division in prior years. The acquisition of Inspired Health, a US-based healthcare insights consultancy business enables the Pharma business unit to evolve its commercialisation offering to enhance its clients' competitiveness and improve healthcare delivery. The MedTech business unit continues to focus on providing fully integrated solutions for our clients who are bringing innovative medical technologies including robotic surgery solutions to the market.

Key performance highlights include:

- Gross profit growth of 12.6% achieved across the division, of which 7.1% was organic. Both MedTech and Pharma delivering double digit gross profit growth
- Gross profit generated from outside Ireland representing c.60% of the divisional gross profit
- Increase in the number of manufacturers represented in more than one geography to 77 (2021: 67)
- Medical affairs capability established in nine markets across Europe
- Completion of the acquisition of Inspired Health which broadens our service offering into market research and insights

MedTech

The Commercial & Clinical MedTech business unit offers a fully integrated solution for our clients in sales, marketing and distribution of medical devices across interventional cardiology/radiology, orthopaedics, ophthalmology, minimally invasive surgery, diagnostic imaging and critical care.

The strength of the MedTech business unit is in the diversity of our portfolio across market leading and innovative brands and the depth of relationships with customers and manufacturers.

Commercial & Clinical

Year ended 31 December	2022 €'000	2021 €'000	Growth Reported	Growth Constant Currency
Revenue	**306,766**	299,908	2.3%	1.4%
Gross profit	**117,554**	104,398	12.6%	11.5%
Gross profit margin	**38.3%**	34.8%	350bps	

The business continues to focus on bringing the latest MedTech innovation to customers with robotic surgical technology being a focus area in 2022. Robotic technology is increasingly being recognised for its precision and accuracy in surgery that can result in improved patient outcomes with resulting efficiencies for healthcare providers. Our clients rely on the expertise of our teams to support them in transitioning to new technologies and ensuring they are achieving the optimum benefits from the products we supply. Many of our teams are clinically trained and our clients trust these peer-to-peer relationships when making investment decisions.

Relationships are at the centre of MedTech and the business focuses on expanding relationships with manufacturers across multiple geographies. This drives the geographic growth of the division and the business is now active in 15 markets and we represent 77 manufacturers across more than one geography (2021: 67). In late 2022, the division commenced development of a US based facility in North Carolina. Due to become operational in mid-2023, the facility will provide distribution and support services to clients in the US.

Pharma

The Pharma business unit supports pharmaceutical partners in driving the commercialisation of their products by leveraging data, insights and marketing solutions to deliver targeted omni-channel programmes.

The pharmaceutical industry is dynamic and constantly changing as manufacturers develop innovative therapies and seek new methods of commercialising them.

The Pharma industry has traditionally focused on in-person engagement with healthcare professionals (HCPs) as the principal means of communication. The Covid-19 pandemic forced a rapid rethink in the sales and marketing strategies of pharma companies as in-person engagement was no longer possible. Our Pharma business unit has supported our clients with digital engagement solutions in recent years and it is now clear that the future is a hybrid of digital and in-person engagement. HCPs are increasingly seeking information that is customised to their interests, delivered in a convenient medium at a time of their choice rather than through mass marketing.

Uniphar's Pharma business unit has built the capability in recent years to support our clients in this changed environment. Our BestMSLs business offers expert medical information condensed into short streaming videos through The Doctors Channel and hosts immersive three-dimensional events online through The Island platform.

The 2021 acquisition of E4H has further enhanced our ability to deliver targeted digital marketing content. The Pharma business unit offers a truly differentiated omni-channel solution enabling clients to achieve their commercialisation objectives.

> The division continues to focus on growing our long-standing manufacturer relationships into new geographies

We have also recently established a medical affairs capability across Europe with local expertise covering Germany, Austria, Switzerland, France, Belgium, Luxembourg, Italy, Ireland and the UK, and near-term plans to add Spain and Portugal. This experienced team has launch experience in Rare Disease, Immunology, Oncology, Haematology, Neurology, Vaccines and Paediatrics and will support clients launching therapies in European markets that address unmet needs and deliver the best quality of care for patients.

The acquisition of Inspired Health in 2022 increases Uniphar's capability to offer market research and commercialisation insights to pharmaceutical and MedTech manufacturers and further deepens our presence in the strategically important US market. Inspired Health uses innovative market research techniques to assist its clients to better understand physicians, patients, administrators and payors. The acquisition enhances Uniphar's commercialisation offering to clients and complements our recent US acquisitions of BESTMSLs, Diligent Health Solutions and RRD International.

Outlook

The strong performance of the Commercial & Clinical division demonstrates the inherent strength of its product offering and the diversity of its portfolio. The division continues to focus on growing our long-standing manufacturer relationships into new geographies. Innovation plays an important role in the continued growth of the division and supporting the deployment of surgical robotics will drive future growth in MedTech while digital engagement technologies and consultancy services provide growth opportunities in the Pharma business unit.

PRODUCT ACCESS

The Product Access division achieved gross profit growth of 21.4% in the year of which 7.0% was organic growth.

2022

Organic gross profit growth

7.0%

Number of countries operating in

160+

New EAPs awarded in 2022

10 EAPs

Connecting Medicines with Patients Globally

The Business
The Product Access Division is focused on ensuring equitable access to medicines for patients. We partner with manufacturers to provide global reach and world class execution to get their medicines to the patients that need them, with many of these being early stage, high tech or otherwise difficult to source medicines. Our deep industry knowledge and experience coupled with our digital capabilities enables us to navigate the complex regulatory, logistical and clinical challenges to get medicines to wherever they are needed around the world. The Product Access Division has two business units, On Demand and Exclusive Access.

Highlights
Product Access delivered strong gross profit growth of 21.4% in 2022, of which 7.0% was organic. The division made continued progress across several strategic initiatives. The acquisitions of Orspec Pharma and BModesto Group significantly broadens our geographic reach and capability into continental Europe and Asia Pacific. In Exclusive Access, wins in the US and in innovative areas such as cell and gene therapies reinforce our market leading proposition.

Key performance highlights include:

- 21.4% gross profit growth achieved across the division
- 10 new Expanded Access Programs (EAPs) onboarded in the year
- A number of US EAPs awarded during 2022 representing a significant milestone in the division's expansion
- Completion of the acquisitions of Orspec Pharma and BModesto Group significantly expanding our geographic reach and capability

On Demand
The On Demand business is a leading supplier of unlicensed and difficult to source medicines to healthcare providers globally. The increase in the geographic footprint of the business continued in 2022. The acquisition of BModesto Group, which expands our reach in continental Europe, the acquisition of Orspec Pharma providing access to the APAC markets, in addition to the 2021 acquisition of Devonshire Healthcare Services which gives us direct access to the MENA, provides a platform to continue the global growth strategy. The business was well positioned to respond to the global supply chain challenges experienced in 2022 that resulted in certain medicines being in short supply. We worked across multiple geographies and leveraged relationships with manufacturers to ensure continuity of supply during 2022.

Product Access

			Growth	
Year ended 31 December	**2022 €'000**	2021 €'000	Reported	Constant Currency
Revenue	**206,868**	157,152	31.6%	30.0%
Gross profit	**50,178**	41,318	21.4%	18.2%
Gross profit margin	**24.3%**	26.3%	-200bps	

BModesto Group will play an important role in further scaling our European presence and the acquisition gives us a well-located facility in the Netherlands from which to supply mainland Europe. The BModesto Group provides a wide range of services including the distribution of medicines on both an exclusive and on-demand basis, clinical trial services, market authorisation holder and medical device distribution. The acquisition of Orspec Pharma, headquartered in Australia, provides the Group with its first physical presence in Asia Pacific. Orspec Pharma specialises in the supply of unlicensed medicines and the delivery of EAP's across the Asia region from its locations in Australia, New Zealand and Singapore.

Exclusive Access
Expanded Access Programs (EAPs) are increasingly being seen as a valuable step in the drug approval and commercialisation process for both manufacturers and patients. Patients gain access to innovative medicines that may not be available to them through other routes enabling better patient outcomes. EAPs are used to obtain greater knowledge and understanding of the patient, the medicine and the market while enabling the manufacturer to refine and target their commercialisation strategy.

Uniphar's unique combination of innovative technology, global distribution capabilities and passionate and experienced people make us a compelling proposition in global EAP delivery. The Uniphi technology platform has been developed in recent years and combines patient enrolment with personalised patient education.

The Exclusive Access business unit has performed well during 2022 and builds on the momentum achieved in prior years. Investments in the division in recent years have expanded the capabilities we offer our clients and we have built a strong reputation in therapeutic areas such as Gene Therapy, Oncology, Neurology, CAR T-cell Therapy and Transplant.

Winning multiple US-based Expanded Access Programs represents a significant milestone in the division's continued geographic growth. While the bulk of growth continues to be from emerging and mid-size biotech firms, the division continues to focus on attracting EAPs from innovators of all sizes, as our reputation for operational excellence and investment in scalable infrastructure continues to grow in the market.

Outlook
Covid-19 disruption over the last three years has led to short-term product development headwinds, product launch deferrals and business development interruption. While these factors have been a challenge, drug development pipelines remain strong and will ultimately result in additional opportunities for the division in the medium term.

The division is targeting a return to double digit organic growth in gross profit in the second half of 2023. Our recent acquisitions give us a stronger and enlarged On Demand business and also enhance the attractiveness of our EAP offering by expanding our global reach.

The strength of our integrated model is in our ability to leverage relationships and infrastructure in other business areas and for other customers. The acquisitions completed in the year offer considerable cross-selling opportunities with other business areas. We see 2023 as a year of continued development of our On Demand and Exclusive Access offerings with continued investment in digital technology and scalable infrastructure.

> Our deep industry knowledge and experience enables us to navigate the complex regulatory, logistical and clinical challenges to get medicines to wherever they are needed around the world.

SUPPLY CHAIN & RETAIL

The Supply Chain & Retail division delivered an outstanding performance in 2022 with growth achieved in both volume and market share.

2022

Organic gross profit growth

4.1%

Market share

53%

Retail pharmacy network

386 (Dec-22)

A Highly Efficient Distribution and Retail Business

The Business
The Supply Chain & Retail division ensures critical medications are supplied to pharmacies and hospitals in Ireland every day through an efficient, timely and secure supply chain. The Supply Chain & Retail division comprises of our pre-wholesale and wholesale pharmaceutical distribution business together with a vertically integrated retail offering. Our Retail offering has c.1,850 community pharmacy customers of which 386 (prior to the acquisition of McCauley Pharmacy Group) are owned, franchised or supported pharmacies. Uniphar holds c.53% of the wholesale market share and c.60% hospital market share and is an essential component of the national health infrastructure in Ireland.

Highlights
The Supply Chain & Retail division delivered an outstanding performance in 2022 with growth achieved in both volume and market share. The proposed acquisition of Navi Group, which was announced in 2021, will no longer proceed to completion as it has not been cleared by the CCPC. Navi Group has been a longstanding partner of Uniphar and both parties will continue to work closely together to support our shared base of independent community pharmacies. The acquisition of the McCauley Pharmacy Group, completed in January 2023, further enhances our presence in the Irish retail market.

Key performance highlights include:

» 7.9% growth in gross profit of which 4.1% is organic growth
» Commencement of development of our new state-of-the-art distribution centre in Dublin
» Acquisition of the McCauley Pharmacy Group completed in January 2023
» 7% growth in consumer product offering with our agency brands and own brand performing strongly

Wholesale
The Wholesale business delivered a very strong performance in the year, with the main business activity continuing to be centred around the provision of prescription and OTC (Over the Counter) products to meet the core demand from our pharmacy customers. Our consumer products offering continued to grow with the ongoing expansion and development of the range of products and brands available, which is an important element in offering our customers a 'one stop shop' for all their pharmacy needs.

Shortages of medicines proved to be a challenge during 2022 across Europe as manufacturers experienced supply chain disruption and unprecedented inflationary pressures. Product shortages caused operational challenges for wholesalers as safety stock levels reduced and demand needed to be fairly allocated.

Supply Chain & Retail

Year ended 31 December	2022 €'000	2021 €'000	Growth Reported	Growth Constant Currency
Revenue	**1,557,035**	1,486,089	4.8%	4.8%
Gross profit	**139,012**	128,781	7.9%	7.9%
Gross profit margin	**8.9%**	8.7%	20bps	

Whilst we are dependent on manufacturers for the supply of product, our operational infrastructure proved capable of rapidly delivering product into the system as quickly and fairly as possible.

During 2022, we commenced investment in a new state-of-the-art distribution facility in Dublin that will double existing capacity levels. This expanded capacity will enable us to deliver on our Pharmacy of the Future strategy and, together with investment in innovative digital solutions, will accelerate our ability to support our customers to achieve a fully connected pharmacy.

Pre-wholesale
Our pre-wholesale distribution business is a trusted partner of key principal manufacturers who benefit from our innovative solutions tailored to their business needs. Growth was achieved in the year from a combination of both underlying market and business growth. We are supporting our manufacturer partners in navigating the ongoing Brexit impacts such as new routes to market. For products continuing to be imported from the UK, we work in partnership with the manufacturers to ensure the relevant licences and procedures are in place to ensure the smooth flow of products.

The Supply Chain & Retail Division offer significant benefits to the Group's overall capabilities.

A new four-year IPHA (Irish Pharmaceutical Healthcare Association) agreement came into effect in 2022 and brought with it market price changes across our client manufacturer portfolios with the growing penetration of biosimilar products and specific manufacturer products going off patent.

We enter 2023 in a strong position with contract renewals completed with a number of our long-standing manufacturers and new business opportunities being progressed with some key client partners.

Retail
2022 has been a strong year for our retail pharmacy business despite inflationary challenges. Across our three retail brands, the business has enjoyed strong volume growth in both dispensed items and consumer retail with Over the Counter volume in particular being exceptionally strong during 2022.

One of the biggest challenges for the sector as a whole has been staffing, with pharmacists, technicians and retail staff being difficult to recruit and retain, with the consequential impact on pharmacist locum costs being a particular challenge. Despite this, our retail stores continued to deliver for their customers, supporting them with courtesy, expertise and kindness. In recognition of this tremendous work within the community, all three retail brands received a number of national retail awards in 2022.

In September 2022, Uniphar announced the acquisition of the McCauley Pharmacy Group, with the acquisition completing in January 2023. McCauley's have been a close partner of the Group for over 50 years and this strategic investment will add 37 retail pharmacies to the Uniphar network bringing with it a market leading retail chain along with a growing online business. The McCauley Pharmacy Group is widely regarded as a leading brand across health, wellbeing and beauty, and their expertise and advanced digital offering will complement our fast-growing consumer business in the Supply Chain & Retail division.

Outlook
This division offers significant benefits to the Group's overall capabilities through our high-tech distribution facilities, our scalable digital infrastructure, our long-standing manufacturer relationships and our highly skilled people, who have deep insights into the healthcare eco-system. The acquisition of the McCauley Pharmacy Group and the development of our new Dublin distribution facility will create the platform and capacity for the division to facilitate growth in the future. While the division is present in Ireland today, the Group continues to review other markets where the successful Irish model may be replicable.

GOVERNANCE REPORT

Supporting the Group's Sustainable Success

COMPANY INFORMATION
AS AT 31 DECEMBER 2022

Board of Directors
M. Pratt (Chairman)
G. Rabbette (Chief Executive Officer)
T. Dolphin (Chief Financial Officer)
J. Berkowitz
J. Gaul
L. Hoctor
P. Hogan
S. Webb

Company Secretary and Registered Office
A. McCarthy
Uniphar plc
4045 Kingswood Road
Citywest Business Park
Co. Dublin
D24 V06K

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 Adviser
Davy
Davy House
49 Dawson Street
Dublin 2
D02 PY05

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

Principal Bankers
Bank of Ireland
Allied Irish Banks
Royal Bank of Canada
HSBC Bank
Barclays Bank
ING Bank
Citizens Bank

Joint Brokers
Davy
Davy House
49 Dawson Street
Dublin 2
D02 PY05

RBC Europe Limited
100 Bishopsgate
London
EC2N 4AA

Stifel Nicolaus Europe Limited
150 Cheapside
London
EC2V 6ET

Investor Relations
A. Smylie
Uniphar plc
4045 Kingswood Road
Citywest Business Park
Co. Dublin
D24 V06K

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

BOARD OF DIRECTORS

Experience and Expertise

Maurice Pratt
Non-Executive Chairman

Nationality: Irish
Appointed: July 2003
Independent: No

Committee Memberships
N

Experience
Maurice was appointed Chairman in 2009, having joined the Board as a Non-Executive Director in July 2003. Former Chief Executive Officer of Tesco Ireland Limited and C&C plc, Maurice is currently Chairman of Nursing Homes Ireland, Serious Fun Children's Network and B&B Ireland and is a non-executive director of Powerscourt Distillery Limited.

Principal Skills
Leadership, Strategy, Industry, International Markets, Governance, M&A

Ger Rabbette
Chief Executive Officer

Nationality: Irish
Appointed: March 2010
Independent: No

Committee Memberships
N

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

Principal Skills
Industry, Leadership, Strategy, Finance, International Markets, M&A

Tim Dolphin
Chief Financial Officer

Nationality: Irish
Appointed: July 2010
Independent: No

Committee Memberships
N/A

Experience
Tim joined Uniphar from Topaz Energy Limited where he was a member of the senior management team. Prior to this, Tim held various senior finance positions with Royal Dutch Shell plc in Ireland. He is a Chartered Accountant by training and is a director of the Pharmaceutical Distributors Federation Ireland CLG.

Principal Skills
Industry, Leadership, Strategy, Finance, International Markets, M&A

Paul Hogan
Non-Executive Director

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

Committee Memberships
A N

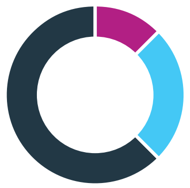
Experience
A Chartered Accountant by training, Paul was CFO of Brook & Whittle Limited, a private equity owned packaging group headquartered in Connnecticut, US until April 2022 and was previously CFO at Nelipak Healthcare and Director of Development and CFO of the Clondalkin Group. He trained in Audit and Business Advisory in PwC.

Principal Skills
Industry, Leadership, Strategy, Finance, International Markets, M&A

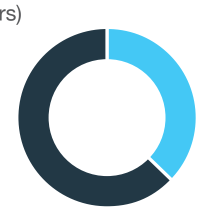
Executive and Non-Executive Directors:
- Non-Executive **75%**
- Executive **25%**

Gender Diversity:
- Male **75%**
- Female **25%**

Geographic Location of Directors:
- Ireland **5**
- USA **2**
- UK **1**



Board Independence:
- Independent **63%**
- Non-Independent **37%** (Chairman and Executive Directors)



Jeff Berkowitz
Non-Executive Director

Nationality: American
Appointed: September 2020
Independent: Yes

Committee Memberships
N R

Experience
Jeff has extensive global healthcare experience, having held senior executive positions at UnitedHealth Group-Optum, Walgreens Boots Alliance Inc. and Merck & Co Inc. Jeff is CEO of Real Endpoints LLC, and serves on the Board of Directors of H. Lundbeck A/S, Esperion Therapeutics, Inc., and Zealand Pharmaceuticals, Inc.

Principal Skills
Industry, Leadership, Strategy, Legal & Regulatory, International Markets, Governance, M&A

Sue Webb
Non-Executive Director

Nationality: English
Appointed: June 2019
Independent: Yes

Committee Memberships
R A

Experience
Sue held a variety of sales and marketing roles at Novartis Pharmaceuticals, UK, Ltd, including Country President, UK & Region Head of Country Management, Europe. Previously, Sue worked for Ortho McNeil in the US and Janssen-Cilag in the UK, gaining significant experience in pricing, strategy, country re-organisation and pharmaceutical product launches.

Principal Skills
Industry, Leadership, Strategy, International Markets, M&A

Jim Gaul
Non-Executive Director

Nationality: Irish
Appointed: January 2021
Independent: Yes

Committee Memberships
A N

Experience
Jim is a Certified Public Accountant and former Chief Financial Officer of Sanofi Ireland & Mount Carmel Private Hospital. He has a strong track record in financial management and global healthcare and is a former director of Carraig Insurance and Valeant Pharmaceuticals Ireland.
He is currently a non-executive director of a number of OPKO Health subsidiaries.

Principal Skills
Industry, Leadership, Strategy, Finance, International Markets

Liz Hoctor
Non-Executive Director

Nationality: Irish
Appointed: January 2021
Independent: Yes

Committee Memberships
A

Experience
Liz is a qualified pharmacist and former president of the Irish Pharmacy Union (IPU). With over twenty years' experience advocating at both political and administrative levels of Government on behalf of the pharmacy profession, Liz has developed an in-depth understanding of the Irish, European and International Healthcare Systems. Liz also holds a Diploma in Corporate Governance.

Principal Skills
Industry, Leadership, International Markets, Legal & Regulatory, Governance

Aisling McCarthy
General Counsel & Company Secretary

Nationality: Irish
Appointed: May 2019

Experience
Aisling joined Uniphar in May 2019 from William Fry, where she spent 12 years specialising in Corporate M&A transactions and restructurings. She is responsible for the Group's legal, company secretarial, risk and compliance functions and also Chairs the Group's Sustainability Council.

A **Audit, Risk and Compliance Committee**
Chair: Paul Hogan
See pages 81 to 86 for **Committee Report**

N **Nominations, Governance and Sustainability Committee**
Chair: Jeff Berkowitz
See pages 87 to 90 for **Committee Report**

R **Remuneration Committee**
Chair: Sue Webb
See pages 91 to 103 for **Committee Report**

Chief Executive Officer
Ger Rabbette
See pages 15 to 18 for **CEO Report**

CORPORATE GOVERNANCE STATEMENT

Dear Shareholder

On behalf of the Board, I am pleased to introduce the Group's Corporate Governance Report for 2022. 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 corporate governance standards at all times.

Adoption of UK Corporate Governance Code

2022 was another year of significant progress for the Group's corporate governance agenda. The Board resolved in early 2022 to adopt the UK Code as the Group's corporate governance code and to align the corporate governance practices of the Group to that code. We remain committed to maintaining the highest standards of corporate governance across the Group, to support the delivery of our strategy and provide long-term sustainable value to our shareholders and other stakeholders.

Board Stability

Following significant changes to Board and committee composition since IPO, 2022 marked the first year where there were no changes to the Board. The Board welcomed a period of stability during 2022 which saw a return to in-person meetings, after two years of Covid-19 restrictions.

Shareholder Engagement Programme and Key Governance Themes

At the Company's 2022 AGM, Resolution 3(e) (re-election of Jeff Berkowitz) passed with a majority of less than 80% (78.98% votes in favour). Following this result and in line with best practice, the Company Secretary and I engaged with shareholders who voted against this resolution to better understand and discuss the reasoning behind their vote.

We understand following that engagement that the dissent was primarily due to the issue of gender diversity on the Board. In January 2023, the Board approved a target to increase female representation on the Board to 33% by the end of 2023.

Another governance theme arising out of the shareholder engagement programme was sustainability oversight at Board level. In January 2023, the Board approved the expansion of the remit of the Nominations, Governance and Sustainability Committee to include sustainability oversight. The Committee was renamed to reflect its expanded remit.

External Board Evaluation

In late 2022, the Board appointed Deloitte to undertake the Group's first external board evaluation since IPO to identify areas of focus for the future. To date, each Director has responded to a formal board evaluation questionnaire and individual interviews have been conducted with each Director. The results of the board evaluation are expected in early Q2, 2023 and details of the recommendations of that report will be included in the 2023 Annual Report.

Looking ahead

As we look forward, in 2023 the Board will continue to focus on the strategic objectives of the Group and each of the Group's divisions. Monitoring corporate governance compliance and performance against sustainability targets will also be key objectives for the Board. On finalisation of the external board evaluation report, the Board, in conjunction with the Nominations, Governance and Sustainability Committee will focus on implementing the recommendations of that report.

I look forward to continuing to work closely with my fellow directors during 2023 and to ongoing engagement with our shareholders to ensure that we are continuing to meet their expectations from both a strategic and governance perspective.

Maurice Pratt
Chairman

CORPORATE GOVERNANCE REPORT

The Directors acknowledge the importance of good corporate governance and believe that it 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.

Since IPO in 2019, the Board has made significant progress in bringing the Group's corporate governance regime in line with the requirements of the UK Code. In January 2022, the Board resolved to adopt the UK Code as its corporate governance code in line with commitments made at the time of IPO.

The Group now complies with all provisions of the UK Code, except:

1) Provision 19 – The Chair's tenure exceeds nine years. The Board believe that given the significant changes to Board and Committee compositions in the past 3 years, Maurice Pratt has been instrumental in maintaining a sense of stability and continuity through this period of change and believe that he is best placed to continue to lead the Board in the medium term. The Nominations, Governance and Sustainability Committee, together with the Senior Independent Director, will take the findings of the external Board evaluation into account in planning for the Chair's succession. Further details in relation to Chair succession planning are set out on page 76.
2) Provision 36 – The share options granted to Executive Directors during 2022 are subject to a vesting period of four years and two months and vesting of all awards granted to Executive Directors will occur, subject to achievement of the performance condition, on 31 December 2026. The Board believes that, notwithstanding this variance from the terms of the UK Code, the scheme supports alignment with long-term shareholder interests.

Board of Directors

The Board comprises of eight Directors, two of whom are Executive Directors and six of whom, including the Chairman, are Non-Executive Directors, reflecting a blend of different experience and backgrounds. Of the Non-Executive Directors, five members have been deemed by the Board to be independent. Biographies of all of the Directors are set out on pages 69 to 70.

Uniphar plc Board of Directors

Audit, Risk and Compliance Committee	Nominations, Governance and Sustainability Committee	Remuneration Committee	Chief Executive Officer
Chair: Paul Hogan	Chair: Jeff Berkowitz	Chair: Sue Webb	Ger Rabbette
See pages 81 to 86 for our **Committee Report**	See pages 87 to 90 for our **Committee Report**	See pages 91 to 103 for our **Committee Report**	See pages 15 to 18 for our **CEO Report**

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 is 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 throughout the Group. He leads and chairs the Board, ensuring that Committees are properly structured and that they operate with the appropriate terms of reference. He ensures that all Directors contribute effectively to the development of the Group's strategy and consider the inherent risk included in the implementation of the chosen strategy. 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 leadership and management for the Group and 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 that communications and the Company's standing with shareholders and financial institutions are 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 a 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
Paul Hogan holds the position of Senior Independent Director of the Board. This role provides a sounding board for the Chairman and serves as an intermediary for the other Non-Executive Directors, when necessary. The Senior Independent Director is also available to shareholders if they have concerns. The Board acknowledge the important role the Senior Independent Director plays in reviewing the Chair's performance annually and in succession planning for the Chair, particularly in circumstances where the Chair has been determined not to be independent.

Director for Workforce Engagement
Jim Gaul holds the position of designated Director for Workforce Engagement. In his role he liaises with the HR teams on employee engagement mechanisms, assesses the output of workforce engagement exercises and briefs the Board on this engagement, ensuring that the views and interests of employees are considered by the Board.

Committees
The Board is supported in its function by the Audit, Risk and Compliance Committee, the Nominations, Governance and Sustainability Committee and the Remuneration Committee and Reports from each of these Committees are contained on pages 81 to 103.

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 Nominations, Governance and Sustainability Committee;
- Undertaking a formal and rigorous review of its own performance, that of its Committees and individual Directors, and the division of responsibilities; and
- Considering the balance of interests between shareholders, employees, customers and the community.

During 2022, the key matters considered by the Board included:

Strategy & Management	Financial Reporting & Compliance	Corporate Governance and Stakeholder Engagement

» Two-day Board Strategy Event (May 2022)
» Approval of Acquisitions during 2022
  » Orspec Pharma (Australia)
  » BModesto Group (Netherlands)
  » McCauley Pharmacy Group (Ireland)
  » Inspired Health (US)
» Strategic investments in new distribution facility and digital transformation
» Bank refinancing
	» Interim and Final results announcements
	» Annual Report and Consolidated Financial Statements
	» Interim and final dividends
	» Annual Budget and 5 Year Plan
	» Updates to Group Policies
	» Compliance Review
		» Adoption of UK Code
		» Expansion of remit of Nominations & Governance Committee to include Sustainability oversight
		» AGM voting results and proxy advisor recommendations
		» Shareholder Engagement Programme
		» Appointment of Deloitte to conduct External Board Evaluation

Risk & Internal Controls	**Remuneration**	**Sustainability/ESG**
» Approval of Risk Management Policy, Risk Register and Risk Appetite Statement » Consideration of climate-related risks and their potential impact on the business » Cyber Security Review » Updates from Audit, Risk and Compliance Committee on internal controls and audit process	» Approval of Remuneration Policy for Executive Directors » Adoption of new share option scheme	» Climate reporting and Interim emissions targets » CDP Response 2022 » Board Sustainability training » Group's external Sustainability ratings » Launch of Employee Resource Groups – Women's Alliance and Rainbow Alliance

Appointment of Directors
The Board has a formal Board Appointments Policy in place which sets out the procedure and criteria to be applied when considering the appointment of new individuals to the Board. As part of this procedure, the Nominations, Governance and Sustainability Committee evaluates the balance of skills, experience, independence, diversity and knowledge currently on the Board. There were no new appointments to the Board during 2022 and the external Board Evaluation currently being conducted will assist in identifying any gaps in skills, experience, diversity or knowledge on the Board to drive future appointments.

Conflicts of Interest
The Group has a Conflicts of Interest Policy in place which provides that where incoming or existing Directors retain or accept new appointments with other companies including related companies, this should be fully disclosed to the Company Secretary and the Chairman for approval, to ensure that any conflicts of interests are identified in a timely manner. Before accepting any outside directorship, a Director must engage with and seek approval of the Chair and the Company Secretary.

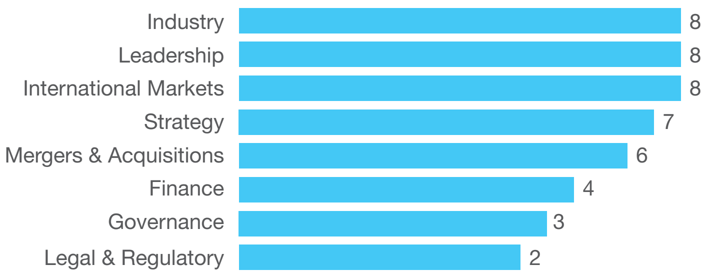
Re-election of Directors
During 2022, the Articles were amended to provide that, in line with the UK Code, all Directors must retire annually and, if eligible, present themselves for re-election to the Board. At the 2022 AGM all Directors voluntarily put themselves forward for re-election to the Board and each was re-elected by the shareholders.

The Board is cognisant that while our Chairman is the longest serving member of our Board, the UK Code allows some flexibility in relation to Chair tenure, to facilitate effective succession planning and the development of a diverse Board. The Board is also cognisant of the number of changes to Board composition and Committee composition over the last three years.

Since IPO, Mr. Pratt has been put forward for re-election at each AGM and has received overwhelming shareholder support.

Further details in relation to Chair succession planning are contained on page 76.

Experience and skills of the Non-Executive Directors



Induction, Development and Training

The Directors believe that the Board has significant industry, financial, strategic 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. The skills of each of our Directors are highlighted in the Director biographies on pages 69 to 70 and the skills matrix above.

The Board notes that certain shareholders and proxy advisors have highlighted the importance of cyber security and sustainability experience at Board level. In assessing the skills of the members of the Board, the Board has not identified any Director with specific skills or experience in the areas of cyber security or sustainability. However, in 2021 the Group appointed a Chief Technology Officer who provides regular updates to the Board on the topics of cyber security and digital transformation. Externally facilitated cyber security training is also on the Board agenda for 2023. As cyber security has also been identified as a key business risk, the assessment, monitoring and mitigation of that risk is a matter currently under the remit of the Audit, Risk and Compliance Committee.

In the area of sustainability, the Board has recently expanded the remit of the Nominations, Governance and Sustainability Committee to include sustainability oversight and in January 2023 the full Board received training provided by external consultants on this topic.

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 to 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, the Company Secretary, lawyers, and auditors as and when required and are able to obtain advice from other external bodies, when necessary.

The Board also has a formal Board induction procedure in place. 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 Chairman is responsible for overseeing the annual evaluation process.

The Group's Annual Performance Evaluation Procedure includes an evaluation of:

» The composition and structure of the Board, to include the balance of skills, experience and knowledge on the Board
» The Board's diversity, to include gender, social and ethnic backgrounds, and cognitive and personal strengths
» The 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
» The performance of Committees
» The performance and ability of individual Directors' to contribute effectively and their ongoing commitment to their role as Director and, if relevant, Committee membership

In November 2022, in line with the requirements of the UK Code, the Board appointed Deloitte to conduct an external Board evaluation. Prior to the Company's IPO in 2019, Deloitte conducted a review of board composition and developed a roadmap for the Company to meet UK Code compliance within three years of IPO. The Board has since implemented those recommendations and over the past three years has transformed Board and Committee composition in line with the requirements of the UK Code. Deloitte were not involved in the implementation of the 2019 recommendations. Deloitte also provide application management IT support services to the Group since 2013. The Board believes, based on Deloitte's experience in the market and understanding of Uniphar, that they are well placed to review the current Board and its effectiveness.

The external board evaluation includes a review of a broad variety of Board materials and policies, a Director questionnaire, individual Director interviews and attendance at a Board meeting of the Company. Some particular areas of focus for that review are:

» Role of the Board
» Board Composition
» Succession Planning
» Chair Leadership
» Board Planning

At the time of writing the external Board evaluation report is currently being compiled and the outcomes and actions taken will be included in the 2023 Annual Report. The Nominations, Governance and Sustainability Committee will use the report and the feedback obtained from shareholder engagement to inform Board succession planning, in the short and medium-term as well as other Board governance matters.

The Non-Executive Directors also met with the Chair during 2022, without Executive Directors present and discussed a wide range of issues, including those considered by the various standing Board Committees. In addition, the Non-Executive Directors, led by Paul Hogan as Senior Independent Director, met without the Chair present in December 2022, to review the performance of the Chair during the year.

Board Succession Planning

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

Diversity, to include gender, social and ethnic backgrounds, and cognitive and personal strengths, is also a key feature for the Board in succession planning, particularly in light of the views expressed by shareholders, as part of the shareholder engagement programme.

The results of the external board evaluation will also inform future succession planning priorities.

Chair Succession

One area in which the Company is not currently in line with the UK Code relates to Chair tenure. The Board are aware that where the tenure of the Chair exceeds the recommendations of the UK Code a clear explanation for this should be provided. Since IPO, Mr Pratt has been put forward for re-election at each AGM and has received overwhelming shareholder support. As Chair, Mr. Pratt continues to demonstrate strong and ethical leadership while fostering a productive and working relationship with the Executive Directors. His extensive experience enables him to move the Board through agenda items effectively while encouraging all Board members to engage in Board discussions, fostering an open Board culture both inside and outside the organisation. Previous internal board evaluations have also credited Mr. Pratt with representing the interests of the Non-Executive Directors very effectively.

Whilst Mr. Pratt's tenure exceeds the recommendations set out in the UK Code, the Board believe that the appointment of a Senior Independent Director and an externally facilitated board evaluation mitigate, in the short term, any impact of non-independence or long tenure of the Chair.

Throughout his tenure, Mr. Pratt has supported the Board and the Executive Leadership Team in their delivery of many key milestones and achievements and has led the Board through enormous challenges and successes. The Company has seen significant change in Board and Committee composition since the Company's IPO in 2019. The Board believe that in the interests of maintaining stability at a time of significant growth and transformation, continuity in the position of Chair is important not only for the Group but also for shareholders and other stakeholders. As Chair leadership is a topic being assessed as part of the Board's external evaluation, following completion of that evaluation, the Nominations, Governance and Sustainability Committee will, together with the Senior Independent Director, assess the succession plan for the Chair and will disclose proposals in that regard in the Company's Annual Report for 2023.

Independence

Of the existing Non-Executive Directors, the Board has determined that Paul Hogan, Sue Webb, Jeff Berkowitz, Jim Gaul and Liz Hoctor 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. Maurice Pratt is not deemed to be independent, as a result of his tenure on the Board.

Attendance at Board and Board Committee meetings in 2022

Director	Board	Audit, Risk and Compliance Committee	Nominations, Governance and Sustainability Committee	Remuneration Committee
M. Pratt	11/11	–	1/1	–
G. Rabbette	11/11	–	1/1	–
T. Dolphin	11/11	–	–	–
P. Hogan	11/11	8/8	1/1	–
S. Webb	11/11	8/8	–	4/4
J. Berkowitz	9/11	–	1/1	4/4
J. Gaul	11/11	8/8	1/1	–
L. Hoctor	11/11	8/8	–	–

Number of meetings attended during the period/ Number of meetings held during the period

Time Commitment

Each Board member commits sufficient time to fulfil their duties and obligations to the Board and the Group. Expectations in terms of time commitment are clearly set out in the terms of appointment of all Non-Executive Directors and the Board are satisfied that each Director is committing sufficient time to discharge their duties to the Company and its shareholders effectively.

There were eleven formal meetings of the Board during 2022. Details of Directors' attendance at those meetings are set out in the preceding table. 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.

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 Nominations, Governance and Sustainability Committee and the Remuneration Committee. Ad hoc committees are formed from time to time to deal with specific matters.

Each of the permanent Committees has terms of reference under which authority is delegated to them by the Board and copies of the terms of reference of each Committee are available on the Company's website www.uniphar.ie. The Chair of each Committee reports to the Board on its deliberations, attends the AGM and is available to answer questions from shareholders throughout the year.

The composition of each of the committees is in line with the UK Code. 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 81 to 103.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee consists of four Non-Executive Directors: Paul Hogan, Sue Webb, Jim Gaul and Liz Hoctor. Paul Hogan is Chair of this Committee and is considered by the Board to be independent. Paul Hogan and Jim Gaul also have extensive financial experience and expertise. It can be seen from the Directors' biographical details appearing on pages 69 to 70 that the members of the Committee bring to it a wide range of experience and expertise. The Committee met eight times during 2022.

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.

Nominations, Governance and Sustainability Committee

The Nominations, Governance and Sustainability Committee consists of the Chairman, the Chief Executive Officer and three Non-Executive Directors: Jeff Berkowitz, Paul Hogan and Jim Gaul. Jeff Berkowitz 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 early 2023, the terms of reference of this Committee were expanded to include oversight of sustainability matters and the Committee was renamed as the Nominations, Governance and Sustainability Committee.

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

Remuneration Committee

The Remuneration Committee consists of two Independent Non-Executive Directors: Sue Webb and Jeff Berkowitz. Sue Webb is Chair of this Committee and is considered by the Board to be independent.

The Committee receives advice from leading independent compensation and benefits consultants when necessary.

Stakeholder Engagement

The Company has established a framework for stakeholder engagement which identifies the key stakeholders of the Group and sets out the mechanisms for engaging and communicating with them and details key responsibilities. See page 78.

Communications with Shareholders

The Board is committed to engaging with the international financial community and shareholders on a regular basis. A dedicated investor relations function is in place, focused on continuing to increase awareness of Uniphar across the international financial community and the Group has an investor relations policy in place to:

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

During 2022, the Company conducted more than 190 meetings and conference calls across over 120 existing and prospective investors. A summary of key conferences is included on page 79.

The Group's focus on investor relations and the growing interest from equity market participants is evidenced by the growing pool of independent equity analysts providing research coverage on the Group. Engaging with the analyst community is a key part of how Uniphar communicates with the capital markets. During the year, Uniphar carried out over forty calls with analysts providing market updates and ongoing Company education. Seven independent research analysts now provide equity research on the Group.

Stakeholder	How we Engage with Stakeholders
Shareholders	The Group believes that understanding and meeting shareholder needs and expectations is a key business objective in and of itself. The Group has an active investor relations programme and details of shareholder engagement and other communications with shareholders during 2022 are set out in greater detail in this report.
Employees	With a workforce of over 2,800 communication is a key priority for the Group. The Group recognises that an essential part of its continued success is the support and involvement of its employees. Given the diverse range of functions throughout the Group, there is no 'one size fits all' approach to employee engagement and communication. The Group also recognises the trade unions of which some of its employees are members and engages with them as necessary. Jim Gaul was appointed designated Non-Executive Director for workforce engagement in 2021. Further details of workforce engagement during 2022 are set out in this report.
Customers/Suppliers	Customer and supplier satisfaction is key to the business of the Group and therefore the Group must continually engage with its customers and suppliers to ensure satisfaction and achievement of KPIs. The method of communication depends on the nature of the relationship and the effectiveness of the communication strategy is kept under constant review by the Group.
Advisers	The Group has a number of long-standing and trusted advisers in addition to new engagements on an as-needed basis. Open communication between the Group and its advisers ensures expectations are managed and optimum service levels are achieved. Where appropriate, the Group encourages communication between its advisers to ensure a cohesive approach.
Regulators	The Group takes its obligations to make notifications, filings and returns to various Regulators seriously and seeks to ensure prompt, effective and transparent communication with its Regulators.
Press/Media/Public	The Group engages the services of a public relations consultancy to handle its media and press communication and the Group Head of Strategy and Investor Relations also plays a key role in communicating with this important stakeholder.

Additionally, shareholders are kept up-to-date on matters of a material substance and/or a regulatory nature, including M&A activity, where relevant, via announcements made through the regulatory news service. On a day-to-day basis, the Group welcomes ad-hoc queries directly via telephone, post or email. Up to date details and a variety of information that may be of interest to shareholders is available on the Group's website: www.uniphar.ie. The Chair, the Senior Independent Director and the Chairs of each Board Committee, are also available to investors to discuss matters relating to their respective roles.

The Board is kept up-to-date with the views of the shareholders through regular updates from the investor relations and company secretarial team, following engagement with shareholders. The Board also receives briefings from the Group's brokers on topics such as market perception, investor feedback, the development of our share register, as well as regulatory topics.

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. 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 are announced via the regulatory news service. In 2022, the Company's AGM took place in-person for the first time since Covid-19 and was also transmitted via conference call.

The Company has also implemented a 'Significant Votes Against a Resolution Procedure' which ensures 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. Following the 2022 AGM result, the Company acknowledged that the voting results in respect of Resolution 3(e) (re-election of Jeff Berkowitz) passed with a majority of less than 80% (78.98% votes in favour). In line with the requirements of Provision 4 of the UK Code and the Company's policy, the Company commenced a shareholder engagement programme which saw the Company's Chairman and Company Secretary engage with shareholders who voted against this resolution, in order to better understand and discuss the reasoning behind their vote. The Board understands that the dissent was primarily due to gender diversity on the Board. The proposed steps to increase female representation on the Board are set out in the Nominations, Governance and Sustainability Committee Report on page 89.

Key Conferences 2022

Date	Activity
January 2022	Davy/Peel Hunt Conference (Virtual)
March 2022	Full-year Results & Roadshow
March 2022	Davy/Peel Hunt UK & Ireland Equity Ideas Conference (Virtual)
March 2022	Goodbody Conference (Ireland)
March 2022	Berenberg Conference (UK)
May 2022	Berenberg Conference (US)
September 2022	Interim Results & Roadshow
September 2022	Sweden Investor Roadshow (Stockholm)
November 2022	Investec UK Opportunities Conference (UK)
November 2022	Jefferies Healthcare Conference (UK)
November 2022	Goodbody Conference (Ireland)
November 2022	US Roadshow (Chicago, Boston, New York)
November 2022	Stifel Conference (New York)

Workforce Engagement

Jim Gaul is the Board's designated Non-Executive Director for workforce engagement. The Board believes that having a designated workforce engagement role at Board level, increases representation of the views of our workforce at Board level.

Jim Gaul's responsibilities, as designated workforce engagement Non-Executive Director include:

- Liaising with the HR teams on the employee engagement mechanisms in place across the Group to ensure that they are effective and remain relevant over time and developing a plan for formal workforce engagement
- Assessing the output of workforce engagement exercises to identify issues and trends arising and working with the HR teams to implement a plan to address any such issues and trends
- Briefing the Board regularly on proposals for future workforce engagement and the outcomes from any engagement undertaken
- Ensuring that the views and interests of employees are considered by the Board.

Following on from the future of work engagement programme, launched in 2021, the Group engaged with employees on the topic of ED&I through a survey in relation to the establishment of the Group's employee resource groups – the Women's Alliance and the Rainbow Alliance and employee preferences in relation to these initiatives. The Group also engaged with employees in relevant parts of the business on the topic of gender pay gap reporting.

In addition, the Group also held its first leadership conference in November 2022, where 180 of the Group's leaders were brought together for two days to discuss the future vision for the business. Over the course of the two days, leaders were asked to suggest what management could change at Uniphar to unlock the business growth ambition.

Compliance with Section 172 U.K. Companies Act 2006

The UK Code provides that while considering the views of shareholders, the Board should also understand the views of the Company's other key stakeholders and describe how their interests and the matters set out in Section 172 of the UK Companies Act 2006 have been considered in Board discussions and decision-making. While Section 172 is a provision of UK company law, and there is no direct comparator in the Irish Companies Act 2014, the Board believes that, as a company listed on AIM in the UK, with significant business operations there and in the spirit of compliance with the UK Code, it is important to address these provisions.

The Directors are confident that they have acted to promote the success of the Company for the benefit of shareholders, whilst having regard to provisions (a) to (f) of Section 172.

Compliance with Section 172 U.K. Companies Act 2006

Section 172 Matters	How the Board had regard to these Matters	Relevant Annual Report Section
(a) The likely consequences of any decision in the long-term	» Strategic planning » Budgets and forecasting » Sustainability Metrics » ROCE	Strategic Review pages 14 to 54.
(b) The interests of the Company's employees	» Designated Workforce Engagement Non-Executive Director » Employee polls	People & Culture pages 25 to 26. Sustainability and Governance page 36 to 54.
(c) The need to foster the Company's business relationships with suppliers, customers and others	» Strategic planning » Business Model considerations » Divisional updates	Our Strategy pages 19 to 20. Business Model page 21 to 22. Performance Review pages 56 to 66.
(d) The impact of the Company's operations on the community and the environment	» Integrating Sustainability into Strategy discussions » Regular Sustainability Council updates to Board » Targets and metrics to monitor performance against KPI » Unity for Hope and community involvement initiatives	Sustainability and Governance Report pages 36 to 54.
(e) The desirability of the Company maintaining a reputation for high standards of business	» Whistleblower Policy including external reporting line » Group-wide Code of Conduct » Group-wide ED&I Policy » Modern Slavery Policy » Anti-bribery and Corruption Policy	People & Culture page 25 to 26. Corporate Governance Report page 72 to 80.
(f) The need to act fairly between members of the Company	» Extensive Investor Relations Programme » 20% Votes Against Policy	Corporate Governance Report page 72 to 80.

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 on the Group's material risks and risk management framework are set out on pages 27 to 34.

Culture

2022 saw a continued focus on culture and values at Board discussions. The 'can-do' culture across the Group remained evident throughout the year as the teams continued to pull together to meet client and customer needs.

The Schedule of Matters Reserved for the Board includes obligations 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
- Establish a framework for setting, promoting, monitoring, and assessing culture

During 2022, the Board received regular updates on a number of initiatives designed to build solid foundations for the future. Further details on culture at Uniphar during 2022, are set out in the People & Culture section on page 25.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

Paul Hogan
Chair of the Audit, Risk
and Compliance Committee

The committee continues to focus on monitoring the integrity and effectiveness of the Group's financial reporting, risk management and compliance processes.

Committee Members

Paul Hogan (Chair)
Sue Webb
Jim Gaul
Liz Hoctor

Roles and Responsibilities

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 and judgements;
- Reviewing the effectiveness of the internal controls;
- Monitoring and reviewing the effectiveness of the Group's 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.

Attendance Record

Number of meetings held where member was eligible to attend
Number of meetings attended out of eight

Paul Hogan (Chair)	
Sue Webb	
Jim Gaul	
Liz Hoctor	

Length of Tenure

Length of Tenure	Appointment date
Paul Hogan (Chair)	Jun 2019
Sue Webb	Sep 2020
Jim Gaul	Jan 2021
Liz Hoctor	Jan 2021

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

I am pleased to present the Audit, Risk and Compliance Committee report for the 2022 financial year. This report provides details on how the Committee has discharged its responsibilities and an update on its areas of focus during the 2022 financial year together with the priorities for the Committee for 2023.

Membership

The Committee is currently comprised of four independent Non-Executive Directors. The biographical details of each member are set out on page 69 to 70. Each member brings considerable commercial, governance and regulatory experience to the Committee.

Meetings of the Committee

The Committee met eight times during 2022. The Chief Financial Officer and senior members of the Group Finance team 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.

Areas of Focus

The focus of the Committee during the year continued to be the review and monitoring of the integrity of the financial statements and significant judgements therein; review of internal controls and risk management processes; the effectiveness of the Internal Audit function; overseeing the external audit relationship and advising the Board on whether the Annual Report, taken as a whole is fair, balanced and understandable.

Further details on the work carried out in these areas are set out on the following pages.

In addition, the Committee spent time on the following:

- Reviewing the Group Risk Framework including the risk strategy, risk appetite and the principal risks described on pages 27 to 34
- Reviewing of the Group's insurance programme
- Update on functional areas including tax, treasury, data protection and related policies
- Updates on resolution of a cyber incident that occurred during 2021 and consideration of the financial reporting impact
- Reviewing detailed presentations from divisional finance leaders on their individual business units

Audit, Risk and Compliance Committee Activities

Financial reporting	Review the annual and interim reports and related statements
	Consider accounting policies and the impact of new accounting standards
	Review the Annual Report, and confirm if it is fair, balanced and understandable
	Consider key audit and accounting issues and judgements
	Review principal risks and uncertainties
	Review goodwill impairment assessments
	Review the accounting for significant acquisitions
	Approve going concern assessment and the Viability Statement
Governance	Corporate governance update
	Risk management review
	Policy reviews: Treasury, Tax, Data Protection, Conflicts of Interest, Anti-Bribery & Corruption, Acquisition & Strategic Projects
	Directors' Compliance Statement policy and procedures
	Review of Group insurance programme
Internal audit and risk management controls	Approve and review the internal audit plan and resources
	Review internal audit reports and monitor progress on open actions
	Assess the principal risks and effectiveness of internal control systems
External auditors	Review the auditors independence, objectivity, performance and effectiveness
	Approve the audit engagement letter and audit fees
	Approve the audit plan and identity significant risks

Financial Reporting and Key Areas of Focus

The Committee has an important role in providing the Board with assurance as to the integrity of the Group's financial reporting processes and the Group financial statements. As part of this role, the Committee considers significant accounting policies and judgements and any changes made to them.

The Committee reviewed the following in respect of the year to 31 December 2022:

- The Group's Interim Report for the six months ended 30 June 2022
- The Preliminary Announcement and Annual Report for the year ended 31 December 2022
- The Group's Trading Updates issued in July 2022 and January 2023

The Committee reviewed the key areas in which estimates and judgement had been applied in the preparation of the financial statements including, but not limited to:

- **Goodwill Impairment Assessment**
  The Committee considered the carrying value of goodwill in the 2022 financial statements together with the recoverability of the carrying value through future cash flows. 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. The Committee reviewed the goodwill impairment methodology and 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. PwC also presented the Committee with their evaluation of the impairment review process.

  The Committee found the methodology to be robust and the results of the assessment, together with the disclosures in Note 10 (Intangible Assets), to be appropriate.

  The goodwill impairment test was a particular focus for the external auditors, who provided a detailed assessment of their analysis to the Committee.

- **Business Combinations**
  During the financial year, the Group announced the acquisition of four businesses, plus the acquisition of five independent community pharmacies. For each of these acquisitions, the Committee discussed with management and the external auditors the accounting treatment of the consideration paid, the costs incurred for each transaction and the related judgements. The Committee is satisfied that the accounting treatment is appropriate.

- **Going Concern and Viability Statement**
  The Committee assessed the effectiveness of the process undertaken by management to evaluate going concern. This included reviewing and challenging the assumptions used by management in modelling projected cashflows considering the principal risks and uncertainties facing the Group. The Committee also considered the Group's financing facilities and future funding plans. The Committee are satisfied that there were no material uncertainties that cast a significant doubt on the Group's ability to continue as a going concern. The application of the going concern basis of preparation of the financial statements continued to be appropriate and the Committee recommended the approval of the Viability Statement.

Internal Audit

The Group operates an Internal Audit function which reports directly to the Committee. The Committee is responsible for monitoring and reviewing the operation and effectiveness of the Internal Audit function including its focus, plans, activities and resources.

The Head of Internal Audit reports to each meeting of the Committee on:

- The results of each audit and any special investigations completed
- Status of audits in progress
- Updates on the implementation of agreed audit actions
- Reviews undertaken on newly acquired subsidiaries

The Committee reviewed and approved the annual Internal Audit plan for the year and ensured the function is adequately resourced to deliver the plan. The Head of Internal Audit has direct access to the Chair of the Committee and meets without other members of management present as necessary.

Fair, Balanced and Understandable

The Committee, on behalf of the Board, reviewed the content of the Annual Report and Consolidated Financial Statements to ensure that, taken as a whole, it is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's and the Company's performance, position, business model and strategy.

The Committee considered the following in reaching their conclusion:

- The timetable for the co-ordination and preparation of the Annual Report and Consolidated Financial Statements;
- Management's process for review of content with a focus on consistency and balance; and
- Senior finance management process through which the narrative and financial sections of the 2022 Annual Report were assessed to ensure that the criteria of fair, balanced and understandable were achieved.

Following discussions with management, and having considered the above, the Committee confirmed to the Board that the Annual Report and Consolidated Financial Statements, taken as a whole, is fair, balanced and understandable. Furthermore, the Committee noted the formal review by PwC in relation to the Annual Report.

Viability Statement

The Committee is responsible for ensuring that there is a robust process in place to allow the Board to make the Viability Statement, in accordance with Provision 31 of the 2018 UK Corporate Governance Code. The Committee reviewed the process that management have adopted and the stress testing of assumptions performed. The Committee confirmed to the Board that it is comfortable with the process that has been followed to make the Viability Statement on page 107.

Whistleblowing and Fraud Arrangements

The Board is responsible for overseeing whistleblowing and ensuring that the Group maintains suitable whistleblowing arrangements. The Group has a Code of Conduct on Whistleblowing and an external service that enables employees to raise concerns in a confidential and anonymous manner. During the year, the Committee reviewed this policy and process. The Committee is updated if any cases are raised, but none have been reported in 2022.

External Audit

The Committee is responsible for overseeing the Group's relationship with the external auditor, including reviewing the effectiveness and quality of their performance, their external audit plan, their independence from the Group and their audit fee proposals.

Audit plan

The external auditor presented their audit plan to the Committee prior to the commencement of the 2022 year end audit highlighting their areas of focus, work plan and resources. During the year, the Committee met with the external auditor, without management being present. This provided an opportunity for direct dialogue with the Committee on their areas of focus along with the key audit management letter points.

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 laws and regulations and affect its appointment as external auditor.

The Committee has determined that taxation services, which are permissible under the relevant auditor independence rules, may be procured by the Group from our auditors. The Committee has also determined that the auditor, subject to appropriate safeguards on their independence, may be engaged to provide permitted financial due diligence services. PwC are not engaged for any other permitted non-audit work.

During 2022, as presented in the financial statements, the total non-audit fees received by PwC was €1.5m of which 65% was paid to PwC Ireland. This represents a ratio of 1:0.87 of audit fees versus non-audit fees paid to PwC Ireland and 1:1.33 of audit fees versus non-audit fees paid to PwC globally. The non-audit services performed by PwC during the year can be broken down as follows:

1) Taxation services (including tax compliance, tax due diligence and advisory in respect of M&A and other tax consultancy); and
2) M&A due diligence and advisory (non-tax).

The breakdown of fees under each heading is illustrated on the below table as a percentage of audit fees.

	2022				2021			
	PwC Ireland €'000	PwC Overseas €'000	Total €'000	PwC Ireland fees as % of Audit fee	PwC Ireland €'000	PwC Overseas €'000	Total €'000	PwC Ireland fees as % of Audit fee
Audit of Group accounts	1,125	–	1,125		961	-	961	
M&A – Advisory other	230	–	230	20%	274	-	274	29%
	1,355	–	1,355		1,235	-	1,235	
Tax compliance services	181	81	262	16%	110	43	153	11%
M&A – Tax advisory services	536	426	962	48%	133	283	416	14%
Other – Tax advisory services	31	10	41	3%	113	6	119	12%
	748	517	1,265		356	332	688	
	2,103	517	2,620	87%	1,591	332	1,923	66%

1) Taxation Services

As can be seen from the table below, 2022 saw a significant increase in M&A related tax fees paid to PwC. This increase related to the number of acquisitions completed by the Group during the year and the relative complexity of the tax matters associated with those transactions. As an acquisitive Group, Uniphar is cognisant of the efficiencies which arise from its transaction advisors having essential historic knowledge of tax and transactional matters, and this also gives rise to efficiencies and effective cost control. As a Group operating across multiple jurisdictions, the Committee believe that it is essential for its transaction advisors to have an overarching understanding of the broader tax considerations of the Group and as such, believe the ongoing use of PwC to perform transaction related tax due diligence is justified in the best interest of the Group.

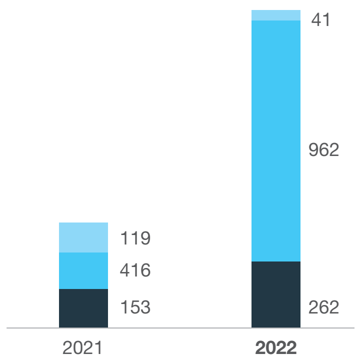
2) M&A Advisory (non-tax)

The Committee and the Board also recognise the governance issues associated with using auditors for non-audit work. Since 2020, the Group has engaged firms other than PwC to conduct financial due diligence in respect of the Hickey's Pharmacy, Navi Group, McCauley's Pharmacy and BModesto Group acquisitions. This has seen significant fees in respect of financial due diligence in the three-year period from 2020 to 2022 being directed away from PwC to other firms.

The following graph demonstrates the financial M&A (non-tax) fees which were paid to firms other than PwC during the year relative to those fees paid to PwC. The graph demonstrates the increase in the use of firms other than PwC to conduct financial due diligence in respect of M&A demonstrating the active diversion of non-audit fees to firms other than PwC.

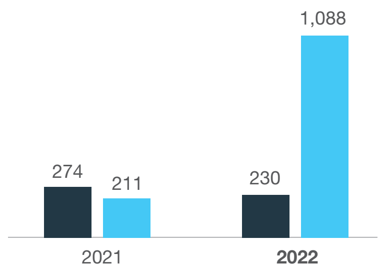
PwC tax fees by category (€'000)

Tax compliance services | M&A – Tax advisory services | Other – Tax advisory services



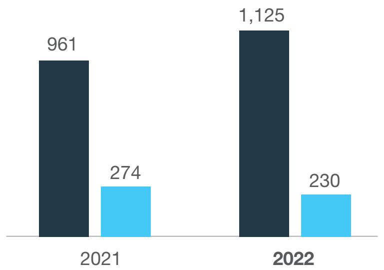
M&A non tax related fees (€'000)

PwC M&A (non tax) | Other Firms M&A (non tax)



PwC non M&A fees (excl. tax) (€'000)

Audit | Non M&A fees non tax



For illustrative purposes, where tax related fees paid to PwC are excluded from non-audit fees paid to PwC in the period, the ratio is 1 : 0.2.

The Committee monitored non-audit services throughout the year and at year end 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 2022. 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. The Committee will continue to closely monitor the non-audit services provided by the external auditor.

As a listed entity, the external auditor is required to rotate the audit partner responsible for the Group audit every five years. The current audit partner has completed his third year on the engagement.

Priorities for 2023

The Committee will continue to focus on the key areas of judgement, financial reporting processes and risk management. We will continue to follow developments on evolving best practice including climate change reporting and we will spend time reviewing new guidance and regulations. Global macroeconomic challenges remain omnipresent and the Committee and Board remain committed to the ongoing enhancement of risk and financial management across the Group.

On behalf of the Committee:

Paul Hogan
Chair of the Audit, Risk and Compliance Committee

NOMINATIONS, GOVERNANCE AND SUSTAINABILITY COMMITTEE REPORT

Jeff Berkowitz
Chair of the Nominations, Governance and Sustainability Committee

The Committee continues to oversee succession planning for the Board and senior management and assess the leadership needs for the Group. The Committee also oversees the Group's corporate governance compliance and sustainability agenda.

Committee Members

Jeff Berkowitz (Chair)
Maurice Pratt
Ger Rabbette
Paul Hogan
Jim Gaul

Roles and Responsibilities

The Committee is responsible for overseeing succession planning for the Board and senior management and assessing the leadership needs for the Group to enable it to compete effectively. The Committee also oversees the Group's corporate governance compliance and sustainability agenda. The Committee's specific roles include:

- Reviewing the structure, size and composition of the Board including the skills, knowledge, experience and diversity 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
- Reviewing the results of Board performance evaluation processes that relate to composition of the Board
- Succession planning for senior management
- Monitoring the Company's compliance with corporate governance best practice
- Overseeing of the Group's sustainability strategy and monitoring progress against the Group's sustainability KPIs

Attendance Record

Number of meetings held where member was eligible to attend
Number of meetings attended out of one

Jeff Berkowitz (Chair)
Maurice Pratt
Ger Rabbette
Paul Hogan
Jim Gaul

Length of Tenure

Length of Tenure	Appointment date
Jeff Berkowitz (Chair)	Sep 2020
Maurice Pratt	Oct 2009
Ger Rabbette	Sept 2020
Paul Hogan	Sept 2020
Jim Gaul	Jan 2021

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

On behalf of the Nominations, Governance and Sustainability Committee, I am pleased to present the report of the Committee for the year ended 31 December 2022. This provides a summary of the Committee's role and responsibilities, and how the Committee discharged these during 2022.

Membership

The members of the Committee are set out in the table above, along with the date of appointment of each member and details of their attendance at Committee meetings during the year. The biographies and skills of each Committee member are set out on pages 69 to 70.

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. This Committee comprises a majority of Independent Non-Executive Directors in line with UK Code requirements.

Each appointment to the Committee is for a term of up to three years. This term 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. The terms of reference of this Committee also provide that the Chairperson of the Board shall be a member of this Committee and as such, Maurice Pratt continues his position on this Committee even though his tenure has exceeded three consecutive terms.

Under the terms of reference, the Chair of the Committee may be either the Chair of the Board or another Independent Non-Executive Director.

Sustainability Oversight

In early 2023, the role of the Committee was extended to include oversight of the Group's sustainability strategy. Whilst the Committee and the Board believe that the breadth of the sustainability and ESG topics are best served by the broad interests and experience of the Board as a whole and therefore ultimate oversight should rest with the Board, the Committee and the Board appreciate the benefits derived from having committee level accountability for a key area such as sustainability. The Committee will be supported in its work by the Sustainability Council which has been in place across the business since 2020. The terms of reference of the Committee were updated to include oversight of the Group's sustainability strategy.

During 2022, the Board as a whole considered the following topics in relation to sustainability – the results of the Group's carbon foot-printing exercise in respect of 2021, climate reporting and interim emissions targets, the Group's CDP response 2022, climate related risks and opportunities and the addition of a new Climate Change risk on the Group's risk register, the Group's external sustainability ratings, ED&I metrics and the launch of the Group's employee resource groups – the Women's Alliance and Rainbow Alliance. In early 2023 the Board also received externally facilitated sustainability training.

Meetings of the Committee

The Committee met once during 2022 with the second meeting of the Committee deferred to early 2023 in light of the appointment of an external evaluator to conduct an external board evaluation.

The principal matters dealt with by the Committee during 2022 included:

1) Board composition and succession planning, including diversity on the Board and the views expressed by shareholders as part of the Chair and Company Secretary shareholder engagement programme.
2) External Board Evaluation – commencement of an external board evaluation to identify areas of focus for board composition and succession planning as well as Board effectiveness going forward.
3) Corporate Governance – In January 2022, on the recommendation of the Committee following the corporate governance compliance review conducted at the end of 2021, the Board resolved to adopt the UK Code as its corporate governance code, bringing its corporate governance standards in line with that code and fulfilling the commitment made at the time of IPO to transition to compliance with the UK Code within three years. Details of the provisions of the UK Code that the Board consider not to have been met, are set out in the Corporate Governance Report on page 72.

Board and Committee Composition

Resignations and Appointments of Non-Executive Directors

For the first time since the Company's IPO in 2019, there were no resignations or appointments to the Board during the year.

The Board composition has seen a significant period of change since IPO in 2019. At the time of IPO the Board consisted of 12 Directors, nine of whom were deemed not to be independent. In the first two years post-IPO independent representation on the Board increased from 25% to 62.5% with a reduction in the number of executive directors on the Board from three to two and the re-composition of all Board Committees in line with UK Code requirements.

The Board welcomed a period of stability during 2022 which saw Board meetings return to in person meetings following two years of Covid-19 restrictions. The Committee and the Board's focus is now on completing the external board evaluation to identify key areas for focus and improvement.

Elections and re-elections at AGM

The Articles currently provide that, in line with the provisions of the UK Code, all Directors must retire annually and, if eligible, present themselves for re-election to the Board. At the Company's AGM on 11 May 2022, each Director was put forward for re-election and each Director was re-elected to the Board by the shareholders.

2022 AGM Voting Results and Shareholder Engagement Programme

The Company held its 2022 AGM on 11 May 2022. All resolutions at the AGM were passed by a significant majority. However, Resolution 3(e) (re-election of Jeff Berkowitz) passed with a majority of less than 80% (78.98% votes in favour). In line with the requirements of Provision 4 of the UK Code and the Company's Significant Votes Against Policy, the Company published a statement following the AGM, which acknowledged that this resolution was passed by a majority of less than 80%.

The Company commenced a shareholder engagement programme in September 2022 which saw the Company's Chairman and Company Secretary engage with shareholders who voted against this resolution in order to better understand and discuss the reasoning behind their vote. Following this engagement programme, the Committee understands that the dissent was primarily due to gender diversity on the Board. The Committee and Board's proposed steps to increase female representation on the Board are set out below.

External Board Evaluation

In late 2022, Deloitte were appointed to conduct an external board evaluation to identify areas of focus for the future and to assist the Committee and the Board in planning for the future evolution and succession of the Board and its Committees. The external board evaluation includes a review of a broad variety of board materials and policies, and to date each director has responded to a formal board evaluation questionnaire and individual interviews have been conducted with each director. The evaluation also includes attendance at a Board meeting of the Company by the external evaluator. Some particular areas of focus for that review include:

» Role of the Board
» Board Composition
» Succession Planning
» Chair Leadership
» Board Planning

The results of the board evaluation are expected in Q2 of 2023 and details of the outcomes and actions taken will be included in the 2023 Annual Report. Following completion of the evaluation, the Committee will use the findings to inform board composition and succession planning, including Chair succession planning, to identify any skills gaps which should be addressed by future board appointments, as well as broader governance matters, including the format and content of materials provided to the Board.

Boardroom Diversity

The Board believes that appointing the best people to the Board is critical to the success of the Group and as a result all appointments to the Board are made on the basis of merit. The Board recognises that diversity is an essential element in building long-term business success and ensures that different perspectives are introduced into Board discussions. The Board is keen to ensure that the Group benefits from the expertise and insights of a high-quality diverse Board comprising of individuals with an appropriate balance of skills and experience.

Diversity and equality in all aspects remain key values in relation to Board appointments, to include gender, social and ethnic backgrounds, cognitive and personal strengths, skills, professional and industry backgrounds, geographical experience and diversity of thought. The Board is conscious that in a business operating on a global scale, diversity of geographic location of Directors, representative of the geographic location of the Groups main operations is essential to provide context and insight to market conditions and the Committee continues to keep ethnic diversity and geographic location of Directors under consideration in succession planning.

In January 2023, the Board, on the recommendation of the Committee, approved a Board Diversity Policy to formalise and expand on the Board's commitment to diversity, previously included in the Board Appointments Policy. The Board Diversity Policy sets out the Board's commitment to diversity in succession planning, to ensure an inclusive and diverse Board.

Two out of eight of the Directors on the Board are female which represents 25% of the Board. Since IPO, female representation on the Board has increased from 18% to 25%. The Committee is cognisant that this falls short of the Balance for Better Business guidance of 33% female representation by 2023. In light of this, the Board has set a target of 33% female representation on the Board by the end of 2023. Following the completion of the ongoing external board evaluation, the Committee will identify any areas where additional experience and expertise on the Board would be beneficial and will appoint an external recruitment consultant to assist the Committee and the Board in identifying the best candidate to fill that role, with a particular focus on female representation and the Group's wider diversity agenda.

Uniphar is also committed to an ongoing focus on developing our global talent pool and building a more diverse leadership team for the future. During the year the Group launched two employee resource groups under the Unity@Uniphar initiative – the Women's Alliance and the Rainbow Alliance. Further details on these initiatives and other Group-wide initiatives to promote ED&I are set out in the Sustainability and Governance Section on page 36. As at 31 December 2022, women accounted for 27% of senior management and 65% of total employees.

Board Committee Composition

Since 2021, the composition of all Board Committees is in line with the recommendations of the UK Code. The Audit, Risk and Compliance Committee and the Remuneration Committee each comprise 100% Independent Non-Executive Directors and the Nominations, Governance and Sustainability Committee comprises a majority of Independent Non-Executive Directors.

Paul Hogan has served as Chair of the Audit, Risk and Compliance Committee for 3.5 years, Sue Webb has served as Chair of the Remuneration Committee for 3.5 years and Maurice Pratt has served on the Nominations, Governance and Sustainability Committee for 13 years as a result of his position as Chair of the Board. 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. The Committee has determined that both Paul Hogan and Sue Webb remain independent and that it is in the best interests of the Company to have Paul Hogan and Sue Webb continue to chair the Audit, Risk and Compliance Committee and the Remuneration Committee respectively. A review of the composition of each Board Committee will be conducted following completion of the external board evaluation.

Succession Planning

Ensuring that there are robust succession plans in place at Board and senior management level is fundamental to the long-term success of the Group. Board succession was a continued focus of the Committee in 2022.

	Board of Directors Years	Audit, Risk and Compliance Committee Years	Remuneration Committee Years	Nominations, Governance and Sustainability Committee Years
Executive Directors				
Ger Rabbette	12.8	–	–	2.3
Tim Dolphin	12.4	–	–	–
Non-Executive Directors				
Maurice Pratt	19.5	–	–	13.2
Paul Hogan	3.5	3.5	–	2.3
Sue Webb	3.5	2.3	3.5	–
Jeff Berkowitz	2.3	–	2.3	2.3
Jim Gaul	2	2	–	2
Liz Hoctor	2	2	–	–
Average tenure	**7.25**	**2.45**	**2.9**	**4.42**

The Committee recognises the significant changes in Board composition in the period from IPO to date with Board size decreasing from 12 members to eight, independence increasing from 25% to 63% and female representation increasing from 18% to 25%.

The Committee is cognisant that the Board must continue to plan for the future and evolve to meet the ongoing needs of the Group. However, the Committee and the Board also acknowledge the benefits derived from a period of stability within the Board following significant transition since IPO in 2019.

As outlined, the Board in late 2022 appointed external evaluators to conduct an external board evaluation to identify areas of focus for the future and to assist the Committee and the Board in planning for the future evolution and succession of the Board and its Committees.

To date each Director has responded to a formal Board evaluation questionnaire and individual interviews have been conducted with each Director. The results of the board evaluation are expected in Q2 of 2023 and details of the recommendations of that report will be included in the 2023 Annual Report. Following completion of the external board evaluation the Committee will consider the recommendations made and will incorporate those into the Board succession plan.

Length of Tenure

The length of tenure on the Board and on the three main Board Committees as at 31 December 2022 is set out above.

Chair Tenure

Maurice Pratt joined the Board as a Non-Executive Director in 2003 and was appointed Chair of the Board in 2009. The Board and the Committee are cognisant that Provision 19 of the UK Code states that the Chair should not remain in post beyond nine years from the date of first appointment to the Board. However, the Board and the Committee are cognisant that the UK Code allows some flexibility in relation to Chair tenure to facilitate effective succession planning and the development of a diverse Board. In light of the significant transition in Board and Committee composition over the past 3 years, the Board believes that the leadership, governance and direction from the Chair is essential to maintaining stability and the effective operation of the Board in the near term.

Effective succession planning for the Chair is a key objective of the Committee and the Senior Independent Director and the Committee are aware that where the tenure of the Chair exceeds the recommendations of the UK Code, a clear explanation for this should be provided. In light of the significant transition in Board and Committee composition over the past 3 years, the Committee believe that the leadership, governance and direction from the Chair is essential to maintaining stability and the effective operation of the Board in the near term. Further details in relation to Chair succession are set out on page 76 of this Report.

As Chair leadership is a topic being assessed as part of the Board's external evaluation, following completion of the external board evaluation the Committee will consider the findings and recommendations made in that report and will incorporate those into planning for the Chair's succession.

Areas of Focus for 2023

In 2022, the Committee focused on views expressed by shareholders in relation to Board and Committee composition as part of the shareholder engagement programme, and liaised with the Chair in relation to the appointment of external evaluators to conduct an external board evaluation. In 2023, the Committee will review the recommendations from the external Board evaluation report with a view to incorporating these recommendations in Board succession planning and the overall operation of the Board in a timely fashion. Following the shareholder engagement programme, the topic of Board diversity is at the fore of Board succession planning with the Board committed to increasing female representation on the Board to meet the Balance for Better Business target of 33% by the end of 2023. In 2023, the Committee also looks forward to embracing its wider remit to include sustainability oversight.

On behalf of the Committee:

Jeff Berkowitz
Chair of the Nominations, Governance and Sustainability Committee

REMUNERATION COMMITTEE REPORT

Sue Webb
Chair of the Remuneration Committee

The Committee focuses on ensuring executive and senior management are appropriately incentivised to deliver long term sustainable growth for the Group.

Committee Members

Sue Webb (Chair)
Jeff Berkowitz

Roles and Responsibilities

The Committee's main duties are to:

- Determine the Group's policy on executive and senior management 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 and Share Option Schemes for Executive Directors and key senior management
- 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

Attendance Record

Number of meetings held where member was eligible to attend
Number of meetings attended out of four

Sue Webb (Chair)	4/4
Jeff Berkowitz	4/4

Length of Tenure

	Appointment date
Sue Webb (Chair)	Jun 2019
Jeff Berkowitz	Jan 2021

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

As Chair of the Remuneration Committee, I am pleased to present the report for the Committee for the year ended 31 December 2022.

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 2022.

Performance in 2022

The Group delivered a strong performance during 2022 and saw Gross Profit increase by 11.7% from €274.5m to €306.7m, with gross profit organic growth of 5.7% and EBITDA increasing by 13.4% from €86.5m to €98.0m. The strong profitability is reflected in a robust Return on Capital Employed for the year of 17.3%. This performance was against the backdrop of a challenging operating environment globally, which brought increasing cost pressures combined with an uncertain economic backdrop. A detailed summary of the Group's financial performance during 2022 is set out in our Financial Review section of this Report on page 57.

Shareholder Return in 2022

In May 2022, the Group paid a final dividend to shareholders of €3.0m in respect of the year ended 2021 and in October 2022 the Group paid an interim dividend of €1.7m. As a result of the Group's strong performance in 2022, it is proposed that, subject to shareholder approval at the Group's AGM in May 2023, a final dividend of €3.1m will be paid to shareholders on the register at 21 April 2023.

UK Code Compliance

The Board resolved in January 2022 to formally adopt the UK Code as the Corporate Governance Code of the Group. Following a number of remuneration changes in respect of Executive Director remuneration since 2020, the Committee believes that the current Remuneration Policy is effective in aligning to the Group's purpose and values, links to the successful delivery of the Group's long-term strategy and shareholder interests and reflects the Group's strong performance during the year.

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.

Committee Composition

The composition of the Committee currently consists of 100% Independent Non-Executive Directors in line with the provisions of the UK Code and the terms of reference of the Committee. Biographies of each Committee member are set out on page 70.

Remuneration Policy in 2023

The Committee has determined that the core substance of the Remuneration Policy continues to align with our Group business strategy and priorities. The Committee believes that the introduction of a new Share Option Scheme during 2022 was necessary in order to continue to align the remuneration of Executive Directors with the long-term interests of shareholders in light of the performance conditions having been achieved under the 2018 LTIP Scheme. The performance metrics for the 2023 annual bonus scheme mirror those for 2022. The performance targets linked to each metric for 2023 are commercially sensitive and are therefore not disclosed.

On behalf of the Committee:

Sue Webb
Chair of the Remuneration Committee

2022 Executive Director Remuneration at a Glance

G. Rabbette

Salary/Fees	€618,000
Pension/Allowance	€45,000
Other Benefits	€50,000
Total Fixed Pay	**€713,000**
Bonus	€603,000
Total Variable Pay	**€603,000**
LTIP	€nil
Total 2022	**€1,316,000**
Total 2021	€1,280,000

Total 2022: €1,316,000

T. Dolphin

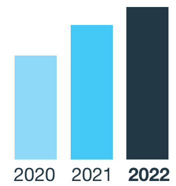
Salary/Fees	€412,000
Pension/Allowance	€30,000
Other Benefits	€45,000
Total Fixed Pay	**€487,000**
Bonus	€402,000
Total Variable Pay	**€402,000**
LTIP	€nil
Total 2022	**€889,000**
Total 2021	€865,000

Total 2022: €889,000

EBITDA

€98.0m

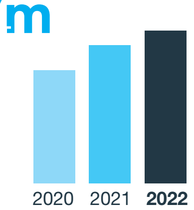
2022: €98.0m
2021: €86.5m
2020: €66.7m



Gross Profit

€306.7m

2022: €306.7m
2021: €274.5m
2020: €217.3m



Remuneration Policy

The Group is committed to promoting a transparent remuneration structure. The following table outlines the key factors considered by the Committee, in accordance with the requirements of the UK Code.

UK Code	Uniphar Remuneration Policy
Clarity	
Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	The annual bonus, 2018 LTIP scheme and the 2022 Share Option Plan have been designed to incentivise Executive Directors to achieve defined, stretch targets in line with the Group's growth strategy. Performance measures and targets are reviewed each year by the Committee to ensure that they continue to be clear and appropriate.
Simplicity	
Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	There is a grid-based bonus structure in place, to reflect a scale of performance, which has been externally benchmarked. This supports the Committee's aim of operating a simple remuneration structure designed to align the Executive Directors' interests with those of shareholders in achieving the Group's growth strategy.
Risk	
Remuneration arrangements should ensure that reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	The Remuneration Policy was designed to provide an appropriate level of remuneration to recruit and retain the necessary skill and talent to develop and deliver the business strategy, with the objective of delivering strong growth in a sustainable and focused way to deliver long-term value to stakeholders.
Predictability	
The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.	The Committee believes that it is important that a significant proportion of the remuneration package of Executive Directors and senior management is performance related. The potential value and composition of Executive Directors' remuneration packages at minimum, on target, and maximum scenarios are outlined on page 102.
Proportionality	
The link between individual awards, the delivery of strategy, and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	Payments of the annual bonus requires the delivery against ambitious strategic targets for the Group. The performance measures are directly aligned to the Group's strategy and KPIs. The vesting of share options, granted pursuant to the Group's 2022 Share Option Plan, is linked to Total Shareholder Return ('TSR') over the period to 31 December 2026. The Committee has direction to exercise judgement and discretion in authorising remuneration outcomes, to ensure that they are appropriate and reflective of overall performance.
Alignment to Culture	
Incentive schemes should drive behaviours consistent with company purpose, values and strategy.	The Committee is cognisant that the Remuneration Policy is aligned and benchmarked to market leaders, competitors, and industry standards, to ensure that it is fair and competitive. Uniphar places a strong emphasis on working responsibly and sustainably, and for this reason a specific sustainability and governance measure is included as part of the bonus grid. Details of how the performance measures are linked to the delivery of the Group's strategy are outlined on page 94.

Consideration of Conditions elsewhere in the Group

Whilst the Committee does not directly consult with employees when formulating Executive Director pay policy, the Committee does take into consideration information on pay arrangements for the wider employee population when determining the remuneration of Executive Directors. Since 2021, Executive Director pension contributions are aligned with that of the wider workforce of the Uniphar Group. The appointment of Jim Gaul to the Board in January 2021 with his remit covering the area of employee engagement, further enhances consideration of wider workforce conditions when making Board decisions.

Consultation with Shareholders on Executive Remuneration

The Committee did not engage in formal shareholder consultation during the year in relation to Executive remuneration.

Directors' Remuneration Policy Report

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	Detail	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 and experience » Specific role and level of responsibility » External benchmarks, including economic indicators and geographical scope	Base salaries and increases are aligned and benchmarked to market leaders, competitors and industry standards. Future salary increases for Executive Directors will be linked to those of the wider Group workforce.	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.	There is a bonus grid in place which is designed to align management's interests with those of shareholders. The maximum potential bonus opportunity for Executive Directors is up to a maximum of 130% of base salary. The bonus opportunity for the achievement of on-target Group and personal performance targets is up to 75% of maximum opportunity, being 97.5% of base salary. At the threshold performance level of 95% of target, a bonus opportunity of 37.5% of maximum, being 49% of base salary is payable. Where the threshold performance of 95% is not reached, no bonus is payable. In 2022, the Committee approved the deferral of 100% of Executive Directors' gross annual bonus entitlement for a period of 5 years in the form of in-market share purchases.	Based on the bonus grid, 80% of an Executive Directors bonus is linked to Group performance and specifically in achieving challenging financial performance targets. The remaining 20% opportunity is linked to non-financial performance targets established by the Committee, being personal as well as sustainability and governance objectives.

Key	Purpose & Link to Group Strategy	Operation	Detail	Performance Metric
Pension	To provide a competitive, flexible retirement benefit that does not impose any unacceptable level of financial risk on the Group.	Executive Directors are enrolled into a defined contribution pension plan or are offered the alternative of cash allowances.	Pension contributions of 7.5% of annual base salary apply to all Executive Directors, aligning with the average contributions available to the Group's wider workforce.	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
LTIP	To reward participants for the delivery of the Group's long-term goals and driving shareholder value.	The 2018 LTIP represents 4.8% of issued share capital, with Executive Directors and key employees participating in the arrangement. All shares in the 2018 LTIP were allotted prior to the Group's IPO in 2019 and therefore have had no dilutive impact since IPO. In 2022, the Committee and the Board approved a new Share Option Plan (the '2022 Plan') to incentivise Executive Directors and key members of senior management, in light of the fact that the performance conditions of the 2018 LTIP had been met during 2021.	The 2018 LTIP is fully allotted, and the details of each Executive Director's interest is set out below. Details of the grant of share options to Executive Directors during 2022 are set out below.	The performance conditions attaching to the 2018 LTIP were met during 2021 and these shares remain subject to a service condition until 31 December 2024. Awards of share options to Executive Directors under the 2022 Plan are subject to (i) a TSR condition (based on the average closing trading price per ordinary share in the 30-day period prior to 31 December 2026 against the exercise price of €3.48, and inclusive of any dividends in the period) and (ii) the Executive Directors continued employment with the Group through 31 December 2026.

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. Changes to the total aggregate remuneration of all Non-Executive Directors is subject to shareholder approval.

Non-Executive Directors are paid additional amounts to take account of increased time commitments, including acting as the Senior Independent Director and/or 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 2022 (audited*)

The following table sets out the total remuneration for Directors for the years ended 31 December 2022 and 31 December 2021:

Director[9]	Salary /fees €'000	Pension/ Allowance €'000	Other Benefits[5] €'000	Fixed Pay €'000	Bonus €'000	LTIP €'000	Variable Pay €'000	Total 2022 €'000	Total 2021 €'000
Executive Directors									
G. Rabbette	618	45	50	713	603	–	603	1,316	1,280
T. Dolphin	412	30	45	487	402	–	402	889	865
P. Dempsey[1]	–	–	–	–	–	–	–	–	865
Non-Executive Directors									
M. Pratt	176	–	–	176	–	–	–	176	176
P. Hogan	100	–	–	100	–	–	–	100	100
J. Berkowitz	100	–	–	100				100	100
S. Webb	85	–	–	85	–	–	–	85	85
J. Gaul[3]	70	–	–	70	–	–	–	70	65
L. Hoctor[3]	70	–	–	70	–	–	–	70	65
G. Penny[1]	–	–	–	–	–	–	–	–	70
P. Staunton[2]	–	–	–	–	–	–	–	–	25
M. McConn[4]	–	–	–	–	–	–	–	–	2
Total	**1,631**	**75**	**95**	**1,801**	**1,005**	**–**	**1,005**	**2,806**	**3,698**

* This table is audited and forms an integral part of the audited financial statements. The other parts of the Remuneration Committee Report are unaudited.

1. P. Dempsey and G. Penny resigned as Directors on 17 December 2021.
2. P. Staunton resigned as a Director on 12 May 2021.
3. J. Gaul and L. Hoctor were each appointed to the Board on 26 January 2021.
4. M. McConn resigned as a Director on 26 January 2021.
5. Other benefits principally include health and car allowances.

Executive Directors' Remuneration

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.

Base Salary

The base salaries of Executive Directors are reviewed annually, having regard to personal performance, skills and experience; changes in levels of responsibility; external benchmarks to market leaders, competitors, and industry standards; as well as the pay and conditions in the wider Group. During 2022, the Executive Directors received a 3% base salary increase in line with annual base salary increases of the wider workforce.

The following table sets out the salaries for the Executive Directors for the relevant financial year:

	2022 €'000	2021 €'000
G. Rabbette	618	600
T. Dolphin	412	400

Annual Bonus

For the year ended 31 December 2022, the maximum potential bonus opportunity for Executive Directors was up to a maximum of 130% of base salary. The bonus opportunity for the achievement of on-target Group and personal performance targets was up to 75% of maximum opportunity, being 97.5% of base salary. At the threshold performance level of 95% of target, a bonus opportunity of 37.5% of maximum, being 49% of base salary is payable. Where the threshold performance target of 95% is not reached, no bonus is payable.

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 75% of the maximum opportunity for achieving performance targets is appropriate.

The following table sets out the performance measures applied for Executive Directors for the year ended 31 December 2022:

	% of maximum	Link to strategy
EBITDA	40%	Key measure of underlying profitability
Stretch EBITDA	25%	Delivery of Group's long-term growth strategy
Organic Gross Profit Growth	7.5%	Key measure of continued client growth
Free Cash Flow Conversion	7.5%	Cash generation for reinvestment or return to shareholders
Financial targets	**80%**	
Personal Objectives	15%	Ensure focus on strategic/functional priorities of the Group
Sustainability & Governance	5%	Drive continuous improvements in sustainability, governance and culture across the Group
Non-Financial Targets	**20%**	
	100%	

The performance targets were set by the Committee based on the Board approved budget for the year.

Committee Discretion

The Committee has retained the discretionary ability to adjust the value of an award under the annual bonus scheme, if the award in the Committee's opinion, taking all circumstances into consideration, produces an unfair result. In exercising this discretion, the Committee may take into consideration the individual or the Group's performance against non-financial measures. In respect of the financial year ended 31 December 2022, the Committee has exercised this discretion in respect of potential awards under the Stretch EBITDA annual bonus metric and, in light of global macroeconomic and inflationary pressures, has concluded it to be appropriate to make no annual bonus award in respect of this metric during 2022.

Review of Financial Targets

Subsequent to the end of the financial year, the Committee reviewed actual performance against the targets set for each Executive Director. Following this review, the Committee determined that the Executive Directors should be awarded bonuses based on the achievement of financial targets, as illustrated in the table below:

	% of maximum	Actual %
EBITDA	40%	40%
Stretch EBITDA	25%	0%
Organic Gross Profit Growth	7.5%	7.5%
Free Cash Flow Conversion	7.5%	7.5%
Financial targets	**80%**	**55%**

Due to the commercial sensitivity of the Group's defined financial targets these targets have not been disclosed.

The following table summarises performance for each of the financial objectives:

Measure	Definition	Performance Targets	Actual Performance
EBITDA	Earnings before exceptional items, net finance expense, income tax expense, depreciation and intangible assets amortisation. The impact of unbudgeted acquisitions and disposals is excluded.	The pay-out of the Group EBITDA bonus is based on the achievement of defined threshold and budget targets. Threshold performance equates to 95% of budget EBITDA. On achievement of threshold performance, 50% of the portion of the bonus attributable to EBITDA performance is payable. This increases to 100% pay-out of EBITDA bonus when 100% of Group EBITDA budget is achieved. Payment for performance between threshold and budget is on a pro-rata basis. No portion of basic bonus is paid where actual EBITDA is below threshold performance.	100% of the bonus % attributed to Group EBITDA being achieved has been awarded.
Stretch EBITDA	The Stretch EBITDA measure is the Group EBITDA including the contribution of unbudgeted acquisitions and disposals.	Achievement of stretch bonus is based on pre-defined Stretch EBITDA targets. Payment for performance between achievement of budget and the Stretch target is on a pro-rata basis.	The Committee has exercised its discretion, and in light of global macroeconomic and inflationary pressures, has concluded that the Stretch EBITDA element of the annual bonus should not be applied for 2022.
Organic Gross Profit Growth	Organic gross profit growth is defined as the growth from restated prior period gross profit to current period gross profit as a % of the restated prior period value. The restatement to the prior year value is to include the corresponding prior period performance of acquisitions and exclude the prior period performance of disposals.	Achievement of the bonus required organic gross profit growth in the year.	The Committee determined that organic gross profit growth exceeded the target, and accordingly, this element of the bonus was achieved in full.
Free Cash Flow Conversion	Free cash flow conversion is defined as EBITDA, less investment in working capital, less maintenance capital expenditure, divided by EBITDA.	The Group's free cash flow conversion target for the purpose of the annual bonus is in line with achieving the Group's medium-term outlook. Threshold performance equates to a free cashflow conversion of 5% below the target range resulting in a payout of 50%. No bonus is paid if actual free cash flow is below threshold performance. A full 100% bonus is paid if budget free cashflow is reached or exceeded. Payment between threshold and budget performance is on a pro-rata basis.	Actual free cashflow conversion exceeded the targeted performance, and accordingly, this element of the bonus was achieved in full.

Review of Non-Financial Targets

20% of the maximum bonus opportunity is linked to non-financial performance targets, recommended by the Committee and subsequently approved by the Board. Subsequent to the end of the financial year, the Committee reviewed actual performance against the targets set for each Executive Director. Following this review, the Committee determined that the Executive Directors should be awarded bonuses based on the achievement of non-financial targets, as illustrated in the table below:

	% of maximum	Actual %
Personal Objectives	15%	15%
Sustainability and Governance	5%	5%
Non-Financial Targets	**20%**	**20%**

Personal Objectives

The performance of the Executive Directors is also measured against personal and strategic objectives, which in 2022, focused on Leadership and Strategy, Portfolio Optimisation, Operating Model, and Talent and Succession. Performance against these objectives is determined by the Committee by reference to key targets agreed with the Executives at the start of the year.

These objectives include the achievement of operational goals, the Executive Director's contribution to Group strategy, as a member of the Board, and specific goals related to their functional role.

	Achievements
G. Rabbette	» Leadership and Strategy: developed the Group's strategy and long-term vision and managed its implementation during the year » Portfolio Optimisation: identified and executed M&A transactions, to enable the implementation of the Group's strategy » Operating Model: led and embedded significant enhancements to the Group's operating model, driving commercial excellence, global consistency and agility » Talent and Succession: took a leading role in driving talent development within the Group and building a succession plan to meet the business's longer-term leadership needs » Culture: actively supported the development of the culture and engagement agenda across the Group
T. Dolphin	» Leadership and Strategy: worked across all business and functional areas, supporting the development and implementation of the Group's strategy and long-term vision » Portfolio Optimisation: evaluated and executed M&A transactions, to enable the implementation of the Group's strategy » Operating Model: took an active role in driving changes to the Group's operating model, ensuring its cost effectiveness » Talent and Succession: actively contributed to identifying and developing potential future talent. » Culture: Actively supported the development of the culture and engagement agenda across the Uniphar Group

Sustainability & Governance

Uniphar places a strong emphasis on working responsibly and sustainably. The Committee determined that, in order to align the Executive Directors' to these interests, specific performance targets should be introduced to drive continuous improvements in sustainability, governance and culture across the Group.

The Committee determined that the Executive Directors should be awarded the maximum bonus opportunity attributable to Sustainability and Governance as a result of the following:

- The continued successful implementation of the sustainability framework and governance structure across the Group as outlined in the Sustainability and Governance Report
- Supporting the implementation of Group-wide decarbonisation plans including separate divisional plans
- Supporting improvements in ESG data collection across the Group for all metrics
- Supporting CDP submission and improvement in CDP rating
- Supporting the initiation of a project to deliver a Group supplier code of conduct and responsible sourcing policy with a view to launching a supplier engagement programme during 2023
- Supporting the Future of Work employee listening exercise
- The implementation of initiatives across the Group's locations as outlined in the Sustainability and Governance Report
- Supporting the expansion of the shareholder engagement programme in line with the requirements of the UK Code

Total Annual Bonus Payable

Following a review of the actual performance for both the financial and non-financial measures against targets, the Committee recommended, and the Board approved, a total bonus outcome of 75% of maximum bonus opportunity, being 97.5% of base salary. 100% of the gross bonus achievement will be deferred for a period of five years in the form of in-market share purchases. Shares purchased in-market will be held by an Irish registered employee benefit trust established by the Company and the beneficial interest will be held by the Executive Directors subject to restrictions on dealing for the five-year period. The restrictions in respect of the 2022 deferred bonus amount will cease in 2028.

The Committee considers that the level of achievement is appropriate and reflective of the overall performance of the Group and the value created for shareholders during the year.

Clawback Policy

Bonus payments made to Executive Directors are subject to clawback for three years from payment in certain circumstances including:

- A material misstatement of the Company's audited financial statements
- A material breach of applicable health and safety regulations
- Business or reputational damage to the Company or a subsidiary arising from a criminal offence, serious misconduct or gross negligence by the individual Executive

Pension

All pension benefits for Executive Directors are determined in relation to base salary. Fees payable to Non-Executive Directors are not pensionable. Under the current Remuneration Policy, pension benefits for Executive Directors are a maximum of 7.5% of base salary, in line with average pension contributions available to the Group's wider workforce.

Other Benefits

Employment-related benefits for Executive Directors provide a level of benefits or specified monetary allowances including healthcare and car allowances.

LTIP

The 2018 LTIP represents 4.8% of issued share capital of the Company, with Executive Directors and key employees participating in the arrangement. All shares in the 2018 LTIP were allotted prior to the Group's IPO in 2019 and, therefore, have had no dilutive impact since IPO. There were no LTIP share awards granted to Executive Directors in 2022 under the 2018 LTIP, which is now fully allotted. All share price performance conditions attributable to these LTIP share awards were satisfied during 2021. These shares remain subject to the satisfaction of the service condition and, as a result, will not vest until 31 December 2024.

The table below sets out details of share awards made under the 2018 LTIP currently held by Executive Directors:

Executive Director	Grant Date	Exercise Price	No. of share awards at 1 Jan 2022	Granted	Vested/ Exercised	Lapsed	No. of share awards at 31 Dec 2022	End of Performance Period
G. Rabbette	28 Apr 2018	n/a	3,685,427	–	–	–	3,685,427	31 Dec 2024
T. Dolphin	28 Apr 2018	n/a	2,284,965	–	–	–	2,284,965	31 Dec 2024

2022 Share Option Plan

On 21 November 2022, on the recommendation of the Committee, the Board approved the closure of the 2021 Share Option Plan (the '2021 Plan') to new entrants and the adoption of the 2022 Plan, a new share option plan for the period 2022 – 2026 for eligible employees, including the Executive Directors. The Executive Directors had not received any awards under the 2021 Plan. Awards under the 2022 Plan take the form of options to subscribe for new ordinary shares in the Company. Under the 2022 Plan, there is a reserve of an additional 5% of the issued share capital of the Company, plus the unallocated reserve from the 2021 Plan (which had an initial reserve of 2.5% of the issued share capital of the Company and, at the time of closure of that Plan, awards in respect of 0.4% of the issued share capital of the Company had been granted).

The Committee and the Board believe that the introduction of the 2022 Plan was necessary, in order to ensure alignment of incentives for Executive Directors and senior management with the long-term interests of shareholders. The Executive Directors' existing share-based incentives under the 2018 LTIP were awarded prior to the Company's IPO in 2019 and took the form of issued ordinary shares. As the awards under the 2018 LTIP were issued prior to IPO in 2019, there has been no dilutive impact on the Company's issued share capital from the Executive Directors' share-based incentivisation since IPO.

In particular, in relation to the Executive Directors, it is noted that the performance conditions applicable to their awards under the 2018 LTIP were fully satisfied in July 2021 (achieving a share price of €3.30, following an IPO price of €1.15) and the service condition applicable to their awards is due to be satisfied on 31 December 2024. The Committee and the Board believe that, as the performance condition under the 2018 LTIP has been satisfied, it is necessary and in the best interests of shareholders to ensure that a robust incentivisation plan is in place for Executive Directors and senior management beyond the vesting date of 31 December 2024, under the 2018 LTIP.

The share options granted to the Executive Directors, as outlined below, have been granted as conditional awards and will vest on 31 December 2026, subject to the grantee's continued service and the Committee's assessment of the extent to which the applicable performance condition has been satisfied. The performance condition is linked to Total Shareholder Return ('TSR') (based on the average closing trading price per ordinary share in the 30-day period prior to 31 December 2026 against the exercise price of €3.48, and inclusive of any dividends in the period) on a sliding scale basis, where TSR of ≥70% will see 100% of the awards vest and TSR of <50% would see no awards vest. The Committee and the Board believe that a TSR condition directly aligns Executive Director incentivisation with the long-term interests of shareholders.

The Committee completed a market benchmarking analysis of 13 peer companies to establish practices in relation to (1) the annual value of the CEO and CFO LTIP earning opportunity as a % of base salary provided by each company, and (2) the LTIP performance conditions utilised by these companies. The findings showed that for the CEO position, companies provided between 150% (median) and 200% (75th Percentile) of annual salary in the form of an annual LTIP earning opportunity. For the CFO position, companies provided 150% (both median & 75th Percentile) of annual salary in the form of an annual LTIP earning opportunity. The analysis showed that the most common LTIP performance condition was TSR, used by nine of the companies benchmarked.

A valuation of the share options granted to the Executive Directors was conducted to determine the annual fair value of the grant. A fair value of €0.87 per share option was reached which results in an annualised fair value of the grants to the CEO and CFO of 138% and 140% of base salary per annum respectively which is in line with benchmarking.

Benchmarked Companies

Datalex plc
C&C Group plc
Dalata Hotel Group plc
Diploma plc
FBD Insurance plc
Ergomed Limited
DCC plc
Dechra Pharmaceuticals plc
Glenveagh Properties plc
Glanbia plc
Irish Residential Properties plc
Origin Enterprises plc
CVS Group plc

Executive Director	Grant Date	Exercise Price	No. of share awards at 1 Jan 2022	Granted	Vested/ Exercised	Lapsed	No. of share awards at 31 Dec 2022	End of Performance Period
G. Rabbette	30 Nov 2022	€3.48	–	4,000,000	–	–	4,000,000	31 Dec 2026
T. Dolphin	30 Nov 2022	€3.48	–	2,700,000	–	–	2,700,000	31 Dec 2026

The awards granted to Executive Directors under the 2022 Plan expire on 30 November 2032, being ten years from the date of grant (30 November 2022), have an exercise price of €3.48 per ordinary share, and vest on 31 December 2026, subject to satisfaction of the vesting conditions outlined above. Given the TSR condition, the earliest date on which the share options awarded to the Executive Directors can be dilutive is 31 December 2026.

The Board has no current intention to make any further awards to the Executive Directors under the 2022 Plan.

Minimum Shareholding Requirements

The Committee has sought to promote long-term shareholdings by Executive Directors, to support alignment with shareholder interests, and has adopted minimum shareholding requirements for Executive Directors. These guidelines specify that Executive Directors should, over a period of five years from the date of appointment, build up and then retain a shareholding in the Company with a valuation of at least equal to twice their annual base salary.

Additionally, the Committee has adopted guidelines relating to post-employment shareholding guidelines. These guidelines require that Executive Directors maintain their full minimum shareholding requirement of twice base salary for a period of two years post-employment.

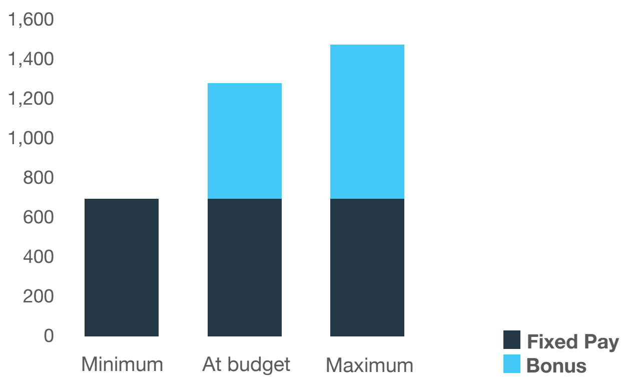
Current Executive Director shareholdings at 31 December 2022, as a multiple of their base salary:

	Minimum	Actual*
G. Rabbette	2.0x	40x
T. Dolphin	2.0x	42x

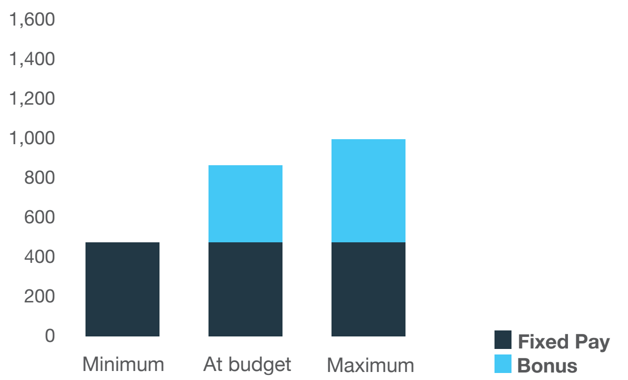
* Based on closing share price of €3.10 on 31 December 2022.

Performance related Remuneration Outcomes

CEO – Scenario Pay Structure €'000



CFO – Scenario Pay Structure €'000



Remuneration consists of fixed pay (base salary, pension, and benefits) and variable pay (annual bonus and LTIP). A significant portion of Executive Directors' remuneration is linked to the delivery of key business goals over the short and long-term and the creation of shareholder value. The charts above present scenarios of the remuneration outcomes of:

	Pay-out levels
Minimum	» Fixed Pay » No bonus pay-out
At Budget	» Fixed Pay » 75% of maximum bonus opportunity, in line with budgeted performance targets
Maximum	» Fixed Pay » 100% of maximum bonus opportunity, in line with budgeted performance targets

Percentage Change in Executive Directors' Remuneration

The following table sets out the relative change from 2021 to 2022 in the remuneration earned by the Executive Directors, compared with the average percentage change for the Group's employees:

€'000	2022	2021	% Change
G. Rabbette	1,316	1,280	2.8%
T. Dolphin	889	865	2.8%
Total Executive Directors	2,205	2,145	2.8%
Average Employee Remuneration	55.7	57.1	-2.5%*

* The change in Average Employee Remuneration is impacted by the acquisition of new entities by the Group combined with an increasing footprint in retail pharmacy.

Relative Importance of Spend on Pay

The table below sets out the amount paid in remuneration to all employees of the Group, compared to gross profit, EBITDA and dividends declared in respect of the financial year:

€'000	2022	2021	% Increase
Total Employee Remuneration*	164,595	166,861	-1.4%
Gross Profit	306,744	274,497	11.7%
EBITDA	98,040	86,481	13.4%
Dividend**	4,750	4,532	4.8%

* Total employee remuneration includes €1,063,000 (2021: €190,000) of payroll costs which have been capitalised during the year.
** Reflecting progressive dividend commitment made at the time of IPO.

Advisers to the Committee

During 2022, the Group engaged the services of external remuneration consultants Gurren Compensation Limited. Their advice related to the structuring of the 2022 Plan and remuneration packages for executives and key senior management. The total fees paid to Gurren Compensation Limited in respect of these services during the year were €24,750. These were charged on a time and materials basis.

The Group also engaged the services of William Fry in relation to the implementation of the decisions of the Board on remuneration during the year. No other external advisers were engaged in respect of remuneration consulting services during the year.

Payments to Former Directors

There were no payments to former Directors in accordance with Section 305 of the Companies Act 2014 during the year.

Payments for Loss of Office

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

Non-Executive Directors' Remuneration

The Board aims to recruit high-calibre Non-Executive Directors, with broad commercial, international or other relevant experience. Fees paid to the Non-Executive Directors for the 2022 and 2021 financial years are outlined in the Remuneration table on page 96.

Non-Executive Directors do not participate in any Group share incentive or award schemes.

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

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. These are effective for a period of 12 months after termination.

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 and retirement for the current Non-Executive Directors are set out below:

Name	Appointment	Date of Retirement
M. Pratt	July 2003	-
P. Hogan	June 2019	-
J. Berkowitz	September 2020	-
S. Webb	June 2019	-
J. Gaul	January 2021	-
L. Hoctor	January 2021	-

DIRECTORS' REPORT

The Directors present their Director's report and audited Group financial statements for the year ended 31 December 2022.

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, Europe, the US and the Asia Pacific region.

By promoting 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 provides outsourced sales, marketing, distribution and consultancy solutions to multinational pharmaceutical and medical device manufacturers. Active in Ireland, the UK, the Benelux, the Nordics, Germany and the US, the Group is growing with its clients to provide pan-European solutions and a targeted service offering in the US. Uniphar has built fully integrated, digitally enabled customer centric solutions that are supported by our highly experienced and clinically trained teams, leveraging our digital technology and insights, which allows us to deliver consistently exceptional outcomes for our clients.
- Product Access consists of two service offerings: On Demand and Exclusive Access. On Demand offers pharmacy led solutions for sourcing and supplying unlicensed medicines to meet the needs of both retail and hospital pharmacists; and Exclusive Access offers manufacturer-led solutions for controlling the release of speciality medicines for specifically approved patient populations in agreed markets. The Group currently delivers Product Access solutions on a global basis.
- Supply Chain & Retail provides both pre-wholesale distribution and wholesale distribution of pharmaceutical, healthcare and animal health products to pharmacies, hospitals and veterinary surgeons in Ireland. The division is an established market leader in Ireland with c.53% market share in the wholesale/hospital market, supported by a network of 386 owned, franchised and symbol group pharmacies (excluding the acquisition of the McCauley Pharmacy Group). The business supports the diverse customer base, through the provision of strong service levels, coupled with innovative commercial initiatives. Supply Chain & Retail is an Irish only business for the Group, although the manufacturer relationships and infrastructure are utilised for the benefit of the growth divisions, Commercial & Clinical and Product Access.

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

Our business performed strongly in 2022, demonstrating the diversity of the Group's service offering, the strength of our teams and the continued focus on providing technology driven solutions. This strong result was against the backdrop of a challenging macroeconomic environment.

Gross profit increased to €306.7m from €274.5m, which was a rise of 11.7%. The increase was achieved through our acquisitions, completed in 2021 and 2022, together with organic gross profit growth of 5.7%. During 2022, the Group continued its strategy of expanding its geographic footprint and market share and completed three acquisitions, with a fourth, the acquisition of the McCauley Pharmacy Group receiving CCPC approval in January 2023. These acquisitions led to an increase in the Group's goodwill of €59.3m to €483.0m. The acquisitions were spread over our three divisions. The Commercial & Clinical Division acquired Inspired Health in the Pharma business unit. Product Access continued its expansion with the addition of BModesto Group and Orspec Pharma to the division. Supply Chain & Retail announced the acquisition of the McCauley Pharmacy Group, which was subject to CCPC approval at December 2022 and was subsequently approved and acquired in January 2023. Acquisitions completed in 2021, including CoRRect Medical, BESTMSLs Group, E4H and Devonshire Healthcare Services have all been successfully integrated into the business and are adding significant value to the Group, with previously identified synergies coming through.

Strong cash generation continues across the Group, and this is reflected in the cash generated from operating activities of €82.8m. Free cash flow conversion for the period was 82.5%, exceeding the medium-term free cash flow conversion target of 60-70%.

The Group renewed its banking facility in August 2022 and more than doubled the revolving credit facility (RCF) to €400m, with an additional uncommitted accordion facility of €150m. As part of the renewal, three new international banking partners, Barclays Bank, ING Bank and Citizens Bank, have joined the banking syndicate. This new enlarged facility further strengthens the banking platform to support the Group's future growth and investment. Net bank debt was €91.2m (2021: €48.3m) and leverage remained low at 1.0x, providing a solid platform to support future growth and investment as opportunities arise.

The Group has a number of key performance indicators (KPIs) which are used to monitor its performance. These KPIs are outlined further in our key performance indicators section on pages 23 to 24.

Acquisitions

We continue to leverage M&A to support our objectives and, in 2022, we completed three acquisitions, with the fourth, the McCauley Pharmacy Group, receiving CCPC approval in January 2023 and closing then. Acquisitions completed in 2021, including CoRRect Medical, BESTMSLs Group, E4H and Devonshire Healthcare Services have all been successfully integrated into the business and are adding significant value.

BModesto Group will play an important role in further scaling our European presence and the acquisition gives the Group a well-located facility in the Netherlands from which to supply mainland Europe. The BModesto Group provides a wide range of services, including the distribution of medicines on both an exclusive and on-demand basis, clinical trial services, market authorisation holder and medical device distribution.

Orspec Pharma, headquartered in Australia, provides the Group with its first physical presence in Asia Pacific. Orspec Pharma specialises in the supply of unlicensed medicines and the delivery of EAPs across the Asia Pacific region from its locations in Australia, New Zealand and Singapore. Orspec Pharma expands our global reach and our capability to offer Expanded Access Programmes on a global basis.

Commercial & Clinical acquired Inspired Health, a US based healthcare insights consultancy business enabling the Pharma business unit to evolve its commercialisation offering to enhance its clients' competitiveness and improve healthcare delivery.

These acquisitions represent further development in the delivery of Uniphar's growth strategy.

The pre-tax exceptional loss in 2022 of €3.2m was driven largely by non-recurring administrative expenses offset by the release of deferred contingent consideration. See Note 4 for further details of exceptional items incurred during the year.

Results for the Year

The Group Income Statement for the year ended 31 December 2022 and the Group Balance Sheet at that date are set out on pages 122 and 124 respectively. The Group's gross profit was €306,744,000 (2021: €274,497,000) and earnings before interest, tax, depreciation, amortisation and exceptional items (EBITDA) was €98,040,000 (2021: €86,481,000).

The Group's profit on ordinary activities before tax was €54,676,000 in 2022 (2021: €55,801,000). After including a tax expense of €8,970,000 (2021: €7,679,000) and profit attributable to non-controlling interests of €119,000 (2021: €45,000), the profit for the financial year attributable to owners is €45,587,000 (2021: €48,077,000).

There was a strong cash performance in 2022, and even with the Group's significant investment in infrastructure and strategic acquisitions during the year, the strong free cash flow performance places the Group in a position of strength with a low leverage of 1.0x and net bank debt of €91.2m at year end.

Total equity of the Group at 31 December 2022 was €289,783,000 (2021: €251,564,000).

Research and Development

The Group performs research and development activities to ensure that it continues to be a recognised innovator in the industry in which it operates. These activities support the introduction of new services, improved online customer experience and the development of better processes and systems. Continued research and development contributes to the Group's future growth and profitability. Expenditure on research and development applications and technical support amounted to €324,000 in 2022 (2021: €284,000).

Future Developments

Uniphar remains confident in delivering on expectations set at our IPO and the Group's medium-term organic gross profit growth targets at a divisional level remain unchanged. We have a robust plan in place across the three divisions and we remain committed to building a pan-European offering in our Commercial & Clinical Division, in addition to providing bespoke services in the US. In Product Access, we will continue to develop our On Demand and Expanded Access Program services, investing in digital technology and scalable infrastructure, expanding into new regions beyond Europe and the US. In Supply Chain & Retail, we continue to leverage our key assets and grow our market share.

M&A will continue to play an important part in Uniphar's growth strategy, and we will continue to have a disciplined approach and manage an active pipeline of acquisition opportunities to add further scale and breadth to the existing platform. The management team are committed to maximising the full potential of our recent acquisitions and delivering long-term value for all our stakeholders.

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), 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, 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
- 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
- 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 the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors confirm that they consider 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 Group and Company 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:

- Insofar as they are aware, there is no relevant audit information of which the Company's statutory auditor is unaware
- They have taken all the steps that they ought to have taken as a Director, in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditor is aware of that information

Directors' Compliance Statement

The Directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations, as defined in the Companies Act 2014 (the 'Relevant Obligations')

The Directors confirm that:

1) A compliance policy statement setting out the Company's policies in respect of 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 in point (2) above has been conducted during the year ended 31 December 2022

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 at pages 81 to 86.

Corporate Governance

Statements by the Directors in relation to the Group and Company's application of corporate governance principles and the Group's system of internal controls are set out in the Corporate Governance Report at pages 72 to 80.

Going Concern

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

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

The Group has a robust capital structure with strong liquidity, supported into the future by the banking facility, with a remaining term until August 2027 (with two options to extend by a further one year).

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

Viability Statement

In accordance with Provision 31 of the 2018 UK Corporate Governance Code, the directors are required to assess the prospects of the Group, explain the period over which we have done so and state whether we have a reasonable expectation that the Group will be able to continue in operation and meet liabilities as they fall due over this period of assessment.

The Directors have carried out a rigorous review of the prospects of the Group over the medium term. In assessing the prospects of the Group and its ability to meet its liabilities as they fall due, the Board has taken account of the Group's medium term strategic planning cycle, capital investment plans, the business model, and its diverse portfolio. The Directors have also considered the Group's strong cash generation, capital structure and debt facilities in addition to the principal risks and uncertainties detailed on pages 30 to 34. This included a consideration of the impact of the current global macroeconomic climate, including cost inflation and interest rates. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are outlined in the Financial Review on pages 57 to 60.

Period of Viability Assessment

The directors concluded that three years was an appropriate period for the assessment. Given the potential impact of macroeconomic events and political uncertainty, it is recognised that future assessments are subject to a level of uncertainty that increases with time, and therefore future outcomes cannot be guaranteed or predicted with certainty, financial projections are considered to be more reliable and robust over this period.

Assessment of Viability

The viability of the Group has been assessed, using the Group Strategic Plan as approved by the Board, building upon the several divisional management plans as well as the Group's strategic goals. It is based on a number of assumptions concerning macro growth, stability in our key markets, and continued access to capital to support the Group's ongoing investments. The strategic plan is subject to stress testing which involves flexing a number of the main assumptions underlying the forecast in severe but reasonable scenarios. Such assumptions are tested by management and the directors.

In making this assessment, the directors have considered the resilience of the Group, taking account of its current position and the principal risks facing the business as outlined in the Risk Management Report contained in this Annual Report, and the Group's ability to manage those risks. The risks have been identified using a top-down and bottom-up approach, and their potential impact was assessed having regard to the effectiveness of controls in place to manage each risk. In assessing the prospects of the Group such potential impacts have been considered as have the mitigating factors in place.

Based on this assessment and the diverse nature of the Group's geographies, markets, customer base, and product portfolio the Directors have concluded that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of the assessment.

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 as outlined in Sections 281 to 285 of the Irish Companies Act 2014. The accounting records are kept at 4045 Kingswood Road, Citywest Business Park, Co. Dublin, D24 V06K.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Group and its subsidiaries are outlined on pages 30 to 34.

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 of the Group 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. The Group Finance function 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, non-recourse financing arrangements, invoice discounting 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 (the 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. 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

Pursuant to the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 ('Regulations'), the Group is required to report on certain non-financial information to provide an understanding of its development, performance, position and the impact of its activities, relating to, at least, environmental matters, social matters, employee matters, respect for human rights, and bribery and corruption. The table below provides additional detail on the information required to be provided by the Regulations and highlights where the information has been provided in this Annual Report and Consolidated Financial Statements, where applicable.

Reporting Requirements	Our Policies	Commentary
Environmental matters	» Sustainability Policy	For further information on the Group's approach to Environmental matters, see the Environment & Sustainability section of our Sustainability and Governance report.
Social and employee matters	» Sustainability Policy » Code of Conduct » Equity, Diversity & Inclusion Policy » Whistleblower Policy	For further information on the Group's approach to Social and Employee matters, see the People & Culture section of this Report and the People & Workplace section and the Community Involvement section of our Sustainability and Governance report.
Human rights	» Code of Business Conduct » Equity, Diversity & Inclusion Policy » Modern Slavery Policy	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 and Corruption Policy » Code of Conduct » Whistleblower Policy » Conflicts of Interest Policy	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 has a number of KPIs which are used to monitor the Group's performance. These KPIs are outlined further in our key performance indictors section on pages 23 to 24.	
Principal risks	Details are set out in the Risk Management section of this report on pages 27 to 34 and each of the above areas are discussed where relevant.	

EU Taxonomy – Our Taxonomy Eligible Activities

Background
The EU Taxonomy Regulation provides a classification system for sustainable activities, to help direct investments towards sustainable projects and activities. It establishes a list of sustainable economic activities which contribute meaningfully towards several environmental objectives. In the following section, the Group has outlined information on the extent to which the Group's activities are eligible under this taxonomy.

Uniphar acknowledges the emergence of this new regulation and has therefore adopted a conservative approach in calculating the KPIs below.

Economic Activity
In assessing eligibility, we looked at the activities of the Group and whether these fall within the scope of the economic activities outlined under the taxonomy regulation. Uniphar's core business includes the supply of pharmaceutical and medical device products, which are not currently listed as eligible activities.

To support our core business activities, we carry out some ancillary services and we have looked at our investment in these areas to understand if these qualify as eligible.

Accounting Policies
Turnover
While the supply of pharmaceutical and medical device products was deemed non-eligible we reviewed the Group's divisions against those economic activities currently within the scope of the taxonomy regulation and, through this assessment, we determined that Uniphar had no eligible turnover in 2022.

Operational Expenditure
While the majority of our Operating Expenditure relates to non-eligible turnover, we have identified certain categories of operating expenditure which fall within the taxonomy eligible categories, in particular 6.5 Transport by motorbikes, passenger cars and light commercial vehicles and 6.6 Freight transport services by road.

Capital expenditure
Our assessment was on investment in eligible economic activities listed within the regulation. This included projects involving building renovations to improve existing distribution facilities and the installation, maintenance and repair of energy efficiency equipment. Projects were allocated to distinct categories to avoid double counting and, going forward, capital projects and associated purchases will include more detailed assessment of taxonomy alignment.

Key Performance Indicators
In the 2022 reporting period, Uniphar had no turnover associated with eligible activities. The proportion of eligible operating expenditure was deemed to be 5.5% and eligible capital expenditure was deemed to be 7.1%.

Turnover
With no eligible turnover (numerator) and using a base of our total turnover (denominator), as reported in our Income Statement, we established the proportion of eligible turnover to be zero.

Operational Expenditure
Having identified certain eligible expenditure within this category (numerator) and using the total operating expenditure (denominator), we established the proportion of eligible operational expenditure to be 5.5%.

Capital expenditure
Comparing these eligible capital additions (numerator) to our additions of intangible assets and property plant and equipment, right of use assets as reported in Notes 10 and 11 in our financial statements (denominator), the level of eligible additions is approximately 7.1%. This does not include business combinations in the year.

Taxonomy Alignment
Having identified certain taxonomy eligible economic activities, we did not identify any activities which met all of the alignment criteria of the EU Taxonomy Regulations.

Category	Taxonomy Eligible	Taxonomy Aligned
Turnover	0%	0%
Operational Expenditure	5.5%	0%
Capital Expenditure	7.1%	0%

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 2022 and 22 February 2023, being the closest possible date to the date of signing of this report:

	22 February 2023		31 December 2022	
	Number of shares	% Holding	Number of shares	% Holding
Mackenzie Investment	17,374,939	6.4%	17,374,939	6.4%
Polar Capital	19,052,574	7.0%	19,052,574	7.0%
Sisk Family	16,152,373	5.9%	16,152,373	5.9%
Allianz Global Investors	24,628,036	9.0%	19,304,961	7.1%

Directors, Secretary and their Interests in Shares
The names of the persons who, at any time in the twelve months to 31 December 2022, were Directors are set out below:

M. Pratt	S. Webb
G. Rabbette	J. Berkowitz
T. Dolphin	J. Gaul
P. Hogan	L. Hoctor

The beneficial interests, including family interests, of the Directors and Company Secretary of Uniphar plc in office at 31 December 2022 in the share capital of Uniphar plc and subsidiary undertakings were:

	31 December 2022 Number	31 December 2021 Number
Ordinary shares		
G. Rabbette	8,003,310	8,203,310
T. Dolphin	5,586,322	5,586,322

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. For further details on Director's share awards under LTIP schemes, see the Remuneration Committee Report.

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
The Group completed the acquisition of McCauley's Pharmacy Group in January 2023. This acquisition was announced in 2022, but was subject to CCPC review at the Balance Sheet date.

There have been no other material events subsequent to 31 December 2022 that would require adjustment to or disclosure in this report.

Dividends
Following another set of positive results for the Group, the Directors are proposing a final dividend of €3.1m. Together with the interim dividend of €1.7m, paid in October 2022, this brings the total dividend for the year to €4.8m, which is an increase of 4.8% on 2021. Subject to approval at the AGM, the proposed dividend will be paid to ordinary shareholders on the Company's register at 5pm on 21 April 2023.

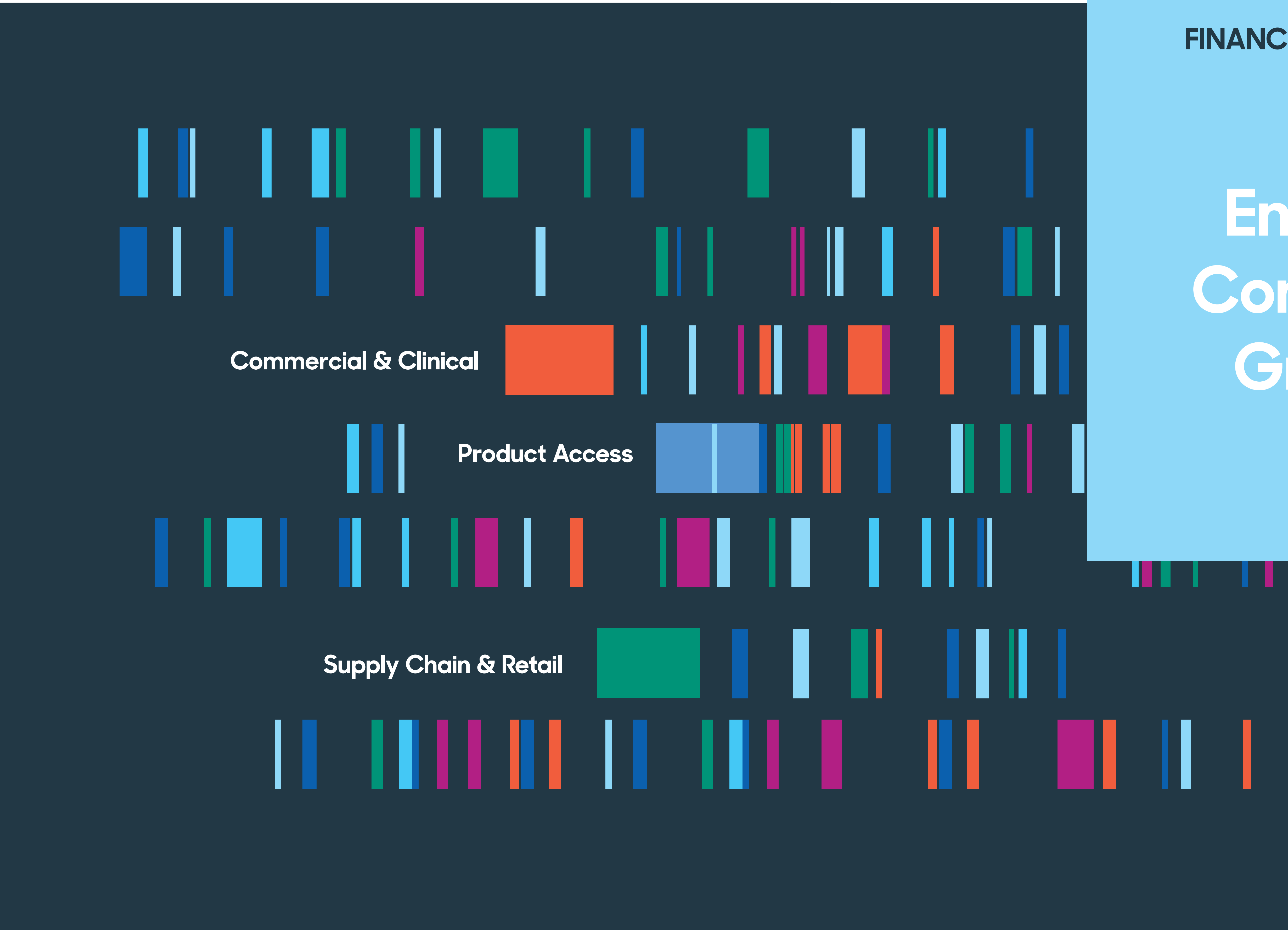
The Board intends to adopt a progressive dividend policy, to reflect the expectation of future cash flow generation and the long-term earnings potential of the Group.

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

On behalf of the Board

Maurice Pratt

Gerard Rabbette



FINANCIAL STATEMENTS

Enabling Consistent Growth

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 2022 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 and Company Balance Sheets as at 31 December 2022;
- the Group Income Statement for the year then ended;
- the Group Statement of Comprehensive Income for the year then ended;
- the Group and Company Cash Flow Statements for the year then ended;
- the Group and Company Statements of Changes in Equity for the year then ended;
- the Accounting Policies; and
- the notes to the financial statements.

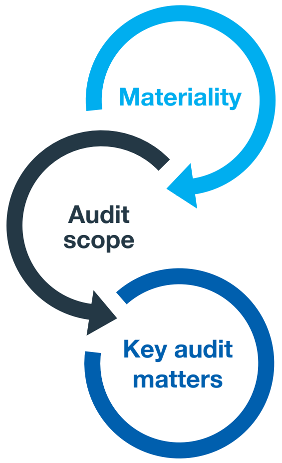
Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. 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



Overall materiality
- €2.75 million (2021: €2.5 million) – Group financial statements.
- Based on c. 5% of profit before tax, before exceptional items.
- €2.5 million (2021: €2.8 million) – Company financial statements.
- Based on c. 1% of net assets.

Performance materiality
- €2.1 million (2021: €1.9 million) – Group financial statements.
- €1.8 million (2021: €2.1 million) – Company financial statements.

Audit scope
- The Group has 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 six reporting components, which in our view required an audit of their complete financial information due to their size and financial significance or risk factors to the group.
- These components account for in excess of 80% of Revenues, in excess of 70% of Profit before tax before exceptional items and in excess of 80% of Total assets of the group.
- In addition, specified audit procedures on selected account balances, classes of transactions or disclosures were performed at sixteen other reporting components within the group.

Key audit matters
- Goodwill impairment assessment.
- Accounting for material acquisitions.

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNIPHAR PLC continued

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment	
Refer to 'Intangible assets' and 'Impairment of assets' on pages 132 and 133 (Accounting policies), 'Impairment assessment of goodwill and other non-current assets' in Note 1 ('Significant estimates and judgements') and note 10 ('Intangible Assets'). The carrying value of goodwill at 31 December 2022 is c. €483m, representing approximately 43% 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. As set out in Note 10 management concluded there were no impairments in the year. We determined this to be 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 2022 include the growth rates for revenue, cost inflation, terminal growth values and the discount rates.	We considered management's impairment model for each CGU and evaluated the methodology used and the key assumptions therein. We also tested the mathematical accuracy of the impairment models. We agreed the cash flow forecasts for 2023 to 2027 to Board approved plans. We assessed the reasonableness of estimates of future revenue and costs included in the cash flow forecasts by evaluating relevant assumptions with reference to historical performance and current market conditions. We evaluated the discount rates and terminal growth rates used by management, with the assistance of PwC valuation experts. We also performed a sensitivity analysis using alternative reasonably possible assumptions for estimating the value-in-use. Based on the results of our procedures we were satisfied that no impairment charge was required. We also assessed the appropriateness of the disclosures in Note 10 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 135 and 136 (Accounting policies), 'Business combinations' and 'Provisions' under note 1 ('Significant estimates and judgements'), Note 19 ('Provisions'), note 10 ('Intangible Assets') and Note 35 ('Acquisitions of subsidiary undertakings and business assets'). The group completed ten acquisitions during the year. Management determined that all acquisitions met the definition of a business combination under IFRS 3 'Business Combinations'. For three of the acquisitions the total consideration includes an estimate for consideration that is contingent on future trading performance. Management also considered the appropriateness of the recognition of intangible assets, other than goodwill, on acquisitions made during the year and in the finalisation of the provisional fair value of intangibles on prior year acquisitions. As set out in Note 10, goodwill of €61m was recognised in the year of which €48.1m relates to the three acquisitions referred to in the previous paragraph. No intangible assets have been recognised other than a technology platform asset recognised of €2.1m on finalisation of provisional fair value of assets on acquisitions in 2021. We determined the accounting for the significant acquisitions to be a key audit matter due to their significance to the financial statements and the judgement involved in determining the fair value of the deferred contingent consideration payable which is based on achievement of specified future profitability targets. Management's assessment in relation to these targets is a significant assumption.	We read the legal agreements for each acquisition to obtain an understanding of the structure and key terms of each acquisition. We challenged the reasonableness of the significant assumptions used in the measurement of the fair value of the deferred contingent consideration, pertaining to the three 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 a PwC valuations expert, the discount rate applied. We challenged management regarding the existence of intangible assets, other than goodwill, in respect of the acquisitions made during the year and the finalisation of provisional fair values on prior year acquisitions. This included considering management's assessment of the nature of the acquisitions made. We found that the assumptions used in the measurement of both the deferred consideration and the recognition of intangible assets fell within a reasonable range. We also assessed the appropriateness of the disclosures in the financial statements.

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 61 reporting components across the three operating segments. In establishing the overall approach to the Group audit, we identified six reporting components, which in our view required an audit of their complete financial information due to their size and financial significance or risk factors to the group. These components account for in excess of 80% of Revenues, in excess of 70% of Profit before tax before exceptional items and in excess of 80% of Total assets of the group. In addition, specified audit procedures on selected account balances, classes of transactions or disclosures were performed at sixteen other reporting components within the group.

This together with the work we performed at group over central functions, IT systems and areas of judgement including the key audit matters noted above, taxation and business combinations gave us the comfort we required in respect of our audit of the financial statements. All audit procedures were performed directly by the group team.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNIPHAR PLC continued

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	€2.75 million (2021: €2.5 million).	€2.5 million (2021: €2.8 million).
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 the performance of the group. Consequently, we consider this to be the most appropriate relevant performance metric.	We consider net assets to be the appropriate benchmark given the company is a holding company with its main activity being the management of investments in subsidiaries.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to €2.1 million (group audit) and €1.8 million (company audit).

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €0.1 million (group audit) (2021: €0.1 million) and €0.1 million (company audit) (2021: €0.1 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern
Our evaluation of the directors' assessment of the group and company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's going concern assessment and evaluating the budgets and forecasts for the going concern assessment period and challenging the key assumptions. In evaluating these forecasts we considered the group's historic performance, current market conditions and the Board approved future expected capital expenditure;
- Testing the mathematical integrity of the budgets and forecasts and the models and reconciling these to Board approved budgets;
- Considering whether the assumptions underlying the budgets and forecasts were consistent with related assumptions used in testing for goodwill impairment;
- Evaluating the sensitivity analysis prepared by management to assess appropriate downside scenarios; and
- Considering the group's available financing facilities and maturity profile of the group's debt to assess liquidity through the going concern assessment period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNIPHAR PLC continued

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

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 2022 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).

Corporate Governance Statement
As a result of the directors' voluntary reporting on how they have applied the UK Corporate Governance Code, we are required by ISAs (Ireland) to review the directors' statements in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code (the 'Code') specified for our review. Our additional responsibilities with respect to the Corporate Governance Statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNIPHAR PLC continued

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- » The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- » The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- » The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

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 page 106, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNIPHAR PLC continued

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to applicable healthcare regulations and competition law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2014 and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and management bias in judgements applied in significant one-off or unusual transactions. Audit procedures performed by the engagement team included:

- » Discussions with the Audit Risk & Compliance Committee, the Company Secretary, members of the Quality team, other senior members of management and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- » Inspection of meeting minutes of the Board and the Audit Risk & Compliance Committee;
- » Consideration of legal expense accounts to identify significant legal spend that may be indicative of non-compliance with laws and regulations arising from irregularities, including fraud;
- » Identifying and testing journal entries, including non standard revenue entries based on our risk assessment;
- » Challenging assumptions and judgements made by management in determining significant accounting estimates (because of the risk of management bias) in particular in relation to the key audit matters noted above; and
- » Incorporating elements of unpredictability into the audit procedures performed.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNIPHAR PLC continued

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.

Damian Byrne
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
27 February 2023

- The maintenance and integrity of the Uniphar plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GROUP INCOME STATEMENT

Year Ended 31 December 2022

	Notes	2022 Pre-exceptional €'000	2022 Exceptional (Note 4) €'000	2022 Total €'000	2021 Pre-exceptional €'000	2021 Exceptional (Note 4) €'000	2021 Total €'000
Revenue	2	2,070,669	–	2,070,669	1,943,149	–	1,943,149
Cost of sales		(1,763,925)	–	(1,763,925)	(1,668,652)	–	(1,668,652)
Gross profit		306,744	–	306,744	274,497	–	274,497
Selling and distribution costs		(70,055)	–	(70,055)	(60,712)	–	(60,712)
Administrative expenses		(167,275)	(16,415)	(183,690)	(154,471)	(14,404)	(168,875)
Other operating income	3	156	–	156	237	–	237
Operating profit		69,570	(16,415)	53,155	59,551	(14,404)	45,147
Finance (cost)/income	6	(11,670)	13,191	1,521	(9,107)	19,761	10,654
Profit before tax		57,900	(3,224)	54,676	50,444	5,357	55,801
Income tax expense	7	(10,076)	1,106	(8,970)	(8,456)	777	(7,679)
Profit for the financial year		47,824	(2,118)	45,706	41,988	6,134	48,122
Attributable to:							
Owners of the parent				45,587			48,077
Non-controlling interests	27			119			45
Profit for the financial year				45,706			48,122
Attributable to:							
Continuing operations				45,706			48,122
Profit for the financial year				45,706			48,122
Earnings per ordinary share (in cent):							
Continuing operations				16.7			17.8
Basic and diluted earnings per share (in cent)	8			16.7			17.8

GROUP STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 December 2022

	Notes	2022 €'000	2021 €'000
Profit for the financial year		45,706	48,122
Other comprehensive income			
Items that may be reclassified to the Income Statement:			
Unrealised foreign currency translation adjustments		(3,356)	6,464
Items that will not be reclassified to the Income Statement:			
Actuarial loss in respect of defined benefit pension schemes	20	–	(9)
Total comprehensive income for the financial year		42,350	54,577
Attributable to:			
Owners of the parent		42,231	54,532
Non-controlling interests	27	119	45
Total comprehensive income for the financial year		42,350	54,577
Attributable to:			
Continuing operations		42,350	54,577
Total comprehensive income for the financial year		42,350	54,577

GROUP BALANCE SHEET

As at 31 December 2022

	Notes	2022 €'000	2021 €'000
ASSETS			
Non-current assets			
Intangible assets – goodwill	10	482,981	423,643
Intangible assets – other assets	10	24,459	22,968
Property, plant and equipment, and right-of-use assets	11	166,628	152,491
Financial assets – Investments in equity instruments	12	25	25
Deferred tax asset	13	9,020	1,734
Other receivables	16	509	388
Total non-current assets		683,622	601,249
Current assets			
Inventory	15	157,656	112,407
Trade and other receivables	16	164,212	151,778
Cash and cash equivalents	17	103,704	78,025
Assets held for sale	14	1,600	1,600
Total current assets		427,172	343,810
Total assets		1,110,794	945,059
EQUITY			
Capital and reserves			
Called up share capital presented as equity	23	21,841	21,841
Share premium	24	176,501	176,501
Share based payment reserve	28	718	183
Other reserves	25	2,008	5,364
Retained earnings	26	88,476	47,555
Attributable to owners		289,544	251,444
Attributable to non-controlling interests	27	239	120
Total equity		289,783	251,564
LIABILITIES			
Non-current liabilities			
Borrowings	18	187,431	124,601
Provisions	19	94,060	90,401
Lease obligations	21	105,919	104,720
Total non-current liabilities		387,410	319,722
Current liabilities			
Borrowings	18	7,490	1,721
Lease obligations	21	14,315	14,358
Trade and other payables	22	407,206	357,694
Corporation tax		4,590	–
Total current liabilities		433,601	373,773
Total liabilities		821,011	693,495
Total equity and liabilities		1,110,794	945,059

On behalf of the Board

M. Pratt G. Rabbette

COMPANY BALANCE SHEET

As at 31 December 2022

	Notes	2022 €'000	2021 €'000
ASSETS			
Non-current assets			
Intangible assets	10	3,115	1,519
Property, plant and equipment, and right-of-use assets	11	37,959	41,228
Financial assets – Investments in subsidiaries	12	335,489	291,500
Financial assets – Investments in equity instruments	12	25	25
Deferred tax asset	13	2,092	1,871
Other receivables	16	244	202
Total non-current assets		378,924	336,345
Current assets			
Trade and other receivables	16	1,485	1,223
Amounts due from subsidiaries	16	284,306	266,428
Cash and cash equivalents	17	2,761	2,105
Total current assets		288,552	269,756
Total assets		667,476	606,101
EQUITY			
Capital and reserves			
Called up share capital presented as equity	23	21,841	21,841
Share premium	24	176,501	176,501
Share based payment reserve	28	718	183
Other reserves	25	60	60
Retained earnings	26	66,468	76,367
Total equity		265,588	274,952
LIABILITIES			
Non-current liabilities			
Borrowings	18	187,431	124,601
Provisions	19	2,462	2,428
Lease obligations	21	38,283	41,230
Total non-current liabilities		228,176	168,259
Current liabilities			
Lease obligations	21	3,836	3,804
Amounts owed to subsidiaries	22	147,060	143,015
Trade and other payables	22	22,816	16,071
Total current liabilities		173,712	162,890
Total liabilities		401,888	331,149
Total equity and liabilities		667,476	606,101

The loss recorded in the financial statements of the Company for the year ended 31 December 2022 was €5,233,000 (profit in 2021: €21,332,000). 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 2022

	Notes	2022 €'000	2021 €'000
Operating activities			
Cash inflow from operating activities	29	82,704	68,376
Proceeds from non-recourse financing	32	15,000	–
Payment of deferred contingent consideration		–	(1,250)
Interest paid		(5,197)	(3,118)
Interest paid on lease liabilities	21	(3,644)	(3,772)
Corporation tax payments		(6,032)	(8,059)
Net cash inflow from operating activities		82,831	52,177
Investing activities			
Payments to acquire property, plant and equipment – Maintenance		(8,299)	(8,795)
Payments to acquire property, plant and equipment – Strategic projects		(5,657)	(1,730)
Receipts from disposal of property, plant and equipment		128	35
Payments to acquire intangible assets – Maintenance		(3,448)	(3,904)
Payments to acquire intangible assets – Strategic projects		(2,517)	–
Receipts from disposal of assets held for sale	14	–	350
Payments to acquire subsidiary undertakings (net of cash acquired)		(67,248)	(26,567)
Repayment of debt acquired on acquisition of subsidiary undertakings		(9,420)	(352)
(Payments)/receipts on prior year acquisitions		(937)	3,428
Payment of deferred and deferred contingent consideration		(9,282)	(12,323)
Receipt of deferred consideration receivable		348	200
Net cash outflow from investing activities		(106,332)	(49,658)
Financing activities			
Proceeds from borrowings		98,174	42,692
Repayments of borrowings		(19,769)	(13,946)
Decrease in invoice discounting facilities		(9,806)	–
Movement in restricted cash	30	–	3,097
Payment of dividends		(4,666)	(5,731)
Principal element of lease payments		(13,192)	(12,853)
Acquisition of further equity in subsidiaries		(336)	–
Net cash inflow from financing activities		50,405	13,259
Increase in cash and cash equivalents in the year	30	26,904	15,778
Foreign currency translation on cash and cash equivalents		(1,225)	1,837
Opening balance cash and cash equivalents	17	78,025	60,410
Closing balance cash and cash equivalents	17	103,704	78,025

COMPANY CASH FLOW STATEMENT

Year Ended 31 December 2022

	Notes	2022 €'000	2021 €'000
Operating activities			
Cash outflow from operating activities	29	(3,303)	(16,283)
Interest paid		(3,705)	(1,881)
Interest paid on lease liabilities	21	(1,316)	(1,403)
Net cash outflow from operating activities		(8,324)	(19,567)
Investing activities			
Payments to invest in subsidiary undertakings		(44,152)	–
Receipts on prior year acquisitions		–	3,585
Payments to acquire intangible assets – Maintenance		(993)	–
Payments to acquire intangible assets – Strategic projects		(1,144)	–
Payments of deferred and deferred contingent consideration		–	(8,147)
Receipt of deferred consideration receivable		21	200
Net cash outflow from investing activities		(46,268)	(4,362)
Financing activities			
Proceeds from borrowings		82,478	42,340
Repayments of borrowings		(19,648)	(13,075)
Movement in restricted cash	30	–	2,100
Payment of dividends		(4,666)	(5,731)
Principal element of lease payments		(2,916)	(2,834)
Net cash inflow from financing activities		55,248	22,800
Increase/(decrease) in cash and cash equivalents in the year	30	656	(1,129)
Opening balance cash and cash equivalents	17	2,105	3,234
Closing balance cash and cash equivalents	17	2,761	2,105

GROUP STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2022

	Note	Share capital €'000	Share premium €'000	Share based payment reserve €'000	Foreign currency translation reserve €'000	Revaluation reserve €'000	Capital redemption reserve €'000	Retained earnings €'000	Attributable to non-controlling interests €'000	Total shareholders' equity €'000
At 1 January 2021		21,841	176,501	–	(1,860)	700	60	5,218	75	202,535
Profit for the financial year		–	–	–	–	–	–	48,077	45	48,122
Other comprehensive (expense)/income:										
Re-measurement loss on pensions (net of tax)	20	–	–	–	–	–	–	(9)	–	(9)
Movement in foreign currency translation reserve		–	–	–	6,464	–	–	–	–	6,464
Transactions recognised directly in equity:										
Movement in share based payment reserve	28	–	–	183	–	–	–	–	–	183
Dividends paid		–	–	–	–	–	–	(5,731)	–	(5,731)
At 31 December 2021		21,841	176,501	183	4,604	700	60	47,555	120	251,564
At 1 January 2022		21,841	176,501	183	4,604	700	60	47,555	120	251,564
Profit for the financial year		–	–	–	–	–	–	45,587	119	45,706
Other comprehensive expense:										
Movement in foreign currency translation reserve		–	–	–	(3,356)	–	–	–	–	(3,356)
Transactions recognised directly in equity:										
Movement in share based payment reserve	28	–	–	535	–	–	–	–	–	535
Dividends paid		–	–	–	–	–	–	(4,666)	–	(4,666)
At 31 December 2022		21,841	176,501	718	1,248	700	60	88,476	239	289,783

COMPANY STATEMENT OF CHANGES IN EQUITY
Year Ended 31 December 2022

	Share capital €'000	Share premium €'000	Share based payment reserve €'000	Capital redemption reserve €'000	Retained earnings €'000	Total shareholders' equity €'000
At 1 January 2021	21,841	176,501	–	60	60,766	259,168
Profit for the financial year	–	–	–	–	21,332	21,332
Transactions recognised directly in equity:						
Movement in share based payment reserve	–	–	183	–	–	183
Dividends paid	–	–	–	–	(5,731)	(5,731)
At 31 December 2021	21,841	176,501	183	60	76,367	274,952
At 1 January 2022	21,841	176,501	183	60	76,367	274,952
Loss for the financial year	–	–	–	–	(5,233)	(5,233)
Transactions recognised directly in equity:						
Movement in share based payment reserve	–	–	535	–	–	535
Dividends paid	–	–	–	–	(4,666)	(4,666)
At 31 December 2022	21,841	176,501	718	60	66,468	265,588

ACCOUNTING POLICIES

Basis of preparation
In accordance with the AIM and Euronext Growth Rules, 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, D24 V06K.

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.

The financial statements include the information that is described as being an integral part of the audited financial statements contained in the Remuneration Committee 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.

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

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

Basis of consolidation
The Group's financial statements are prepared for the year ended 31 December 2022. 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 37. 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 2022:

» Amendments to IFRS 3, 'Business combinations' reference to the conceptual framework
» Amendments to IAS 16, 'Property, plant and equipment' proceeds before intended use
» Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' cost of fulfilling a contract
» Annual improvements to IFRS standards 2018-2020

The 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.

ACCOUNTING POLICIES continued

New standards and interpretations not yet adopted

The following accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group:

- Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities
- Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies
- Amendments to IAS 8, Definition of Accounting Estimate
- Amendment to IAS 12, Deferred tax related to assets and liabilities arising from a single transaction
- IFRS 17 Insurance Contracts
- Amendments to IFRS 16, Lease Liability in a Sale and Leaseback
- Amendments to IAS 1, Non-current Liabilities with Covenants

These standards are not expected to have a material impact in the current or future reporting periods or 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, 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.

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 (OCI).

(iii) Foreign currency translation

The results of each of the Group's entities with non-Euro functional currencies are translated into Euro at average exchange rates for the year when they are a reasonable approximation of the cumulative effect of the rates on transaction dates and the related Balance Sheets have been translated at the closing rate. 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. All resulting exchange differences are recognised in other comprehensive income and taken to a separate reserve within equity. When a foreign entity is disposed of outside the Group, such exchange differences are recognised in the Income Statement as part of the gain or loss on disposal.

ACCOUNTING POLICIES continued

Foreign currency translation continued

(iv) Net investment hedge

Net investment hedges are foreign currency borrowings used to finance or provide a hedge against Group equity investments in non-Euro denominated operations to the extent that they are neither planned nor expected to be repaid in the foreseeable future or are expected to provide an effective hedge of the net investment. When the hedge is deemed to be effective, foreign exchange differences are taken directly to the foreign currency translation reserve. The ineffective portion of any gain or loss on the hedging instrument is recognised immediately in the Income Statement. Cumulative gains and losses remain in equity until disposal of the net investment in the foreign operation at which point the related differences are transferred to the Income Statement as part of the overall gain or loss on sale.

Intangible assets

(i) Goodwill

Goodwill on acquisition 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.

(ii) Computer software

Computer software, including computer software which is not an integrated part of an item of computer hardware and cloud computing arrangements, 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
- 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 lives of between three and ten years, by charging equal instalments to the Income Statement from the date the assets are ready for use.

(iii) Trademarks and licenses

Trademarks and licenses are shown at historical cost. Trademarks and licenses 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 and licenses over their estimated useful lives of five years.

(iv) Intangible assets – acquired

Intangible assets that are acquired by the Group in a business combination are stated at cost less accumulated amortisation and impairment losses, when separable or arising from contractual or other legal rights and when they can be measured reliably.

Intangible assets are amortised on a straight-line basis. The Brand Name is amortised over its expected useful life of ten years, the Technology asset is amortised over its expected useful life of three years and the Customer Relationships are amortised over five years.

Amortisation periods, useful lives, expected patterns of consumption and residual values are reviewed at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits are embodied in the asset and are accounted for by changing the amortisation period or method as appropriate on a prospective basis.

ACCOUNTING POLICIES continued

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). Goodwill impairment testing is performed for groups of cash generating units that are expected to benefit from the synergies of a business combination. 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. Freehold property in Ireland is 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.

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 and intangible assets recognised as a right-of-use asset in accordance with IFRS 16, are depreciated over the right-of-use asset's useful life on a straight-line basis. The average useful life of each of the right-of-use asset classes are as follows:

Leasehold buildings	12 years
Plant and equipment	4 years
Motor vehicles	3 years
Computer software	5 years

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.

Borrowing costs
Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset for the period of time that is necessary to complete and prepare the asset for its intended use. All other borrowing costs are recognised as an expense in the Income Statement in the period in which they are incurred.

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.

ACCOUNTING POLICIES continued

Investments and other financial assets and liabilities

(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)
» 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.

(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 profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through the profit or loss 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 a 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; and
» **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.

ACCOUNTING POLICIES continued

Investments and other financial assets continued

(iii) Measurement – continued

Equity instruments

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

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.

The fair value attributable to any non-controlling interest arising on an acquisition is calculated based on the non-controlling interest share of the identifiable net assets at the date of acquisition. When less than 100% of the issued share capital of a subsidiary is acquired and the acquisition includes an option to purchase the remaining share capital of the subsidiary, the terms of the option contract are analysed to assess whether they provide the Group or the non-controlling interest with access to the risks and rewards associated with the actual ownership of the shares. The non-controlling interest is recognised if risks and rewards associated with ownership have been retained by the non-controlling interest. The non-controlling interest is not recognised if the risks and rewards associated with ownership have transferred to the Group, the transaction is accounted for as if the Group had acquired the non-controlling interests at the date of entering into the option ('the anticipated acquisition method'). In both scenarios, a liability is recognised equal to the fair value of the option and this is revised to fair value at each reporting date with differences being recorded in the Income Statement.

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.

ACCOUNTING POLICIES continued

Business combinations continued

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.

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

The Group leases various properties, plant and equipment, software and motor vehicles. Rental contracts are typically made for fixed periods of one to thirty 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.

ACCOUNTING POLICIES continued

Leases continued

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 payments 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
- 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 discount rate per lease asset class is:

- Buildings – 3%
- Plant and equipment – 4%
- Motor vehicles – 5%
- Computer equipment – 4%

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
- 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.

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.

Trade and other payables

Trade and other payables are initially recorded at fair value, which is usually the original invoiced amount, and subsequently carried at amortised cost using the effective interest rate method. Liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

ACCOUNTING POLICIES continued

Earnings per share

Basic earnings per share are calculated based on the profit/loss for the year attributable to owners of the Company and the basic weighted average number of shares outstanding. Diluted earnings per share are calculated based on the profit/loss for the year attributable to owners of the Company and the diluted weighted average number of shares and potential shares outstanding. Shares are only treated as dilutive if their dilution results in a decreased earnings per share or increased loss per share. Dilutive effects arise from share-based payments that are settled in shares. Conditional share awards to employees have a dilutive effect when the average share price during the period exceeds the exercise price of the awards and the market or non-market conditions of the awards are met, as if the current period end were the end of the vesting period. When calculating the dilutive effect, the exercise price is adjusted by the value of future services that have yet to be received related to the awards.

Dividends

Dividends on ordinary shares are recognised as a liability in the financial statements only after they have been approved at the Annual General Meeting of the Company.

Employee benefits

Share-based payments

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

The fair value of the amount payable to employees in respect of cash LTIP awards, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the cash LTIP awards. Any changes in the liability are recognised in the Income Statement.

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.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in OCI. 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 the contribution payable to the scheme for the year.

ACCOUNTING POLICIES continued

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.

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, revenue 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, outsourcing and consultancy 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 the 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 value-added tax and trade discounts. Revenue arises from the sale of goods to wholesalers, 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.

Service revenue arises on the provision of product development solutions and the delivery of Expanded Access Programs. Revenue from service contracts is recognised in the financial year in which the services are rendered and when the outcome of the contract can be estimated reliably.

ACCOUNTING POLICIES continued

Revenue continued

Supply Chain & Retail – pre-wholesale and wholesale

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, hospitals, the operation of retail pharmacies, and the provision of services to retail pharmacies.

Sales 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 and government reimbursement.

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, outsourcing and consultancy 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.

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.

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. In addition to all direct costs attributable to the provision of services, the cost of service is recognised as an expense in the period in which the related revenue is recognised.

ACCOUNTING POLICIES continued

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.

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 OCI or directly in equity. In this case, the tax is also recognised in OCI or directly in equity, respectively.

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, cessation of supplier contracts, acquisition integration costs, impairment of non-current assets, profit and loss on disposal of tangible assets and investments, and movements in deferred contingent consideration. 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 estimates and judgements

Information about critical estimates and 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 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 10.

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, onerous contracts, the fair value of leased assets and estimating, if applicable, the deferred contingent consideration. Management judgement is also required in the identification and valuation of any potential intangible assets arising on acquisitions. Additionally, judgement is required in assessing the risks and rewards of ownership associated with any non-controlling interest in a business combination. Details concerning acquisitions and business combinations are outlined in Note 35 and provisions relating to deferred contingent consideration are included in Note 19.

IFRS 16 'Leases'

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 by using the Group's incremental borrowing rate which is calculated using a portfolio approach, based on the nature of the lease. The discount rate per lease asset class is:

Buildings – 3%
Plant and equipment – 4%
Motor vehicles – 5%
Computer Software – 4%

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.

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.

NOTES TO THE FINANCIAL STATEMENTS continued

1 Significant estimates and judgements continued

Income taxes

The Group is subject to income taxes in numerous jurisdictions and judgement is therefore required in determining the provision for 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 7, income tax expense.

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 is 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 19. Further details on measurement, sensitivities applied, and maturity profile are outlined in Note 32.

Useful economic lives of property, plant and equipment (including lease assets) and intangible assets

Determining the useful life of property, plant and equipment and intangible assets require 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 10 and 11 for the carrying amount of the intangible assets and property, plant and equipment, and the amortisation and depreciation charge for each class of asset, and the accounting policies for the useful economic lives for each class of asset.

Exceptional items

The Group Income Statement separately identifies results before exceptional items. Exceptional items are those that in our judgement need to be disclosed by virtue of their size, nature or incidence. The Group believes that this presentation provides additional analysis as it highlights one-off items and non-trading items. The determination of 'significant' as included in our definition uses qualitative and quantitative factors which remain consistent from period to period. Management uses judgement in assessing the particular items, which by virtue of their scale and nature, are disclosed in the Group Income Statement and related notes as exceptional items. Management considers the Group Income Statement presentation of exceptional items to be appropriate as it provides useful additional information and is consistent with the way that financial information is measured by management and presented to the Board. In that regard, management believes it to be consistent with paragraph 85 of IAS 1 'Presentation of financial statements' (IAS 1), which permits the inclusion of line items and subtotals that improve the understanding of performance.

NOTES TO THE FINANCIAL STATEMENTS continued

2 Revenue

	2022 €'000	2021 €'000
Revenue	2,070,669	1,943,149

	2022 €'000	2021 €'000
Commercial & Clinical	306,766	299,908
Product Access	206,868	157,152
Supply Chain & Retail	1,557,035	1,486,089
Total Revenue	2,070,669	1,943,149

The Commercial & Clinical revenue of €306,766,000 (2021: €299,908,000) consists of revenue derived from MedTech of €233,203,000 (2021: €208,137,000) and Pharma of €73,563,000 (2021: €91,771,000).

Segmental information

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

Geographical analysis

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

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

	2022 €'000	2021 €'000
Ireland	1,765,064	1,672,158
UK	142,157	161,714
Rest of the World (ROW)	163,448	109,277
	2,070,669	1,943,149

NOTES TO THE FINANCIAL STATEMENTS continued

2 Revenue continued

	Ireland €'000	UK €'000	ROW €'000	Total €'000
At 31 December 2022				
Intangible assets (excluding goodwill)	20,026	494	3,939	24,459
Property, plant and equipment	149,006	5,483	12,139	166,628
Deferred tax asset	2,277	1,118	5,625	9,020
Other receivables	494	–	15	509
Financial assets – Investment in equity instruments	25	–	–	25
Non-current assets (excluding goodwill)	171,828	7,095	21,718	200,641
Goodwill				482,981
Non-current assets				683,622

	Ireland €'000	UK €'000	ROW €'000	Total €'000
At 31 December 2021				
Intangible assets (excluding goodwill)	17,951	429	4,588	22,968
Property, plant and equipment	141,576	7,678	3,237	152,491
Deferred tax asset/(liability)	2,227	988	(1,481)	1,734
Other receivables	313	–	75	388
Financial assets – Investment in equity instruments	25	–	–	25
Non-current assets (excluding goodwill)	162,092	9,095	6,419	177,606
Goodwill				423,643
Non-current assets				601,249

NOTES TO THE FINANCIAL STATEMENTS continued

2 Revenue continued

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

» Commercial & Clinical provide outsourced services, specifically sales, marketing and multichannel account management to pharmaco-medical manufacturers, and distribution and support services to medical device manufacturers. Uniphar offers a fully integrated digitally enabled customer centric solution that is supported through market data, insights and digital programmes. We integrate these programmes with our supply chain and distribution capability to provide a full end-to-end service to manufacturers;
» Product Access consists of two service offerings: On Demand and Exclusive Access. On Demand provides access to pharmaco-medical products and treatments, by developing valuable relationships and interactions between manufacturers and other healthcare stakeholders. This business operates in both the retail and hospital markets in the Irish, UK, European, APAC and MENA markets. Exclusive Access provides bespoke distribution partnerships to pharmaceutical partners around key brands, with new programmes focused on speciality pharmaceutical products. It delivers a unique patient support programme that allows healthcare professionals to connect with patients, on a global basis; and
» Supply Chain & Retail provides both pre-wholesale and wholesale distribution of pharmaceutical, healthcare and animal health products to pharmacies, hospitals and veterinary surgeons in Ireland. Uniphar operates a network of pharmacies under the Life, Allcare and Hickey's brands. Additionally, through the extended Uniphar symbol group, the business provides services and supports that help independent community pharmacies to compete more effectively.

Operating segments results

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

	2022 Commercial & Clinical €'000	2022 Product Access €'000	2022 Supply Chain & Retail €'000	2022 Total €'000
Revenue	306,766	206,868	1,557,035	2,070,669
Gross profit	117,554	50,178	139,012	306,744

	2021 Commercial & Clinical €'000	2021 Product Access €'000	2021 Supply Chain & Retail €'000	2021 Total €'000
Revenue	299,908	157,152	1,486,089	1,943,149
Gross profit	104,398	41,318	128,781	274,497

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

NOTES TO THE FINANCIAL STATEMENTS continued

3 Other operating income

	2022 €'000	2021 €'000
Other income and commission	185	217
(Loss)/profit on disposal of property, plant & equipment	(29)	20
	156	237

4 Exceptional (charge)/income

	2022 €'000	2021 €'000
Professional fees including acquisition costs	(6,607)	(3,339)
Redundancy and restructuring costs	(6,165)	(4,610)
Acquisition integration costs	(3,337)	(2,295)
Settlement loss on closure of defined benefit pension scheme	–	(211)
Foreign exchange revaluation of deferred contingent consideration	–	(1,373)
Cessation of supplier contracts – recovery/(inventory write off)	115	(1,754)
Other exceptional costs	(421)	(822)
Exceptional charge recognised in operating profit	(16,415)	(14,404)
Decrease in deferred contingent consideration	12,030	19,761
Decrease in deferred acquisition consideration	109	–
Change in discount rates on deferred contingent consideration	1,405	–
Refinancing costs impairment	(353)	–
Exceptional credit recognised in finance cost	13,191	19,761
Exceptional credit recognised in income tax	1,106	777
Total exceptional (charge)/income	(2,118)	6,134

NOTES TO THE FINANCIAL STATEMENTS continued

4 Exceptional (charge)/income continued

Professional fees including acquisition costs
Professional fees including acquisition costs relate to costs incurred in relation to acquisitions and include third party fees.

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

Acquisition integration costs
Acquisition integration costs relate to professional fees incurred on the integration of recent acquisitions into the expanded Group and payments made to staff agreed as part of the RRD International acquisition which are not classified as consideration.

Cessation of supplier contracts
Cessation of specific MedTech supplier contracts in 2021 relating to the supply of PPE and decontamination equipment giving rise to inventory write offs. A portion of this write off was recovered in 2022 resulting in a credit to the Income Statement.

Deferred contingent consideration
Deferred contingent consideration relates to a release of €12,030,000 following a review of expected performance against earn out contractual targets in relation to Diligent Health Solutions (€6,530,000) and EPS Group (€5,500,000).

In the prior year, deferred contingent consideration relates to a release of €21,739,000 following a review of expected performance against earn out contractual targets in relation to the Durbin Group, and a release of €2,853,000 due to the completion of the earnout period and contractual terms in relation to the Sisk Healthcare Group. In addition, a provision of €4,831,000 has been recognised in respect of increased deferred contingent consideration payable in relation to the EPS Group.

Deferred acquisition consideration
An amount of €109,000 was released from deferred acquisition consideration for one independent community pharmacy (2021: €nil).

Change in discount rates on deferred contingent consideration
The deferred contingent consideration liability at 31 December 2022 has been revised using updated discount rates reflecting an increase in the discount rate applied to compute the present value of the liability resulting in a credit of €1,405,000 to the Income Statement.

Refinancing costs
The Group entered a new and enlarged borrowing facility in August 2022 ahead of the expiration of the previous facility. As the previous facility has been superseded, the remaining fees capitalised in respect of it have been charged to the Income Statement in the year.

NOTES TO THE FINANCIAL STATEMENTS continued

5 Operating profit

	2022 €'000	2021 €'000
Operating profit is stated after charging/(crediting):		
Directors' remuneration:		
» Emoluments	2,205	2,980
» Defined contribution pension*	–	30
» Fees	601	688
Depreciation (Note 11)	23,356	22,225
Amortisation (Note 10)	5,114	4,705
Foreign exchange net loss	790	748
(Loss)/profit on disposal of property, plant and equipment	(29)	20

* There were no defined contribution pension costs included in Directors' remuneration. The 2021 costs which were charged to the Group Income Statement relate to pension contributions relating to one Director.

Auditors' remuneration (including expenses) is 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 the Group accounts are total fees of €84,000 (2021: €80,000) 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 due diligence and tax advice on acquisitions completed during the year.

	2022			2021		
	PwC Ireland €'000	PwC Overseas €'000	Total €'000	PwC Ireland €'000	PwC Overseas €'000	Total €'000
Group auditors – PwC						
Audit of group accounts	1,125	–	1,125	961	–	961
Tax compliance services	181	81	262	110	43	153
Tax advisory services – M&A	536	426	962	133	283	416
Tax advisory services – Other	31	10	41	113	6	119
Other non-audit services – M&A	230	–	230	274	–	274
	2,103	517	2,620	1,591	332	1,923

NOTES TO THE FINANCIAL STATEMENTS continued

5 Operating profit continued

	2022 €'000	2021 €'000
Subsidiary company auditors – Non PwC		
» Audit of subsidiary accounts	48	–
Staff costs (including Directors):		
» Wages and salaries	144,538	147,466
» Social welfare costs	14,936	14,892
» Pension costs (Note 20)	4,058	4,313
	163,532	166,671

Payroll costs amounting to €1,063,000 (2021: €190,000) were capitalised to property, plant & equipment and software related projects as these costs are directly related to development and construction work completed in the year to 31 December 2022.

Employees
The average number of persons employed by the Group (including Directors) during the year was as follows:

	Company		Group	
	2022 Number	2021 Number	2022 Number	2021 Number
Administration	107	96	674	621
Selling, distribution and warehouse	–	–	2,280	2,299
	107	96	2,954	2,920

6 Finance cost/(income)

	2022 €'000	2021 €'000
Interest on lease obligations (Note 21)	3,644	3,772
Interest payable on borrowings and non-recourse financing	5,646	3,154
Fair value adjustment to deferred and deferred contingent consideration	2,137	1,915
Amortisation of refinancing transaction fees	339	303
Interest receivable	(96)	(37)
Finance cost before exceptional credit	11,670	9,107
Decrease in fair value of deferred contingent consideration (Note 4)	(13,544)	(19,761)
Release of refinancing transaction fees (Note 4)	353	–
Exceptional credit recognised in finance cost	(13,191)	(19,761)
Total finance income	(1,521)	(10,654)

Finance costs do not include capitalised borrowing costs of €66,000 (2021: €nil) on qualifying assets (Note 10 and 11). Interest is capitalised at the Group's weighted average interest rate for the period 2.1% (2021: nil).

NOTES TO THE FINANCIAL STATEMENTS continued

7 Income tax expense

	2022 €'000	2021 €'000
Recognised in the Income Statement:		
Current income tax:		
Republic of Ireland	5,289	3,129
Overseas	5,836	4,522
Total current income tax expense	11,125	7,651
Deferred income tax:		
Origination and reversal of temporary differences:		
Property, plant and equipment	220	148
Employee benefits	(917)	(38)
Tax losses	(995)	(47)
Other timing differences	(463)	(35)
Total deferred income tax (credit)/expense	(2,155)	28
Total income tax expense	8,970	7,679
Attributable to:		
Continuing operations	8,970	7,679
Total income tax expense	8,970	7,679

Other timing differences relate to the amortisation of the Hickey's Pharmacy brand name of €70,000 (2021: €70,000), the amortisation of acquired customer relationships and technology assets of €325,000 (2021: €138,000), credits associated with finance costs of €68,000 (2021: €nil) offset by the deferral of taxes on Swedish profits of €nil (2021: €173,000).

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, Germany, the Netherlands, the Nordics, USA and the Asia Pacific region.

From 2024, Ireland will adopt a global minimum corporation tax rate of 15% under the OECD International Tax Agreement with regard to applying the Global Anti-Base Erosion rules.

The UK tax authority has announced that its statutory corporate tax rate of 19% will increase to 25% for profits over £250,000 from 1 April 2023.

There are no expected material corporate income tax changes in the other jurisdictions from current 2022 rates which range from 20% to 26%, inclusive of Federal and State charges.

NOTES TO THE FINANCIAL STATEMENTS continued

7 Income tax expense continued

	2022 €'000	2021 €'000
Reconciliation of effective tax rate		
Profit on ordinary activities before tax	54,676	55,801
Profit on ordinary activities multiplied by standard rate of corporation tax in the Republic of Ireland of 12.5% (2021: 12.5%)	6,835	6,975
Effects of:		
Disallowable expenses	1,833	2,582
Research & Development tax credits	(152)	(68)
Exceptional gains not taxable	(1,693)	(2,470)
Higher overseas income tax rates	2,140	1,893
Charge/(credit) on previously recognised/(unrecognised) tax losses	352	(993)
Tax base asset adjustments in respect of prior years	317	205
Over provision of corporation tax in prior year	(662)	(445)
Total income tax expense for the year	8,970	7,679

8 Earnings per share

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

	2022	2021
Profit for the financial year attributable to owners (€'000)	45,587	48,077
Weighted average number of shares ('000)	272,557	269,752
Earnings per ordinary share (in cent):		
» Basic	16.7	17.8
» Diluted	16.7	17.8

NOTES TO THE FINANCIAL STATEMENTS continued

8 Earnings per share continued

	2022 €'000	2021 €'000
Adjusted earnings per share has been calculated by reference to the following:		
Profit for the financial year attributable to owners	45,587	48,077
Exceptional charge recognised in operating profit (Note 4)	16,415	14,404
Exceptional credit recognised in finance costs (Note 4)	(13,191)	(19,761)
Exceptional credit recognised in income tax	(1,106)	(777)
Tax credit on acquisition related intangibles	(329)	(207)
Amortisation of acquisition related intangibles	2,708	2,063
Profit after tax excluding exceptional items	50,084	43,799
Weighted average number of shares in issue in the year (000's)	272,557	269,752
Adjusted basic and diluted earnings per ordinary share (in cent)	18.4	16.2

The weighted average number of ordinary shares includes the effect of 6,543,620 shares (2022: 2,822,264 on a weighted basis) (2021: 6,218,620 shares (2021: 3,663,023 on a weighted basis)) granted under the LTIP that have met the share price performance conditions, but will not vest until 31 December 2024. There is no impact on the weighted average number of ordinary shares granted under new senior management share option schemes in the year (2021: 16,964 shares).

9 Dividends

The Directors have proposed a final dividend of €3.1m (€0.0113 per ordinary share), subject to approval at the AGM. This results in a total shareholders dividend of €4.8m (€0.0174 per ordinary share) in respect of the year ended 31 December 2022 as the Board declared and paid a 2022 interim dividend of €1.7m (€0.0061 per ordinary share). If approved, the proposed dividend will be paid on 16 May 2023 to ordinary shareholders on the Company's register on 21 April 2023. This dividend has not been provided for in the Balance Sheet at 31 December 2022, as there was no present obligation to pay the dividend at year end.

A final dividend of €3.0m (€0.011 per ordinary share) relating to 2021 was paid in May 2022.

NOTES TO THE FINANCIAL STATEMENTS continued

10 Intangible assets

	Computer software €'000	Trademarks & licenses €'000	Goodwill €'000	Technology asset €'000	Brand name €'000	Customer relationships €'000	Total €'000
Cost							
At 1 January 2021	30,168	153	379,454	723	11,238	2,996	424,732
FX movement	31	–	9,039	103	–	130	9,303
Acquisitions (Note 35)	25	–	53,859	2,088	–	–	55,972
Additions	5,803	–	–	–	–	–	5,803
Disposals/retirements	(160)	–	–	–	–	–	(160)
Reclassifications	313	–	–	–	–	–	313
At 31 December 2021	36,180	153	442,352	2,914	11,238	3,126	495,963
At 1 January 2022	36,180	153	442,352	2,914	11,238	3,126	495,963
FX movement	(36)	–	(1,509)	133	–	196	(1,216)
Acquisitions (Note 35)	328	36	60,847	–	–	–	61,211
Additions	5,965	–	–	–	–	–	5,965
Disposals/retirements	(490)	–	–	–	–	–	(490)
At 31 December 2022	41,947	189	501,690	3,047	11,238	3,322	561,433
Amortisation							
At 1 January 2021	25,666	122	18,709	188	91	–	44,776
FX movement	4	–	–	–	–	30	34
Amortisation	2,610	31	–	241	1,124	699	4,705
Disposals/retirements	(156)	–	–	–	–	–	(156)
Reclassifications	3	–	–	(10)	–	–	(7)
At 31 December 2021	28,127	153	18,709	419	1,215	729	49,352
At 1 January 2022	28,127	153	18,709	419	1,215	729	49,352
FX movement	(9)	–	–	(10)	–	36	17
Amortisation	2,405	1	–	910	1,124	674	5,114
Disposals/retirements	(490)	–	–	–	–	–	(490)
At 31 December 2022	30,033	154	18,709	1,319	2,339	1,439	53,993
Net book amounts							
At 31 December 2021	8,053	–	423,643	2,495	10,023	2,397	446,611
At 31 December 2022	11,914	35	482,981	1,728	8,899	1,883	507,440
Intangible assets	10,775	35	482,981	1,728	8,899	1,883	506,301
Right-of-use assets	1,139	–	–	–	–	–	1,139
At 31 December 2022	11,914	35	482,981	1,728	8,899	1,883	507,440

NOTES TO THE FINANCIAL STATEMENTS continued

10 Intangible assets continued

Acquisitions of €60,847,000 comprise of the following transactions (Note 35):

- Goodwill of €23,400,000 arising on the acquisition of 85% of the ordinary share capital of BModesto Vastgoed B.V.
- Goodwill of €18,195,000 arising on the acquisition of 100% of the membership interests of Inspired Insight, LLC
- Goodwill of €6,548,000 arising on the acquisition of 100% of the ordinary share capital of Orspec Pharma Pty Limited
- Goodwill of €4,261,000 arising on the acquisition of 100% of the ordinary share capital of Chansey Holdings and Edenmore Pharmacy Limited
- Goodwill of €3,824,000 arising on the acquisition of 100% of the ordinary share capital of Lanesra Pharmacy Limited
- Goodwill of €1,700,000 arising on the acquisition of 100% of the ordinary share capital of Mainarch Limited
- Goodwill of €1,259,000 arising on the purchase of the assets and trade of Young's Pharmacy
- Goodwill of €845,000 arising on the acquisition of 100% of the ordinary share capital of Boxted Limited
- Goodwill of €479,000 arising on the acquisition of 100% of the ordinary share capital of Dr Hauschka Limited
- Goodwill of €336,000 arising on the acquisition of the remaining shareholding of IPOS Holding 97 Limited

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. The trademark is now fully amortised.

The Group recognised a customer relationship asset on the acquisitions of Diligent Health Solutions, LLC and RRD International, LLC in 2020. Amortisation of these assets commenced at the date of acquisition, and they are being amortised over the remaining useful life of five years.

The Group recognised a technology asset on the acquisition of Innerstrength Limited and BESTMSLs Group in 2020 and 2021 respectively. The brand name intangible asset was recognised on the acquisition of the Hickey's Pharmacy Group in 2020. Amortisation of these assets commenced at the date of acquisition, and they are being amortised over the remaining useful life ranging from three to ten years.

Included in the cost of additions for 2022 is €9,000 (2021: €nil) incurred in respect of borrowing costs capitalised into Computer Software.

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. For 31 December 2022, the goodwill arising on business combinations completed during 2022 has been tested for impairment by reference to the CGUs, determined in accordance with the businesses acquired.

During 2022, the goodwill arising on acquisitions has been allocated to the CGUs that are expected to benefit from that business combination. The goodwill arising on the acquisition of BModesto Group and Orspec Pharma has been allocated to the Product Access CGU, whilst the goodwill arising on the acquisition of Inspired Health has been allocated to the Commercial & Clinical Pharma CGU. The goodwill arising on the independent community pharmacy (ICP) and Dr Hauschka Limited acquisitions has been allocated to the Supply Chain and Retail Pharmacies CGUs, based on where the benefits of the acquisition are expected to arise.

NOTES TO THE FINANCIAL STATEMENTS continued

10 Intangible assets continued

	2022 €'000	2021 €'000
Commercial & Clinical MedTech	171,243	171,625
Product Access	100,770	71,949
Commercial & Clinical Pharma	87,656	69,459
Retail Pharmacies	77,287	67,041
Supply Chain Services	46,025	43,569
Net book value of goodwill at 31 December	482,981	423,643

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 (2021: €nil).

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 2023 to 2024 and management forecasts for each of the following years from 2025 to 2027 inclusive. The terminal value was calculated using a long-term growth rate in respect of the years after 2027. 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 rates determined for each CGU are outlined in the table below. 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 1.3% to 1.8% (2021: 2.0% 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.

	Discount Rates 2022	Discount Rates 2021
Commercial & Clinical MedTech	11.4%	10.0%
Supply Chain Services	8.7%	10.0%
Commercial & Clinical Pharma	11.9%	10.0%
Retail Pharmacies	9.1%	10.0%
Product Access	11.3%	10.0%

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.

NOTES TO THE FINANCIAL STATEMENTS continued

10 Intangible assets continued

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 the value-in-use calculations did not indicate any potential impairment so no fair value less cost of disposal calculations were required.

The fair value less cost 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.

	Computer Software €'000	Total €'000
COMPANY		
Cost		
At 1 January 2022	1,899	1,899
Additions	2,137	2,137
At 31 December 2022	4,036	4,036
Accumulated amortisation		
At 1 January 2022	380	380
Charge for the year	541	541
At 31 December 2022	921	921
Net book amounts		
At 1 January 2022	1,519	1,519
At 31 December 2022	3,115	3,115
Intangible asset	1,976	1,976
Right-of-use assets	1,139	1,139
Net book value at 31 December 2022	3,115	3,115

NOTES TO THE FINANCIAL STATEMENTS continued

11 Property, plant and equipment, and right-of-use assets

	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 2021	130,226	9,776	29,281	11,526	5,549	7,480	3,847	197,685
Foreign exchange movement	649	54	164	177	67	155	–	1,266
Additions	4,858	396	6,407	1,354	1,558	2,465	2,137	19,175
Acquisitions (Note 35)	1,300	–	–	148	1	129	–	1,578
Disposals/retirements	(1,636)	(18)	(1,647)	(284)	(292)	(1,893)	(972)	(6,742)
Reclassification	308	3,941	(4,585)	124	216	–	–	4
At 31 December 2021	135,705	14,149	29,620	13,045	7,099	8,336	5,012	212,966
At 1 January 2022	135,705	14,149	29,620	13,045	7,099	8,336	5,012	212,966
Foreign exchange movement	(409)	(37)	(122)	(119)	(6)	(103)	–	(796)
Additions	5,951	2,084	11,260	2,378	956	2,059	2,121	26,809
Acquisitions (Note 35)	10,195	–	661	312	18	489	–	11,675
Disposals/retirements	(1,770)	(13)	(1,757)	(1,424)	(1,325)	(2,956)	(565)	(9,810)
At 31 December 2022	149,672	16,183	39,662	14,192	6,742	7,825	6,568	240,844

NOTES TO THE FINANCIAL STATEMENTS continued

11 Property, plant and equipment, and right-of-use assets continued

	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 2021	15,073	1,961	14,304	4,238	3,489	3,139	1,736	43,940
Foreign exchange movement	180	31	87	93	31	77	–	499
Charge for the year	10,862	1,144	3,096	1,773	1,024	2,709	1,617	22,225
Disposals/retirements	(1,480)	(10)	(1,644)	(262)	(284)	(1,873)	(960)	(6,513)
Reclassification	295	13	–	5	11	–	–	324
At 31 December 2021	24,930	3,139	15,843	5,847	4,271	4,052	2,393	60,475
At 1 January 2022	24,930	3,139	15,843	5,847	4,271	4,052	2,393	60,475
Foreign exchange movement	(150)	(24)	(100)	(82)	(15)	(53)	–	(424)
Charge for the year	11,334	1,520	3,396	1,884	1,116	2,487	1,619	23,356
Disposals/retirements	(1,557)	(13)	(1,742)	(1,404)	(1,275)	(2,635)	(565)	(9,191)
At 31 December 2022	34,557	4,622	17,397	6,245	4,097	3,851	3,447	74,216
Net book amounts								
At 31 December 2021	110,775	11,010	13,777	7,198	2,828	4,284	2,619	152,491
At 31 December 2022	115,115	11,561	22,265	7,947	2,645	3,974	3,121	166,628
Property, plant & equipment	7,847	11,561	21,987	7,947	2,645	533	3,121	55,641
Right-of-use assets	107,268	–	278	–	–	3,441	–	110,987
Net book value at 31 December 2022	115,115	11,561	22,265	7,947	2,645	3,974	3,121	166,628

Included in property, plant and equipment are assets under construction with a net book value of €10,708,000 (2021: €1,555,000). Depreciation has not commenced on these assets. Included in the cost of additions for 2022 is €57,000 (2021: €nil) incurred in respect of borrowing costs capitalised into assets.

NOTES TO THE FINANCIAL STATEMENTS continued

11 Property, plant and equipment, and right-of-use assets continued

	Freehold land and buildings €'000	Plant and equipment €'000	Total €'000
COMPANY			
Cost			
At 1 January 2021	50,442	296	50,738
Additions	–	150	150
Disposals	–	(64)	(64)
At 31 December 2021	50,442	382	50,824
At 1 January 2022	50,442	382	50,824
At 31 December 2022	50,442	382	50,824
Accumulated depreciation			
At 1 January 2021	6,324	59	6,383
Charge for the year	3,162	114	3,276
Disposals	–	(63)	(63)
At 31 December 2021	9,486	110	9,596
At 1 January 2022	9,486	110	9,596
Charge for the year	3,161	108	3,269
At 31 December 2022	12,647	218	12,865
Net book amounts			
At 31 December 2021	40,956	272	41,228
At 31 December 2022	37,795	164	37,959
Property, plant & equipment	–	–	–
Right-of-use assets	37,795	164	37,959
Net book value at 31 December 2022	37,795	164	37,959

NOTES TO THE FINANCIAL STATEMENTS continued

12 Financial assets

	Investments in equity instruments	Long-term receivables: Loans to IPOS entities and other loans	Long-term receivables: Loans to retail holding companies	Total
	€'000	€'000	€'000	€'000
GROUP				
Cost				
At 1 January 2021	353	17	9,249	9,266
At 31 December 2021	353	17	9,249	9,266
At 1 January 2022	353	17	9,249	9,266
Disposals	(199)	(17)	(9,249)	(9,266)
At 31 December 2022	154	–	–	–
Provision for impairment				
At 1 January 2021	328	17	9,249	9,266
At 31 December 2021	328	17	9,249	9,266
At 1 January 2022	328	17	9,249	9,266
Disposals	(199)	(17)	(9,249)	(9,266)
At 31 December 2022	129	–	–	–
Net book amounts				
At 31 December 2021	25	–	–	–
At 31 December 2022	25	–	–	–

NOTES TO THE FINANCIAL STATEMENTS continued

12 Financial assets continued

	Shares in subsidiary companies	Investments in equity instruments	Long-term receivables: Loans to IPOS entities and other loans	Long-term receivables: Loans to retail holding companies	Total
	€'000	€'000	€'000	€'000	€'000
COMPANY					
Cost					
At 1 January 2021	293,297	224	17	9,249	9,266
Additions	93	–	–	–	–
At 31 December 2021	293,390	224	17	9,249	9,266
At 1 January 2022	293,390	224	17	9,249	9,266
Additions	44,342	–	–	–	–
Disposals	(532)	(199)	(17)	(9,249)	(9,266)
At 31 December 2022	337,200	25	–	–	–
Provision for impairment					
At 1 January 2021	1,890	199	17	9,249	9,266
At 31 December 2021	1,890	199	17	9,249	9,266
At 1 January 2022	1,890	199	17	9,249	9,266
Disposals	(179)	(199)	(17)	(9,249)	(9,266)
At 31 December 2022	1,711	–	–	–	–
Net book amounts					
At 31 December 2021	291,500	25	–	–	–
At 31 December 2022	335,489	25	–	–	–

NOTES TO THE FINANCIAL STATEMENTS continued

12 Financial assets continued

GROUP AND COMPANY

Investments in equity instruments

The fair value of €25,000 (2021: €25,000) is represented by the Group's investment in Independent Life Pharmacy plc (Life) comprising of 84 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 and is owned jointly by pharmacy owners through B shares and Uniphar plc through A shares. The pharmacy owners are entitled to nominate the majority of the Directors to the Life Board in addition to Uniphar nominees.

Fully impaired equity investments with a cost of €199,000 were dissolved during the year with a corresponding release of the impairment provision.

Loans to retail holding and management companies

These loans represent amounts advanced to Riverchem DAC and Inischem DAC. As the companies have been dissolved, the investments have been written off as disposals in the year ended 31 December 2022 with a corresponding release of the impairment provision.

COMPANY

Shares in subsidiary companies

Financial assets of the parent company, Uniphar plc, include shares in subsidiary companies with a net book value of €335,489,000 (2021: €291,500,000). The main movements in 2022 and 2021 were:

» Additions of €44,342,000 in 2022 (2021: €93,000) relates to the allotment of one additional share in Uniphar Durbin Ireland Limited (€44,152,000) and capital contributions to subsidiary companies in relation to share-based payment expenses incurred on the subsidiaries' behalf (€190,000) (2021: €93,000).
» Disposals of €353,000 (net of impairment) relate to the sale of the investment in IPOS Holding 97 Limited which was disposed of to another Group company.

NOTES TO THE FINANCIAL STATEMENTS continued

13 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 2022 and 2021:

	Employee benefits €'000	Property plant and equipment €'000	Tax losses €'000	Other €'000	Total €'000
GROUP					
At 1 January 2021	77	422	5,119	(1,685)	3,933
Acquisitions	–	–	–	(663)	(663)
Recognised in Income Statement	38	(148)	47	35	(28)
Utilisation of loss relief	–	–	(1,566)	–	(1,566)
Reclassification	44	–	(44)	–	–
Translation adjustment	10	–	63	(15)	58
At 31 December 2021	169	274	3,619	(2,328)	1,734
At 1 January 2022	169	274	3,619	(2,328)	1,734
Acquisitions	–	–	207	6,550	6,757
Recognised in Income Statement	917	(220)	995	463	2,155
Utilisation of loss relief	–	–	(1,108)	–	(1,108)
Reclassification	–	–	29	(29)	–
Translation adjustment	(62)	143	(255)	(344)	(518)
At 31 December 2022	1,024	197	3,487	4,312	9,020
Deferred tax asset	1,024	413	3,487	6,263	11,187
Deferred tax liability	–	(216)	–	(1,951)	(2,167)
	1,024	197	3,487	4,312	9,020

The deferred tax asset in relation to losses reflects the Group's expected utilisation of carried forward tax losses associated with parent company activities, Irish nursing services, Dutch/UK outsourcing services and Product Access businesses in Ireland and the UK.

The other deferred tax asset of €4,312,000 relates to:

» the recognition of a goodwill tax asset of €6,162,000 amortisable over 15 years following the qualified stock purchase of Inspired Insight, LLC in September 2022.
» the recognition of a deferred tax asset associated with parent company interest tax deductibility of €101,000.
» an expected future tax liability of €517,000 associated with the EPS business in Sweden where the taxing authority allows the deferring of a percentage of current profits for taxing in future years.
» the recognition of a tax liability of €557,000 associated with the tax amortisation benefit attributed to the Hickey's brand name.
» the recognition of a tax liability of €356,000 associated with acquired Customer Relationships arising on the acquisitions of Diligent Health Solutions, LLC and RRD International, LLC.
» the recognition of a tax liability of €329,000 associated with acquired Technology Assets arising on the acquisition of the BESTMSLs Group.
» the recognition of miscellaneous deferred tax liabilities of €192,000 associated with other Uniphar US and UK companies.

NOTES TO THE FINANCIAL STATEMENTS continued

13 Deferred tax asset continued

In 2021, the other deferred tax liability of €2,328,000 related to an expected future tax liability of €561,000 associated with the EPS business in Sweden, a tax liability of €627,000 associated with the tax amortisation benefit attributed to the Hickey's brand name, a tax liability of €453,000 associated with acquired Customer Relationships arising on the acquisitions of Diligent Health Solutions, LLC and RRD International, LLC and the recognition of a deferred tax liability of €687,000 arising on the acquisitions of BESTMSLs Group and Events 4 Healthcare in 2021.

The Group has potentially a deferred tax asset of €7,705,000 (2021: €6,633,000) arising from losses forward. The Directors believe sufficient taxable profits to utilise these potential assets will 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.

	Deferred tax asset €'000
COMPANY	
At 1 January 2021	2,232
Recognised in Income Statement	413
Tax losses surrendered to other Irish Group companies	(774)
At 31 December 2021	1,871
At 1 January 2022	1,871
Recognised in Income Statement	574
Tax losses surrendered to other Irish Group companies	(353)
At 31 December 2022	2,092

The Company's deferred tax asset relates to expenses of management associated with its investment activities, employee benefits and interest charges. The Directors believe that sufficient taxable profits will arise in the future to utilise these deferred tax assets.

NOTES TO THE FINANCIAL STATEMENTS continued

14 Assets held for sale

	Properties €'000
GROUP	
At 1 January 2021	2,300
Disposals	(350)
Impairment	(350)
At 31 December 2021	1,600
At 1 January 2022	1,600
At 31 December 2022	1,600

Properties held for sale relate to properties acquired on completion of the acquisition of Bradley's Pharmacy Group in November 2018. These properties are presented in the Balance Sheet at the lower of their carrying amount and fair value less any costs to sell. Uniphar plc acquired Bradley's Pharmacy Group from examinership in November 2018, and in accordance with the application of the examinership scheme arrangement acquired non-recourse borrowings of €4,000,000 which are secured by these properties. These borrowings have a carrying value of €1,600,000 at 31 December 2022 (2021: €1,600,000).

During 2022, the Group disposed of €nil (2021: €350,000) of property which were previously held for sale. There was no impairment on the value of the remaining property (2021: €350,000) nor was there a corresponding write down of the associated bank borrowings (2021: €350,000). The remaining property held for sale is available for immediate sale in its present condition subject to terms that are usual and customary for property of this nature. The property is being actively marketed and the Group is committed to its plan to sell this property in an orderly manner.

15 Inventory

	2022 €'000	2021 €'000
GROUP		
Goods for resale	157,656	112,407

The replacement cost of inventories did not differ materially from the Balance Sheet amounts at 31 December 2022 and 31 December 2021.

Inventory stated above is net of impairment provision of €7,210,000 (2021: €8,520,000). Reversals of previous write downs of inventories recognised as a gain during 2022 amounted to €1,310,000 (expense in 2021: €3,543,000) following a review of the inventory profile at the Balance Sheet date.

In 2022, goods for resale recognised as cost of sales amounted to €1,677,208,000 (2021: €1,567,470,000).

NOTES TO THE FINANCIAL STATEMENTS continued

16 Trade and other receivables

	2022 €'000	2021 €'000
Current trade and other receivables		
GROUP		
Trade receivables	142,050	129,468
Prepayments	4,808	5,250
Accrued income	12,999	9,004
Other receivables	4,255	7,246
Deferred consideration receivable	100	448
Corporation tax	–	362
	164,212	151,778
COMPANY		
Amounts due from subsidiaries	284,306	266,428
Prepayments	732	592
Other receivables	205	167
Value added tax	335	230
Corporation tax	113	113
Deferred consideration receivable	100	121
	1,485	1,223
	285,791	267,651

Amounts due from subsidiaries are unsecured 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 are outlined in Note 32.

	2022 €'000	2021 €'000
Non-current trade and other receivables		
GROUP		
Other receivables	509	388
	509	388
COMPANY		
Other receivables	244	202
	244	202

NOTES TO THE FINANCIAL STATEMENTS continued

16 Trade and other receivables continued

	2022 €'000	2021 €'000
Deferred consideration receivable		
GROUP		
Within one year	100	448
	100	448
COMPANY		
Within one year	100	121
	100	121

The deferred consideration receivable of €100,000 (2021: €448,000) relates to a contractual amount due from the disposal of IPOS Holding 162 Limited.

17 Cash and cash equivalents

	2022 €'000	2021 €'000
Cash and cash equivalents consist of the following:		
GROUP		
Cash at bank and in hand	103,704	78,025
	103,704	78,025
COMPANY		
Cash at bank and in hand	2,761	2,105
	2,761	2,105

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:

	2022 €'000	2021 €'000
GROUP		
Cash and cash equivalents	103,704	78,025
COMPANY		
Cash and cash equivalents	2,761	2,105

NOTES TO THE FINANCIAL STATEMENTS continued

18 Borrowings

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

	2022 €'000	2021 €'000
GROUP		
» Amounts falling due within one year	7,490	1,721
» Amounts falling due between one and five years	187,431	124,601
	194,921	126,322
COMPANY		
» Amounts falling due within one year	–	–
» Amounts falling due between one and five years	187,431	124,601
	187,431	124,601

The Group's total bank loans at 31 December 2022 were €194,921,000 (2021: €126,322,000). Borrowing under invoice discounting (recourse) as at the balance sheet date was €5,890,000 (2021: €nil). Bank loans falling due within one year include €1,600,000 (2021: €1,600,000) 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 14).

The Group entered into a new facility in August 2022. The total loan value of the revolving credit facility available for use within this agreement is €400,000,000, with an additional uncommitted accordion facility of €150,000,000. This facility runs for five years to 2027 with two options to extend by a further one year, with repayment of all loans on termination of the facility currently in August 2027.

At 31 December 2022, the Group's revolving credit facility loans in use were at an interest margin of +1.5% (2021: +1.5%) on inter-bank interest rates (EURIBOR, GBP SONIA and USD SOFR).

The Company's total bank loans at 31 December 2022 were €187,431,000 (2021: €124,601,000). At 31 December 2022, they were subject to an interest rate margin of +1.5% (2021: +1.5%) on inter-bank interest rates (EURIBOR, GBP SONIA and USD SOFR).

Bank security

Bank overdrafts (including invoice discounting) and bank loans of €194,921,000 (2021: €126,322,000) are secured by cross guarantees and fixed and floating charges from the Company and certain subsidiary undertakings.

NOTES TO THE FINANCIAL STATEMENTS continued

19 Provisions

	Deferred contingent consideration 2022 €'000	Lease dilapidation 2022 €'000	Warranty provision 2022 €'000	Other 2022 €'000	Total 2022 €'000	Total 2021 €'000
GROUP						
At 1 January	88,918	523	77	883	90,401	86,768
Recognised during the year	–	–	64	1,665	1,729	5,682
Unwinding of discount	2,073	–	–	–	2,073	1,863
Arising on acquisition	17,519	–	–	–	17,519	29,195
Utilised during the year	(5,127)	–	–	(952)	(6,079)	(13,283)
Released during the year	(12,030)	(35)	–	–	(12,065)	(24,592)
Change in discount rate	(1,405)	–	–	–	(1,405)	–
Foreign currency movement	1,850	–	(8)	45	1,887	4,768
At 31 December	91,798	488	133	1,641	94,060	90,401

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 €5,127,000 (2021: €13,283,000) were made in respect of prior year acquisitions. Deferred contingent consideration of €12,030,000 (2021: €24,592,000) in respect of prior year acquisitions were released in the year following a review of expected performance against earn-out targets. The discount rates used to discount the provisions to present value were updated at 31 December 2022 resulting in a credit of €1,405,000 being recognised as an exceptional item in the 2022 Income Statement (2021: €nil). Further details on the measurement of deferred contingent consideration are provided in Note 32. The balance at 31 December 2022 relates to the following acquisitions:

» Dialachemist Limited (2015)
» Macromed (UK) Limited (2018)
» EPS Vascular AB, EP Endovascular AB and EPS Vascular OY (EPS Group) (2019)
» M3 Medical Limited (2019)
» Innerstrength Limited (2020)
» Diligent Health Solutions, LLC (2020)
» RRD International, LLC (2020)
» CoRRect Medical GmbH (2021)
» MDea, Inc, The Doctor's Channel, LLC, and BESTMSLs, Inc (BESTMSLs Group) (2021)
» Events 4 Healthcare Limited (2021)
» Devonshire Healthcare Services Limited (2021)
» Inspired Insight, LLC (2022)
» Orspec Pharma Pty Limited (2022)
» BModesto Vastgoed B.V. (2022)

NOTES TO THE FINANCIAL STATEMENTS continued

19 Provisions continued

The deferred contingent consideration at 31 December 2021 related to the acquisition of the following:

- Dialachemist Limited (2015)
- Macromed (UK) Limited (2018)
- EPS Vascular AB, EP Endovascular AB and EPS Vascular OY (EPS Group) (2019)
- M3 Medical Limited (2019)
- Innerstrength Limited (2020)
- Diligent Health Solutions, LLC (2020)
- RRD International, LLC (2020)
- CoRRect Medical GmbH (2021)
- MDea, Inc, The Doctor's Channel, LLC, and BESTMSLs, Inc (BESTMSLs Group) (2021)
- Events 4 Healthcare Limited (2021)
- Devonshire Healthcare Services Limited (2021)

The maturity profile of the deferred contingent consideration at 31 December 2022 is outlined in Note 32.

Lease dilapidation
The lease dilapidation provision covers the cost of reinstating certain Group properties at the end of the lease term. This is based on the terms of the individual leases which set out the conditions relating to the return of property. The timing of the outflows will match the ending of the relevant leases with various dates up to 2049.

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

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

	2022 €'000	2021 €'000
COMPANY		
Deferred contingent consideration:		
At 1 January	2,428	32,440
Arising on acquisition	–	701
Unwinding of discount	49	653
Utilised during the year	–	(8,147)
Released during the year	–	(24,592)
Change in discount rate	(15)	–
Foreign currency movement	–	1,373
At 31 December	2,462	2,428

Deferred contingent consideration represents the present value of deferred contingent acquisition consideration which would become payable based on pre-defined profit thresholds being met. No payments were made during the year in respect of prior year acquisitions (2021: €8,147,000). The balance at 31 December 2022 and 31 December 2021 relates to the acquisition of Innerstrength Limited in 2020.

NOTES TO THE FINANCIAL STATEMENTS continued

20 Employee benefit surplus

The remaining defined benefit plan was wound up in March 2021. The pension entitlements of employees, including Executive Directors, now arise under a number of defined contribution schemes and are secured by contributions by the Group to separate trustee administered pension funds. In 2021, a settlement loss of €211,000 was recognised on the closure of the Cahill May Roberts Group Pension Scheme. The assets of the scheme were distributed in line with members chosen options and no assets or liabilities remain.

The defined benefit scheme was:

- The Cahill May Roberts Limited Contributory Pension Plan (wound up in March 2021)

The pension charge for the year is €4,058,000 (2021: €4,313,000) which relates to the defined contribution schemes.

The funding requirements in relation to the Group's defined benefit scheme in the prior year were assessed in accordance with the advice of independent qualified actuaries and valuations were prepared at triennial intervals. Annual contributions were 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 scheme at the registered office of the Company but are not available for public inspection.

The amounts recognised in the Income Statement for the year ended 31 December are as follows:

	2022 €'000	2021 €'000
Credited/(charged) to finance cost		
Interest on pension scheme assets	–	7
Interest on pension scheme liabilities	–	(7)
Net finance cost	–	–

The actual return on scheme assets is a gain/loss of €nil (2021: loss of €145,000).

The amounts recognised in the Statement of Comprehensive Income for the year ended 31 December are as follows:

	2022 €'000	2021 €'000
Analysis of amount recognised in Statement of Comprehensive Income		
Actual return less amounts included in interest and expense	–	(152)
Experience gains/(losses) arising on the scheme liabilities	–	45
Changes in financial assumptions underlying the present value of the scheme assets and liabilities	–	98
Actuarial (loss)/gain in the year	–	(9)

NOTES TO THE FINANCIAL STATEMENTS continued

20 Employee benefit surplus continued

	Pension assets €'000	Pension liabilities €'000	Pension surplus/(deficit) €'000
Movement in scheme assets and liabilities			
At 1 January 2021	11,697	(11,685)	12
Settlement loss	–	(211)	(211)
Employer contributions paid	208	–	208
Interest on scheme liabilities	–	(7)	(7)
Interest on scheme assets	7	–	7
Actuarial (loss)/gain in current year	(152)	143	(9)
Benefits (paid)/settled	(11,760)	11,760	–
At 31 December 2021	–	–	–
At 31 December 2022	–	–	–

All of the scheme liabilities arose from schemes that were wholly or partly funded.

	2022 €'000	2021 €'000
Experience gains/(losses) on scheme liabilities:		
Amount (€'000)	–	45
Percentage of the present value of the scheme liabilities	0.00%	0.00%
Difference between the actual and expected return on scheme assets:		
Amount (€'000)	–	(152)
Percentage of scheme assets	0.00%	0.00%

Defined contribution scheme

Included in accruals and other payables is an amount of €516,000 (2021: €424,000) due in relation to the defined contribution schemes.

NOTES TO THE FINANCIAL STATEMENTS continued

21 Leases

(i) Amounts recognised in the Balance Sheet

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

	2022 €'000	2021 €'000
GROUP		
Right-of-use assets:		
Buildings	107,268	105,766
Plant and equipment	278	686
Motor vehicles	3,441	4,196
Computer software	1,139	1,519
Net book value of right-of-use assets	112,126	112,167
Lease liabilities:		
Current	14,315	14,358
Non-current	105,919	104,720
Total lease liabilities	120,234	119,078

Right-of-use assets are included in the lines 'Intangible assets' and 'Property, plant and equipment, and right-of-use assets' on the Balance Sheet, and are presented in Notes 10 and 11.

Additions to the right-of-use assets during the year ended 31 December 2022 were €7,961,000 (2021: €9,519,000).

Lease liabilities are presented separately on the face of the Balance Sheet. The contractual maturity of the lease liabilities is presented in Note 32.

	2022 €'000	2021 €'000
COMPANY		
Right-of-use assets:		
Buildings	37,795	40,956
Plant and equipment	164	272
Computer software	1,139	1,519
Net book value of right-of-use assets	39,098	42,747
Lease liabilities:		
Current	3,836	3,804
Non-current	38,283	41,230
Total lease liabilities	42,119	45,034

Right-of-use assets are included in the lines 'Intangible Assets' and 'Property, plant and equipment, and right-of-use assets' on the Balance Sheet, and are presented in Notes 10 and 11.

Additions to the right-of-use assets during the year ended 31 December 2022 were €nil (2021: €2,049,000).

NOTES TO THE FINANCIAL STATEMENTS continued

21 Leases continued

(ii) Amounts recognised in the Income Statement

The Income Statement shows the following amounts relating to leases:

	2022 €'000	2021 €'000
GROUP		
Buildings	11,131	10,657
Plant and equipment	414	548
Motor vehicles	2,434	2,660
Right-of-use assets depreciation charge	13,979	13,865
Computer software	380	380
Right-of-use assets amortisation charge	380	380
Interest on lease obligations (Note 6)	3,644	3,772
Principal repayments	13,192	12,853
Total cash outflow in respect of leases	16,836	16,625

	2022 €'000	2021 €'000
COMPANY		
Buildings	3,161	3,162
Plant and equipment	108	115
Right-of-use assets depreciation charge	3,269	3,277
Computer software	380	380
Right-of-use assets amortisation charge	380	380
Interest on lease obligations	1,316	1,403
Principal repayments	2,916	2,834
Total cash outflow in respect of leases	4,232	4,237

NOTES TO THE FINANCIAL STATEMENTS continued

22 Trade and other payables

	2022 €'000	2021 €'000
GROUP		
Trade payables	223,249	186,892
Accruals	155,255	146,892
Other payables	12,989	8,563
Employment related taxes	4,863	4,450
Value added tax	10,327	6,602
Deferred acquisition consideration	523	4,295
	407,206	357,694

Trade and other payables are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

Taxes are payable at various dates over the coming months in accordance with the applicable statutory provisions.

	2022 €'000	2021 €'000
COMPANY		
Amounts owed to subsidiaries	147,060	143,015
Trade payables	2,863	698
Accruals	18,543	14,591
Other payables	917	389
Employment related taxes	493	393
	22,816	16,071
	169,876	159,086

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.

Taxes are payable at various dates over the coming months in accordance with the applicable statutory provisions.

Deferred acquisition consideration

Total deferred acquisition consideration is payable in the following periods after 31 December in the Group:

	2022 €'000	2021 €'000
GROUP		
» Within one year	523	4,295
» Between one and two years	–	–
	523	4,295

Deferred acquisition consideration reflects the amounts payable relating to the acquisition of Orspec Pharma and an independent community pharmacy. During 2022, payments were made in relation to deferred consideration on the acquisition of Hickey's Pharmacy Group and for an independent community pharmacy.

NOTES TO THE FINANCIAL STATEMENTS continued

23 Called up share capital

	2022 Number	2021 Number	2022 €'000	2021 €'000
GROUP AND COMPANY				
Authorised share capital at 31 December:				
Ordinary shares of 8c each	453,205,300	453,205,300	36,256	36,256
"A" ordinary shares of 8c each	16,000,000	16,000,000	1,280	1,280
Authorised share capital			37,536	37,536

Movement in the year in issued share capital presented as equity

	2022 Number	2021 Number	2022 €'000	2021 €'000
Allotted, called up and fully paid ordinary shares of 8c each				
At 1 January	273,015,254	273,015,254	21,841	21,841
At 31 December	273,015,254	273,015,254	21,841	21,841
Total allotted share capital:				
At 31 December	273,015,254	273,015,254	21,841	21,841

There have been no changes to the authorised or issued share capital in either 2022 or 2021.

24 Share premium

	2022 €'000	2021 €'000
GROUP AND COMPANY		
Premium arising on shares issued	176,501	176,501

25 Other reserves

	2022 €'000	2021 €'000
GROUP		
Property revaluation reserve	700	700
Foreign currency translation reserve	1,248	4,604
Capital redemption reserve	60	60
	2,008	5,364
COMPANY		
Capital redemption reserve	60	60
	60	60

NOTES TO THE FINANCIAL STATEMENTS continued

25 Other reserves continued

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.

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. The reserve also includes all foreign exchange differences arising from the translation of borrowings that hedge the Group's net investment in foreign operations.

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 2021	5,218
Profit for the financial year	48,077
Other comprehensive expense relating to the financial year	(9)
Dividend paid	(5,731)
At 31 December 2021	47,555
At 1 January 2022	47,555
Profit for the financial year	45,587
Dividend paid	(4,666)
At 31 December 2022	88,476
COMPANY	
At 1 January 2021	60,766
Profit for the financial year	21,332
Dividend paid	(5,731)
At 31 December 2021	76,367
At 1 January 2022	76,367
Profit for the financial year	(5,233)
Dividend paid	(4,666)
At 31 December 2022	66,468

NOTES TO THE FINANCIAL STATEMENTS continued

27 Non-controlling interests

	2022 €'000	2021 €'000
At 1 January	120	75
Share of post-acquisition profits	119	45
At 31 December	239	120

Non-controlling interests own the following stakes in the issued ordinary share capital of the entities set out below at 31 December 2022:

- 25.0% Citywest Healthcare Limited
- 20.0% Dialachemist Limited
- 17.7% Innerstrength Limited
- 5.05% Macromed (UK) Limited

During the year, the Group acquired the remaining 26.6% of the issued ordinary share capital of IPOS Holding 97 Limited.

In November 2022, the Group acquired 85% of BModesto Vastgoed B.V. with the remaining 15% subject to a put and call option. BModesto Vastgoed B.V. has been consolidated as a subsidiary undertaking using the anticipated acquisition method, consistent with IFRS 3, with the combined 100% recognised as acquired from November 2022.

28 Employee share awards

Share based payments

Share options (equity-settled)

On 21 November 2022, the Board approved the adoption of a new share option plan ('2022 Share Option Plan') and the closure of the 2021 Share Option Plan to new entrants. The new plan has a reserve of 5% of the issued share capital of the Company plus the unallocated reserve from the 2021 Plan (which had an initial reserve of 2.5% of the issued share capital of the Company and, at the time of closure of that Plan, awards in respect of 0.4% of the issued share capital of the Company had been granted). The 2022 Share Option Plan is intended to incentivise key management and senior employees and ensure alignment of incentives with the long-term interests of shareholders.

The key terms and conditions related to the grants under the 2022 and 2021 share option plans are as follows:

Grant date	Number of instruments in thousands	Vesting conditions	Contractual life of option
March 2021	500	Service from the grant date to 31 December 2024, meeting share thresholds of €3.30 per share, €4.00 per share, €4.75 per share and €5.50 per share. (25% at each hurdle vest's subject to the service condition)	7 years
July 2021	250	Service from the grant date to 31 December 2024, meeting share thresholds of €4.00 per share, €4.75 per share and €5.50 per share. (33% at each hurdle vest's subject to the service condition)	7 years
October 2021	250	Same as July 2021 vesting conditions	7 years
July 2021	635	Same as July 2021 vesting conditions	7 years
August 2021	35	Same as July 2021 vesting conditions	7 years
November 2022	12,500	Service from grant date to 31 December 2026 meeting Total Shareholder Return (TSR) thresholds achieved in the vesting period ranging from 50% to 70%	10 years
Total share options granted	**14,170**		

NOTES TO THE FINANCIAL STATEMENTS continued

28 Employee share awards continued

Cash LTIP (cash-settled)

On 10 June and 22 July 2021, the Group granted 200,000 and 120,000 cash LTIP awards to employees that entitled them to a cash payment at 31 December 2024 based on the service provided up until this date. During the year ended 31 December 2021, all the cash LTIP awards in the grant dated 10 June 2021 were forfeited. The number of outstanding cash LTIP awards at 31 December 2022 is 120,000 (2021: 320,000).

The amount of the cash payment is determined by the increase in the share price of the Company based on the share price hurdles of €3.30, €4.00, €4.75 and €5.50 (25% at each hurdle vest's subject to service conditions) for the cash LTIP awards issued in June and share price hurdles of €4.00, €4.75 and €5.50 for the cash LTIP awards issued in July (33% at each hurdle vest's subject to service conditions). The carrying amount of liabilities for the cash LTIP awards at 31 December 2022 was €34,000 (2021: €28,000).

Measurement of fair values (equity-settled)

The fair value of the employee share option scheme has been measured using a Monte Carlo simulation. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plan were as follows:

Grant date	March 2021	July 2021	October 2021	July 2021	August 2021	November 2022
Fair value at grant date	0.41	0.95	1.37	1.01	0.98	0.87
Share price at grant date	2.38	3.70	4.19	3.77	3.70	3.57
Exercise price	2.38	3.33	3.33	3.33	3.33	3.48
Expected volatility	31%	31%	31%	31%	31%	31%
Expected life	5.4 years	5.2 years	5.1 years	5.2 years	5.2 years	6 years
Expected dividends	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%
Risk-free interest rate	(0.63%)	(0.75%)	(0.56%)	(0.79%)	(0.80%)	1.92%

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period. The expected term of the instruments has been based on general option holder behaviour.

Measurement of fair values (cash-settled)

The fair value of the cash LTIP awards have been measured using a Monte Carlo simulation. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The inputs used in the measurement of the fair values of the cash LTIP at 31 December 2022 and at grant date are as follows:

	2022	2021	
Grant date	July 2021	June 2021*	July 2021
Fair value at grant date	0.66	1.54	0.66
Share price at grant date	3.35	4.59	3.35
Exercise price	3.33	3.33	3.33
Expected volatility	31%	31%	31%
Expected life	3.5 years	3.2 years	3.5 years
Expected dividends	0.5%	0.4%	0.4%
Risk-free interest rate	2.69%	(0.57%)	(0.68%)

* All the share options awarded in this grant were forfeited during the year ended 31 December 2022.

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period. The expected term of the instruments has been based on general option holder behaviour.

NOTES TO THE FINANCIAL STATEMENTS continued

28 Employee share awards continued

Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the 2021 and 2022 share option programme were as follows:

	2022 Weighted Average Exercise Price €	Number 000's	2021 Weighted Average Exercise Price €	Number 000's
As at 1 Jan	3.05	1,670	–	–
Granted during the year	3.48	12,500	3.05	1,670
Forfeited during the year	(2.54)	(600)	–	–
Exercised during the year	–	–	–	–
As at 31 December	3.47	13,570	3.05	1,670

The options outstanding at 31 December 2022 had an exercise price in the range of €3.33 to €3.48 (2021: €2.38 to €3.33) and a weighted-average contractual life of 9.8 years (2021: 7 years).

Expense recognised in profit and loss

An equity-settled share-based payment charge of €535,000 (2021: €183,000) has been recognised in the year.

A cash-settled share-based payment charge of €6,000 (2021: €28,000) has been recognised in the year in respect of the cash LTIP awards.

Long–term incentive plan

The Company operates a long-term incentive plan for certain Executive Directors and managerial employees under which shares have been granted subject to vesting conditions linked to the achievement of demanding Group performance measures and operational targets as well as continued employment with the Group. The Company can require compulsory transfer of these shares if certain criteria are not met.

As at 31 December 2022, the Company had allotted 13,162,240 ordinary shares of €0.08 each (2021: 13,162,240 shares) to members of the Uniphar Executive Directors and managerial employees under the long term incentive plan. All shares issued under the long-term incentive plan at 31 December 2022 and 31 December 2021 were called up and fully paid. These shares remain subject to 'non-market' vesting conditions. No charge to the Income Statement arises in either 2022 or 2021 in respect of this arrangement.

NOTES TO THE FINANCIAL STATEMENTS continued

29 Reconciliation of operating profit to cash flow from operating activities

	2022 €'000	2021 €'000
GROUP		
Operating profit before operating exceptional items	69,570	59,551
Cash related exceptional items	(7,768)	(9,072)
	61,802	50,479
Depreciation	23,356	22,225
Amortisation	5,114	4,705
(Increase)/decrease in inventory	(15,130)	3,726
Decrease/(increase) in receivables	2,934	(26,169)
Increase in payables	2,700	13,205
Share based payment expense	535	183
Foreign currency translation adjustments	1,393	22
Cash inflow from operating activities	82,704	68,376
COMPANY		
Operating profit before operating exceptional items	7,779	8,842
Cash related exceptional items	(3,093)	(1,741)
	4,686	7,101
Depreciation	3,269	3,276
Amortisation	541	380
(Increase)/decrease in receivables	(18,203)	95,970
Increase/(decrease) in payables	5,869	(124,565)
Share based payment expense	535	183
Foreign currency translation adjustments	–	1,372
Cash outflow from operating activities	(3,303)	(16,283)

NOTES TO THE FINANCIAL STATEMENTS continued

30 Reconciliation of net cash flow to movement in net bank debt

	2022 €'000	2021 €'000
GROUP		
Increase in cash and overdrafts in the year	26,904	15,778
Movement in restricted cash (Note 31)	–	(3,097)
Cash flow from movement in borrowings (Note 31)	(59,179)	(28,394)
Decrease in net debt resulting from cash flows	(32,275)	(15,713)
Debt acquired during the year (Note 31)	(23,843)	(352)
Non-cash movement in borrowings during the year (Note 31)	14,423	350
Foreign currency translation on cash and cash equivalents	(1,225)	1,837
Movement in net bank debt in the year	(42,920)	(13,878)
Net bank debt at beginning of year	(48,297)	(34,419)
Net bank debt at end of year	(91,217)	(48,297)
COMPANY		
Increase/(decrease) in cash and overdrafts in the year (Note 31)	656	(1,129)
Movement in restricted cash (Note 31)	–	(2,100)
Cash flow from movement in borrowings (Note 31)	(62,830)	(29,265)
Decrease in net bank debt resulting from cash flows	(62,174)	(32,494)
Movement in net bank debt in the year	(62,174)	(32,494)
Net bank debt at beginning of year	(122,496)	(90,002)
Net bank debt at end of year	(184,670)	(122,496)

31 Analysis of changes in net debt

	1 January 2022 €'000	Cash flow €'000	Acquisitions (Note 35) €'000	Non-cash movement €'000	31 December 2022 €'000
GROUP					
Cash and cash equivalents	78,025	23,609	3,295	(1,225)	103,704
Total Cash	78,025	23,609	3,295	(1,225)	103,704
Bank loans repayable within one year*	(1,721)	3,651	(23,843)	14,423	(7,490)
Bank loans repayable after one year	(124,601)	(62,830)	–	–	(187,431)
Bank loans	(126,322)	(59,179)	(23,843)	14,423	(194,921)
Net bank debt	(48,297)	(35,570)	(20,548)	13,198	(91,217)
Lease obligations	(119,078)	16,836	(7,220)	(10,772)	(120,234)
Net debt	(167,375)	(18,734)	(27,768)	2,426	(211,451)

* The Non-cash movement in 2022 principally relates to an invoice discounting facility associated with the BModesto Group acquisition which was not repaid at the time of acquisition.

NOTES TO THE FINANCIAL STATEMENTS continued

31 Analysis of changes in net debt continued

	1 January 2021 €'000	Cash flow €'000	Acquisitions €'000	Non-cash movement €'000	31 December 2021 €'000
GROUP					
Cash and cash equivalents	60,410	10,060	5,718	1,837	78,025
Restricted cash	3,097	(3,097)	–	–	–
Total Cash	63,507	6,963	5,718	1,837	78,025
Bank loans repayable within one year	(2,311)	240	–	350	(1,721)
Bank loans repayable after one year	(95,615)	(28,634)	(352)	–	(124,601)
Bank loans	(97,926)	(28,394)	(352)	350	(126,322)
Net bank cash/(debt)	(34,419)	(21,431)	5,366	2,187	(48,297)
Lease obligations	(120,537)	16,625	(1,429)	(13,737)	(119,078)
Net debt	(154,956)	(4,806)	3,937	(11,550)	(167,375)

	1 January 2022 €'000	Cash flow €'000	Non-cash movement €'000	31 December 2022 €'000
COMPANY				
Cash and cash equivalents	2,105	656	–	2,761
Total Cash	2,105	656	–	2,761
Bank loans repayable after one year	(124,601)	(62,830)	–	(187,431)
Bank loans	(124,601)	(62,830)	–	(187,431)
Net bank debt	(122,496)	(62,174)	–	(184,670)
Lease obligations	(45,034)	4,232	(1,317)	(42,119)
Net debt	(167,530)	(57,942)	(1,317)	(226,789)

NOTES TO THE FINANCIAL STATEMENTS continued

31 Analysis of changes in net debt continued

	1 January 2021 €'000	Cash flow €'000	Non-cash movement €'000	31 December 2021 €'000
COMPANY				
Cash and cash equivalents	3,234	(1,129)	–	2,105
Restricted cash	2,100	(2,100)	–	–
Total Cash	5,334	(3,229)	–	2,105
Bank loans repayable after one year	(95,336)	(29,265)	–	(124,601)
Bank loans	(95,336)	(29,265)	–	(124,601)
Net bank debt	(90,002)	(32,494)	–	(122,496)
Lease obligations	(45,820)	4,237	(3,451)	(45,034)
Net debt	(135,822)	(28,257)	(3,451)	(167,530)

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				
2022				
Investments in equity instruments	12	25	–	25
Trade and other receivables**	16	–	146,814	146,814
Deferred consideration receivable	16	–	100	100
Cash and cash equivalents	17	–	103,704	103,704
		25	250,618	250,643
2021				
Investments in equity instruments	12	25	–	25
Trade and other receivables**	16	–	137,102	137,102
Deferred consideration receivable	16	–	448	448
Cash and cash equivalents	17	–	78,025	78,025
		25	215,575	215,600

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

NOTES TO THE FINANCIAL STATEMENTS continued

32 Financial instruments continued

	Notes	Financial liabilities at FVTPL* €'000	Financial liabilities at amortised cost €'000	Total €'000
Financial liabilities				
2022				
Borrowings	18	–	194,921	194,921
Deferred acquisition consideration	22	–	523	523
Trade and other payables**	22	–	236,238	236,238
Deferred contingent consideration	19	91,798	–	91,798
Lease obligations	21	–	120,234	120,234
		91,798	551,916	643,714
2021				
Borrowings	18	–	126,322	126,322
Deferred acquisition consideration	22	–	4,295	4,295
Trade and other payables**	22	–	195,455	195,455
Deferred contingent consideration	19	88,918	–	88,918
Lease obligations	21	–	119,078	119,078
		88,918	445,150	534,068

* Fair value through profit and loss.
** Excluding non-financial liabilities.

Fair value

The following table sets out the fair value of the Group's principal financial assets and liabilities.

	Notes	2022 Carrying value €'000	2022 Fair value €'000	2021 Carrying value €'000	2021 Fair value €'000
Financial assets					
Investments in equity instruments	12	25	25	25	25
Trade and other receivables	16	146,814	146,823	137,102	137,117
Deferred consideration receivable	16	100	100	448	448
Cash and cash equivalents	17	103,704	103,704	78,025	78,025
		250,643	250,652	215,600	215,615
Financial liabilities					
Borrowings	18	194,921	194,921	126,322	133,974
Deferred acquisition consideration	22	523	523	4,295	4,369
Trade and other payables	22	236,238	236,238	195,455	195,455
Deferred contingent consideration	19	91,798	91,798	88,918	88,918
Lease obligations	21	120,234	120,234	119,078	119,078
		643,714	643,714	534,068	541,794

NOTES TO THE FINANCIAL STATEMENTS continued

32 Financial instruments continued

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).

Trade and other receivables/trade and other payables

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

Cash and cash equivalents, including short-term bank deposits

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

Interest-bearing loans and borrowings

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

Deferred acquisition consideration

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

Deferred contingent consideration

The fair value of the deferred contingent consideration is calculated by discounting the expected future payment to the present value. The expected future payment represents the deferred contingent acquisition consideration which would become payable based on pre-defined profit thresholds being met and is calculated based on management's best estimates of the expected future cash outflows using current budget forecasts. The provision for deferred contingent consideration is principally in respect of acquisitions completed from 2015 to 2022. A maturity analysis of the deferred contingent consideration on an undiscounted basis is presented on page 192.

The significant unobservable inputs are:

- Expected future profit forecasts which have not been disclosed due to their commercial sensitivities; and
- Risk adjusted discount rate of between 2.5% and 4% (2021: between 2% and 3%).

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

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

For the fair value of deferred contingent consideration, a 1% increase in the risk adjusted discount rate at 31 December 2022, holding the other inputs constant would reduce the fair value of the deferred contingent consideration by €1.5m. A 1% decrease in the risk adjusted discount rate would result in an increase of €1.5m in the fair value of the deferred contingent consideration.

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 2022				
Investments in equity instruments	–	–	25	25
Deferred contingent consideration	–	–	(91,798)	(91,798)
	–	–	(91,773)	(91,773)
At 31 December 2021				
Investments in equity instruments	–	–	25	25
Deferred contingent consideration	–	–	(88,918)	(88,918)
	–	–	(88,893)	(88,893)

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.

NOTES TO THE FINANCIAL STATEMENTS continued

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 2022 and 31 December 2021:

	Shares in unlisted companies €'000	Deferred contingent consideration €'000	Total €'000
At 1 January 2021	25	(86,195)	(86,170)
Utilised during the year	–	13,283	13,283
Recognised during the year*	–	(4,831)	(4,831)
Unwinding of discount*	–	(1,845)	(1,845)
Arising on acquisition	–	(29,195)	(29,195)
Released during the year*	–	24,592	24,592
Foreign currency movement	–	(4,727)	(4,727)
At 31 December 2021	25	(88,918)	(88,893)
Utilised during the year	–	5,127	5,127
Change in discount rate*	–	1,405	1,405
Unwinding of discount*	–	(2,073)	(2,073)
Arising on acquisition	–	(17,519)	(17,519)
Released during the year*	–	12,030	12,030
Foreign currency movement	–	(1,850)	(1,850)
At 31 December 2022	25	(91,798)	(91,773)

* 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 framework 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.

NOTES TO THE FINANCIAL STATEMENTS continued

32 Financial instruments continued

Credit risk

Credit risk arises from credit to customers, loans to customers, deferred consideration receivable, restricted cash, 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 3.9% of gross trade receivables (2021: 4.5%). 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.

Movements in the provision for impairment of trade receivables that are assessed for impairment collectively are as follows:

	2022 €'000	2021 €'000
At 1 January	6,050	4,806
Provision for impairment recognised during the year	159	1,521
Receivables written off during the year as uncollectible	(285)	(8)
Recovery of balances previously provided for	(109)	(28)
Reclassification	–	(274)
Foreign currency translation	(29)	33
At 31 December	5,786	6,050

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 82.4% of the total trade receivables balance at the Balance Sheet date (2021: 89.4%). Invoice discounting arrangements are employed in certain of the Group's operations where they are deemed to be of benefit by management.

NOTES TO THE FINANCIAL STATEMENTS continued

32 Financial instruments continued

Under the terms of the invoice discounting non-recourse agreement, the Group has transferred substantially all credit risk and control of certain trade receivables. The balance of the facility as at 31 December 2022 is €111,765,000 (2021: €94,118,000). During the year ended 31 December 2022, the Group increased its non-recourse facility by €15,000,000 (2021: €nil). The Group has recognised an asset within trade and other receivables of €16,765,000 (2021: €14,118,000), being the fair value of the amount receivable from the financial institutions, representing 15% of the trade receivables transferred to the financial institutions in accordance with the terms of the receivables purchase arrangement. The total interest expense associated with this receivables purchase agreement during the year ended 31 December 2022 was €1,866,000 (2021: €1,296,000).

On acquisition of BModesto Group in 2022, the Group acquired an invoice discounting facility that is with recourse to the Group. The balance of this facility at 31 December 2022 is €5,900,000 (2021: €nil).

The ageing of trade receivables at 31 December 2022 and 2021 was:

	2022 €'000	2021 €'000
Not past due	117,068	115,724
Past due		
0 – 30 days	16,371	7,701
30 – 60 days	3,987	2,226
60 days	4,624	3,817
Total past due	24,982	13,744
Total trade receivables	142,050	129,468

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-3 (2021: 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 12.

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:

	2022 €'000	2021 €'000
Trade and other receivables*	146,814	137,102
Deferred consideration receivable	100	448
Cash and cash equivalents	103,704	78,025
Total	250,618	215,575

* Excluding prepayments and accrued income.

NOTES TO THE FINANCIAL STATEMENTS continued

32 Financial instruments continued

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.

The following table outlines the undiscounted contractual maturities of the Group's financial liabilities at the Balance Sheet date. The undiscounted cash flows and maturity profile 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 2022						
Borrowings	7,565	–	–	229,140	–	236,705
Deferred acquisition consideration	523	–	–	–	–	523
Deferred contingent consideration	14,467	21,293	29,418	32,357	–	97,535
Lease obligations	7,984	7,704	14,986	36,868	74,941	142,483
Trade and other payables	236,238	–	–	–	–	236,238
	266,777	28,997	44,404	298,365	74,941	713,484
At 31 December 2021						
Borrowings	1,676	52	–	132,246	–	133,974
Deferred acquisition consideration	470	3,899	–	–	–	4,369
Deferred contingent consideration	5,594	25,224	21,019	41,074	–	92,911
Lease obligations	7,981	7,606	13,911	35,118	77,915	142,531
Trade and other payables	195,455	–	–	–	–	195,455
	211,176	36,781	34,930	208,438	77,915	569,240

Deferred contingent consideration is provided based on management's assessment of the fair value of the liability taking into account the expected profitability of the acquisition. The maximum amount of additional Deferred contingent consideration not provided for in the financial statements is €60,300,000 assuming the acquisitions satisfy all performance conditions as set out in their acquisition.

Lender covenants

The Group entered into a new banking facility in August 2022 that expanded both the size and number of participating banks in the syndicate. Under this facility the Group are subject to two covenants: leverage ratio and interest cover. Banking covenants are subject to bi-annual review, and during 2022 all covenants have been fully complied with.

NOTES TO THE FINANCIAL STATEMENTS continued

32 Financial instruments continued

Currency risk

The Group primarily operates in the Republic of Ireland and the majority of the Group's activities are conducted in Euro. Elements of the Group's operations are carried out in the UK, Europe, the US and Asia Pacific. As a result, the Group is exposed to structural currency fluctuations in respect of Sterling, Swedish Krona, the US Dollar and the Australian Dollar primarily. 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.

The Euro is the principal currency of the Group's Irish and Benelux businesses, Sterling is the principal currency of the Group's UK businesses, the Swedish Krona is the principal currency of our Nordic businesses, the US Dollar is the principal currency of our US businesses, and the Australian Dollar is the principal currency of our Australian businesses. The Group seeks to manage the foreign currency translation risk arising from an investment in a foreign operation through the drawdown of borrowings denominated in the relevant currency and designating as a net investment hedge against the investment in the foreign operation.

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.

A portion of the Group's USD denominated borrowings with a nominal amount of USD 34.5 million (2021: USD 15.0 million) is designated as a hedge of a portion of the net investment in the Group's USD net assets amounting to USD 34.5 million (2021: 15.0 million). A portion of the Group's GBP denominated borrowings with a nominal amount of GBP 9.1 million (2021: GBP 9.1 million) is designated as a hedge of a portion of the net investment in the Group's GBP net assets amounting to GBP 9.1 million. A portion of the Group's AUD denominated borrowings with a nominal amount of AUD 4.2 million (2021: AUD nil) is designated as a hedge of a portion of the net investment in the Group's AUD net assets amounting to AUD 4.2 million (2021: nil) The hedge ratio was 1:1 and there was no ineffectiveness recognised in the Group Income Statement during the year (2021: nil).

	2022 €'000	2021 €'000
Carrying value of net investment hedge	45,239	24,031
Gain/(Loss) recognised in other comprehensive income	2,070	(692)

Currency risk sensitivity analysis

The following table demonstrates the sensitivity of profit after tax and total equity to movements in the GBP/USD/SEK/AUD exchange rate with all other variables held constant:

	2022 €'000	2021 €'000
+/– 5% change in GBP/USD/SEK/AUD Exchange rates		
Impact on profit after tax*	834	541
Impact on total equity**	1,006	1,562

* The impact on profit after tax is based on changing the GBP/USD/SEK/AUD exchange rate used in calculating profit after tax for the year.

** The impact on total equity is calculated by changing the GBP/USD/SEK/AUD exchange rate used in measuring the closing balance sheet plus the impact to profit after tax for the period.

NOTES TO THE FINANCIAL STATEMENTS continued

32 Financial instruments continued

Interest rate risk

The Group has no fixed rate borrowings and its receivables are carried at amortised cost. At 31 December 2022, the Group revolving credit facility (RCF) is subject to an interest rate charge based on inter-bank interest rates (EURIBOR, GBP SONIA and USD SOFR) +1.5%. Interest charged on the RCF is subject to change based on the Group's leverage ratio.

Invoice discounting and non-recourse facility are subject to interest rate charges based on Prime/EURIBOR +1.75%.

	2022 €'000	2021 €'000
Variable rate borrowings (Note 18)	194,921	126,322

A decrease of fifty basis points in the interest rate would have reduced interest payable on borrowings in finance costs by €955,000 (2021: €636,000) 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. A similar movement with regard the non-recourse facility would result in a reduction/increase of €475,000 in interest payable.

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 OCI. 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 monitors 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 net bank debt position of €91,217,000 (2021: net bank debt of €48,297,000). Total equity of the Group at 31 December 2022 was €289,783,000 (2021: €251,564,000). The Directors periodically review the capital structure of the Group, considering the cost of capital and the associated risks.

33 Future capital expenditure not provided for

At 31 December 2022, the Group had capital commitments of €45,898,000 (2021: €2,860,000).

	2022 €'000	2021 €'000
Contracted for		
Intangible assets	695	1,453
Property, plant and equipment	45,203	1,407
	45,898	2,860

The majority of the Property, plant and equipment amount that is contracted for relates to the strategic investment in a new Supply Chain & Retail distribution facility in Dublin.

NOTES TO THE FINANCIAL STATEMENTS continued

34 Contingent liabilities

Subsidiaries

Pursuant to the provisions of Section 357, Companies Act 2014, the Company has put in force in respect of the whole of the financial year ended 31 December 2022 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, Uniphar Durbin Ireland Limited, Point of Care Health Services Limited, Lindchem Designated Activity Company, Trennamally Limited, Cahill May Roberts Limited, Life Pharmacy Limited, Uniphar Europe Limited, M3 Medical Limited, Pagni Pharmacies Limited, Sisk Healthcare Limited, Pyramach Limited and Innerstrength Limited.

Guarantees

The Company and certain subsidiaries have issued guarantees totalling €92,000 (2021: €317,000) in respect of bank borrowings undertaken by past customers of Cahill May Roberts Limited. The outstanding bank borrowing at the Balance Sheet date, for which these guarantees have been provided, gives rise to a contingent liability €92,000 (2021: €160,000) for the Group.

From a Company perspective, the contingent liability at year end is €nil (2021: €nil).

The change in the level of contingent liabilities is due to reduced underlying loan balances.

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 2022, the Directors are satisfied that there are no such matters which require either a provision or contingent liability disclosure in the financial statements.

35 Acquisitions of subsidiary undertakings and business assets

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

Chansey Holdings Limited and Edenmore Pharmacy Limited

The Group acquired 100% of the ordinary share capital of Chansey Holdings Limited and Edenmore Pharmacy Limited in January 2022 for consideration of €4,356,000. Chansey Holdings Limited and Edenmore Pharmacy Limited currently operates three independent retail pharmacies in Ireland.

Boxted Limited

The Group acquired 100% of the ordinary share capital of Boxted Limited in February 2022 for consideration of €1,716,000. Boxted Limited currently operates an independent retail pharmacy in Ireland.

Dr Hauschka Limited

The Group acquired 100% of the ordinary share capital of Dr Hauschka Limited in March 2022 for consideration of €1,541,000. Dr Hauschka Limited is a distributor of skincare products to pharmacies and health stores in Ireland.

Lanesra Pharmacy Limited

The Group acquired 100% of the ordinary share capital of Lanesra Pharmacy Limited in May 2022 for consideration of €4,339,000. Lanesra Pharmacy Limited currently operates an independent retail pharmacy in Ireland.

Mainarch Limited

The Group acquired 100% of the ordinary share capital of Mainarch Limited in June 2022 for consideration of €1,980,000. Mainarch Limited currently operates an independent retail pharmacy in Ireland.

Orspec Pharma Group

The Group acquired 100% of the ordinary share capital of Orspec Pharma Pty Limited in August 2022 for consideration of €6,664,000 of which €454,000 is deferred and €3,836,000 is deferred and contingent on agreed targets being met. Orspec Pharma, an Australia headquartered company, supplies pharmaceutical products across the Asia Pacific region with locations in Australia, New Zealand and Singapore.

NOTES TO THE FINANCIAL STATEMENTS continued

35 Acquisitions of subsidiary undertakings and business assets continued

Inspired Health

The Group acquired 100% of the membership interests of Inspired Insight, LLC, in September 2022 for a consideration of €25,504,000 of which €7,087,000 is deferred and contingent on agreed targets being met. Inspired Health, a United States based company, is an innovation, sales and marketing consultancy business inspired by insight and data.

BModesto Group

The Group acquired 85% of the ordinary share capital of BModesto Vastgoed B.V. in November 2022 and, on the same date, entered into a put and call option which would enable the Group to acquire the remaining 15% stake in exchange for cash consideration. This has been accounted under the anticipated acquisition method with the combined 100% recognised as acquired from November 2022. Acquisition consideration recognised amounted to €41,901,000 of which €6,596,000 is payable based on agreed targets being met in respect of the put and call option on the remaining 15% shareholding. BModesto Group, a Netherlands headquartered company, provides a range of services to healthcare companies, pharmacies and hospitals including pharmaceutical product supply, clinical trial services and medical device distribution.

Young's Pharmacy

The Group acquired the trade and assets of Young's Pharmacy in December 2022 for consideration of €1,363,000. Young's Pharmacy operates as an independent retail pharmacy in Ireland.

Goodwill is attributable to the future economic benefits arising from assets which are not capable of being individually identified and separately recognised. The significant factors giving rise to the goodwill include the value of the teams within the 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 €0.4m to €48.9m.

The initial assignment of fair values to net assets acquired has been performed on a provisional basis in respect of the acquisitions completed during 2022, due to their recent acquisition dates. 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 2023 Annual Report as stipulated by IFRS 3, Business Combinations.

The acquisitions completed in 2022 have contributed €61.4m to revenue and €11.2m of gross profit for the year since the date of acquisition. The proforma revenue and operating profit for the Group for the year ended 31 December 2022 would have been €2,360m and €63m respectively had the acquisitions been completed at the start of the current reporting year.

NOTES TO THE FINANCIAL STATEMENTS continued

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:

	BModesto €'000	Others €'000	Total €'000
ASSETS			
Non-current assets			
Intangible assets	364	–	364
Property, plant and equipment	4,089	366	4,455
Property, plant and equipment – Right of use assets	1,118	6,102	7,220
Deferred tax asset	207	6,550	6,757
	5,778	13,018	18,796
Current assets			
Inventory	28,821	1,298	30,119
Trade and other receivables	27,853	3,337	31,190
Cash and cash equivalents	–	3,295	3,295
	56,674	7,930	64,604
Total assets	62,452	20,948	83,400
LIABILITIES			
Non-current liabilities			
Lease liabilities	874	5,447	6,321
	874	5,447	6,321
Current liabilities			
Lease liabilities	243	656	899
Trade and other payables	19,264	4,220	23,484
Bank loans	23,570	273	23,843
	43,077	5,149	48,226
Total liabilities	43,951	10,596	54,547
Identifiable net assets acquired	18,501	10,352	28,853
Non-controlling interest arising on acquisition	–	–	–
Group share of net assets acquired	18,501	10,352	28,853
Goodwill arising on acquisition	23,400	37,447	60,847
Consideration	41,901	47,799	89,700

NOTES TO THE FINANCIAL STATEMENTS continued

35 Acquisitions of subsidiary undertakings and business assets continued

The acquisitions in the 2022 financial year of BModesto Group has been determined to be a substantial transaction and separate disclosure of the fair values of the identifiable assets and liabilities has therefore been made. None of the remaining business combinations completed during the period were considered sufficiently material to warrant separate disclosure of the fair values attributable to those combinations.

The gross contractual value of the trade and other receivables as at the respective dates of acquisition amounted to €31.8m. The fair value of these receivables is €31.2m, all of which is expected to be recoverable, and is inclusive of an aggregate impairment provision of €0.6m. In 2022, the Group incurred acquisition costs of €6.6m (2021: €3.3m). These have been included in administrative expenses in the Group Income Statement.

2021 Acquisitions

The initial assessment of the fair values of the major classes of assets acquired and liabilities assumed in respect of the acquisitions which were completed in 2021 was performed on a provisional basis. The fair values attributable to the assets and liabilities of these acquisitions have now been finalised. The amendments to these fair values were made to the comparative figures during the subsequent reporting window within the measurement period imposed by IFRS 3. The provisional fair value of these assets and liabilities recorded at 31 December 2021, together with the adjustments made to those carrying values to arrive at the final fair values were as follows:

	CoRRect €'000	BESTMSLs €'000	Others €'000	Provisional fair value of 2021 acquisitions €'000	Measurement period adjustment €'000	Total €'000
ASSETS						
Non-current assets						
Intangible assets	–	–	25	25	2,088	2,113
Property, plant and equipment	133	222	1,215	1,570	8	1,578
	133	222	1,240	1,595	2,096	3,691
Current assets						
Inventory	315	–	157	472	95	567
Trade and other receivables	510	2,018	2,415	4,943	1,512	6,455
Cash and cash equivalents	60	1,347	4,311	5,718	–	5,718
	885	3,365	6,883	11,133	1,607	12,740
Total assets	1,018	3,587	8,123	12,728	3,703	16,431

NOTES TO THE FINANCIAL STATEMENTS continued

35 Acquisitions of subsidiary undertakings and business assets continued

	CoRRect €'000	BESTMSLs €'000	Others €'000	Provisional fair value of 2021 acquisitions €'000	Measurement period adjustment €'000	Total €'000
LIABILITIES						
Non-current liabilities						
Lease liabilities	69	149	963	1,181	–	1,181
Bank borrowings	–	–	352	352	–	352
Other non-current liabilities	–	–	162	162	–	162
	69	149	1,477	1,695	–	1,695
Current liabilities						
Lease liabilities	60	73	115	248	–	248
Deferred tax	–	–	–	–	663	663
Trade and other payables	604	1,606	1,299	3,509	66	3,575
	664	1,679	1,414	3,757	729	4,486
Total liabilities	733	1,828	2,891	5,452	729	6,181
Identifiable net assets acquired	285	1,759	5,232	7,276	2,974	10,250
Goodwill arising on acquisition	19,486	21,207	14,603	55,296	(1,437)	53,859
Consideration	19,771	22,966	19,835	62,572	1,537	64,109

NOTES TO THE FINANCIAL STATEMENTS continued

36 Related party transactions

In the ordinary course of business as pharmacists, certain Non-Executive Directors of Uniphar plc have traded on standard commercial terms with the Group. The individual and combined value of these transactions are not material in the context of the Group's financial results.

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 two Executive Directors (2021: two), six Non-Executive Directors (2021: six), and an additional thirteen (2021: nine) individual members at 31 December 2022.

	2022 €'000	2021 €'000
Remuneration of key management personnel		
Short term employee benefits (including share-based payment charges and termination payments)	10,426	9,411
Post-employment benefits	581	198
	11,007	9,609

NOTES TO THE FINANCIAL STATEMENTS continued

37 Group companies

Holding company
Uniphar plc

Principal activity
Investment holding company

The following are the significant subsidiary undertakings of Uniphar plc at 31 December 2022:

Incorporated and trading in	Subsidiary name	Ownership %**	Principal 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 property holding company
Ireland	Lindchem Designated Activity Company*	100	Pharmacy holding company
Ireland	M3 Medical Limited*	100	Medical device distribution
Ireland	Pagni Pharmacies Limited*	100	Pharmacy holding company
Ireland	Point of Care Health Services Limited*	100	Specialist nursing and infusion services
Ireland	Pyramach Limited*	100	Pharmacy holding company
Ireland	Sisk Healthcare Limited*	100	Medical device distribution
Ireland	Trennamally Limited*	100	Pharmacy holding company
Ireland	Uniphar Durbin Ireland Limited*	100	Specialist provider of pharmaceuticals
Ireland	Uniphar Europe Limited*	100	Investment holding company
Ireland	Uniphar Wholesale Limited*	100	Pharmaceutical wholesale distributor
Ireland	Unisource Pharma Services Ireland Limited*	100	Outsourcing and resourcing
Ireland	Innerstrength Limited*	82.3	Healthcare technology
Ireland	Relay for Hope CLG	100	Charity
Ireland	Uniphar Commercial Solutions Limited	100	Medical affairs services
Ireland	Dr Hauschka Limited	100	Distributor of brand products
UK	Clinical Cube Limited	100	Data solutions for pharma industry
UK	Clinical Pyramid Limited	100	Investment holding company
UK	Dialachemist Limited	80	Online pharmacy and product fostering
UK	Durbin plc	100	Specialist provider of pharmaceuticals
UK	Macromed (UK) Limited	94.95	Medical device distribution
UK	Outcome Medical Solutions Limited	100	Investment holding company
UK	Outico Limited	100	Data intelligence and consultancy
UK	Sisk Healthcare (UK) Limited	100	Medical device distribution
UK	Star Outico Limited	100	Outsourcing and resourcing
UK	Star Medical Limited	100	Outsourcing and resourcing
UK	Unisource Limited	100	Investment holding company
UK	Events 4 Healthcare Limited	100	Pharmaceutical marketing
UK	Devonshire Healthcare Services Limited	100	Specialist provider of pharmaceuticals
UK	BModesto UK Limited	85	Specialist provider of pharmaceuticals
UK	Doncaster Pharma Limited	85	Specialist provider of pharmaceuticals
Finland	EPS Vascular OY	100	Medical device distribution
Sweden	EP Endovascular AB	100	Medical device distribution
Sweden	EPS Vascular AB	100	Medical device distribution
Sweden	Star Outico Nordics A.B.	100	Outsourcing and resourcing
The Netherlands	Angiocare B.V.	100	Medical device distribution
The Netherlands	Star Medical B.V.	100	Outsourcing and resourcing
The Netherlands	BModesto Vastgoed B.V.	85	Holding company

NOTES TO THE FINANCIAL STATEMENTS continued

37 Group companies continued

Incorporated and trading in	Subsidiary name	Ownership %**	Principal activity
The Netherlands	BMclinical B.V.	85	Specialist provider of pharmaceuticals
The Netherlands	BModesto B.V.	85	Specialist provider of pharmaceuticals
The Netherlands	SynCo Pharma B.V.	85	Specialist provider of pharmaceuticals
The Netherlands	BMmedical B.V.	85	Medical device distribution
Germany	CoRRect Medical GmbH	100	Medical device distribution
US	Uniphar USA, Inc.	100	Investment holding company
US	Uniphar PA USA, LLC	100	Investment holding company
US	Uniphar C&C USA, LLC	100	Investment holding company
US	Durbin Inc.	100	Investment holding company
US	Pharmaceutical Trade Services Inc.	100	Specialist provider of pharmaceuticals
US	Diligent Health Solutions, LLC	100	Telecommunications support
US	RRD International, LLC	100	Pharmaceutical advisory
US	MDea, Inc	100	Medical affairs services
US	The Doctor's Channel, LLC	100	Medical affairs services
US	BESTMSLS, Inc	100	Medical affairs services
US	Uniphar Logistics USA, LLC	100	Medical device distribution
US	Inspired Insight, LLC	100	Pharmaceutical advisory
Australia	Uniphar Australia Pty Limited	100	Investment holding company
Australia	Orspec Pharma Pty Limited	100	Specialist provider of pharmaceuticals
Singapore	Orspec Pharma PTE Limited	100	Specialist provider of pharmaceuticals
New Zealand	Orspec Pharma Management Limited	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 2022 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 2022.

** With the exception of the USA subsidiaries, where the holding is in the form of membership interests, all holdings are in the form of ordinary shares.

The above table includes four pharmacy holding companies, Lindchem Designated Activity Company, Pagni Pharmacies Limited, Pyramach Limited and Trennamally Limited. Trading pharmacy entities are individually not deemed significant for the purposes of this disclosure.

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.

NOTES TO THE FINANCIAL STATEMENTS continued

37 Group companies continued

Incorporated in Republic of Ireland	Registered office
All Irish incorporated companies	4045 Kingswood Road, Citywest Business Park, Co. Dublin, Ireland, D24 V06K

Incorporated in UK	Registered office
Star Medical Limited Star Outico Limited Outico Limited	11 Davy Court Castle Mound Way Central Park Rugby CV23 0UZ United Kingdom
Sisk Healthcare (UK) Limited	6 Wildflower Way Boucher Road Belfast BT12 6TA Northern Ireland
Events 4 Healthcare Limited	3 Waterloo Farm Courtyard Stotfold Road Arlesey Bedfordshire S515 6XP United Kingdom
BModesto UK Limited Doncaster Pharma Limited	c/o Pinsent Masons LLP 30 Crown Place London EC2 A4ES United Kingdom
All other UK incorporated companies	6th Floor One London Wall London EC2Y 5EB United Kingdom

Incorporated in The Netherlands	Registered office
Angiocare B.V.	Eemweg 00031 21 3755LC Eemnes The Netherlands
Star Medical B.V.	De Tweeling 00020 5215MC S-Hertogenbosch The Netherlands
All other Netherlands incorporated companies	Minervaweg 2 8239 DL Lelystad The Netherlands

NOTES TO THE FINANCIAL STATEMENTS continued

37 Group companies continued

Incorporated in the US	Registered office
Durbin Inc.	William. C. Penick IV 190 East Capitol, Suite 100 Jackson Mississippi 39201 United States
Pharmaceutical Trade Services Inc.	5820 Gulf Tech Drive Ocean Springs Mississippi 39564 United States
RRD International, LLC	7361 Calhoun Place, Suite 510, Rockville, MD 20855, United States
Diligent Health Solutions, LLC	4800 East Street Road, Suite 100, Feasterville-Trevose, PA 19053, United States
MDea, Inc The Doctor's Channel, LLC BESTMSLS, Inc	8985 S. Eastern Ave, Suite 200 Las Vegas, NV 89123 United States
Inspired Insights LLC	101 Tremont Street 8th Floor Boston Massachusetts 02108 United States
All other USA incorporated companies	1209 Orange Street, Wilmington, New Castle County, Delaware 19801, United States

NOTES TO THE FINANCIAL STATEMENTS continued

37 Group companies continued

Incorporated in Sweden	Registered office
Star Outico Nordics AB	Regeringsgatan 29 111 53 Stockholm Sweden
All other Swedish incorporated companies	Hamnplanen 24 263 61 Viken Skåne län Sweden

Incorporated in Finland	Registered office
EPS Vascular OY	Hauralantie 43 37800 LEMPÄÄLÄ Finland

Incorporated in Germany	Registered office
CoRRect Medical GmbH	Bahnhofstrasse 32 82041 Oberhaching Germany

Incorporated in Australia	
Uniphar Australia Pty Limited Orspec Pharma Pty Limited	c/o Baker & McKenzie Tower One International Towers Sydney Level 46 100 Barangaroo Avenue Sydney, NSW 2000 Australia

Incorporated in Singapore	
Orspec Pharma PTE Limited	37 Kallang Pudding Road 03-01, Tong Lee Building Block B Singapore, 349315

Incorporated in New Zealand	
Orspec Pharma Management Limited	c/o Quigg Partners Level 7 36 Brandon Street Wellington 6011 New Zealand

NOTES TO THE FINANCIAL STATEMENTS continued

37 Group companies continued

The following were changes to the Group's structure during 2022:

- As set out in Note 35, in January 2022, the Group acquired 100% of the ordinary share capital of Chansey Holdings Limited and Edenmore Pharmacy Limited, both of which are incorporated in Ireland
- As set out in Note 35, in February 2022, the Group acquired 100% of the ordinary share capital of Boxted Limited, a company incorporated in Ireland
- As set out in Note 35, in March 2022, the Group acquired 100% of the ordinary share capital of Dr Hauschka Limited, a company incorporated in Ireland
- As set out in Note 35, in May 2022, the Group acquired 100% of the ordinary share capital of Lanesra Pharmacy Limited, a company incorporated in Ireland
- As set out in Note 35, in June 2022, the Group acquired 100% of the ordinary share capital of Mainarch Limited, a company incorporated in Ireland
- As set out in Note 35, in August 2022, the Group acquired 100% of the ordinary share capital of Orspec Pharma Pty Limited, Orspec Pharma PTE Limited, Orspec Pharma Management Limited (together Orspec Pharma Group) a group based and incorporated in the Asia Pacific region
- As set out in Note 35, in September 2022, the Group acquired 100% of the membership interests of Inspired Insight, LLC, a company incorporated in the US
- As set out in Note 35, in November 2022, the Group acquired 85% of the ordinary share capital of BModesto Vastgoed B.V., a group based in the Netherlands and incorporated in the Netherlands and UK

During 2022, the Group incorporated the following companies:

- Uniphar Commercial Solutions Limited
- Uniphar Logistics USA, LLC
- Uniphar Australia Pty Limited

38 Post balance sheet events

On 31 January 2023, the Group acquired 100% of the issued share capital of LXV Remedies Holdings Limited which trades as the McCauley's Pharmacy Group. This acquisition was announced in September 2022 but was subject to clearance by the Competition and Consumer Protection Commission (CCPC) at 31 December 2022. McCauley Pharmacy Group is a leading provider of pharmacy and retail services in Ireland and comprises 37 retail pharmacies at the time of acquisition. Due to the short time frame between the completion date of the acquisition of McCauley's Pharmacy Group, 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 2023 financial statements.

There have been no other material events subsequent to 31 December 2022 that would require adjustment to or disclosure in this report.

39 Comparative amounts

The comparative amounts have been updated for amendments to the fair value of assets and liabilities acquired during 2021 which are set out in Note 35, these amendments were within the measurement period imposed by IFRS 3.

40 Approval of financial statements

The Directors approved the financial statements on 27 February 2023.

ALTERNATIVE PERFORMANCE MEASURES

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

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

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

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

ALTERNATIVE PERFORMANCE MEASURES continued

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

ALTERNATIVE PERFORMANCE MEASURES continued

EBITDA

		2022 €'000	2021 €'000
Operating profit	*Income Statement*	53,155	45,147
Exceptional charge recognised in operating profit	*Note 4*	16,415	14,404
Depreciation	*Note 11*	23,356	22,225
Amortisation	*Note 10*	5,114	4,705
EBITDA		98,040	86,481
Adjust for the impact of IFRS 16		(16,837)	(16,625)
Pro-forma EBITDA of acquisitions		10,167	1,847
Adjusted EBITDA		91,370	71,703

Net bank debt

		2022 €'000	2021 €'000
Cash and cash equivalents	*Balance Sheet*	103,704	78,025
Bank loans repayable within one year	*Balance Sheet*	(7,490)	(1,721)
Bank loans payable after one year	*Balance Sheet*	(187,431)	(124,601)
Net bank debt		(91,217)	(48,297)

Net debt

		2022 €'000	2021 €'000
Net bank debt	*Alternative Performance Measures*	(91,217)	(48,297)
Current lease obligations	*Balance Sheet*	(14,315)	(14,358)
Non-current lease obligations	*Balance Sheet*	(105,919)	(104,720)
Net debt		(211,451)	(167,375)

Leverage

		2022 €'000	2021 €'000
Net bank debt	*Alternative Performance Measures*	(91,217)	(48,297)
Adjusted EBITDA	*Alternative Performance Measures*	91,370	71,703
Leverage (times)		1.0	0.7

Adjusted operating profit

		2022 €'000	2021 €'000
Operating profit	*Income Statement*	53,155	45,147
Amortisation of acquisition related intangibles		2,708	2,063
Exceptional charge recognised in operating profit	*Note 4*	16,415	14,404
Adjusted operating profit		72,278	61,614

ALTERNATIVE PERFORMANCE MEASURES continued

Adjusted earnings per share

	2022 €'000	2021 €'000
Adjusted earnings per share has been calculated by reference to the following:		
Profit for the financial year attributable to owners	45,587	48,077
Exceptional charge recognised in operating profit (Note 4)	16,415	14,404
Exceptional credit recognised in finance costs (Note 4)	(13,191)	(19,761)
Exceptional credit recognised in income tax (Note 4)	(1,106)	(777)
Amortisation of acquisition related intangibles	2,708	2,063
Tax credit on acquisition related intangibles	(329)	(207)
Profit after tax excluding exceptional items	50,084	43,799
Weighted average number of shares in issue in the year (000's)	272,557	269,752
Adjusted basic and diluted earnings per ordinary share (in cent)	18.4	16.2
Like for like weighted average number of shares (000's)	272,557	272,557
Like for like adjusted earnings per ordinary share (in cent)	18.4	16.1

Free cash flow conversion

		2022 €'000	2021 €'000
EBITDA	Alternative Performance Measures	98,040	86,481
(Increase)/decrease in inventory	*Note 29*	(15,130)	3,726
Decrease/(increase) in receivables	*Note 29*	2,934	(26,169)
Increase in payables	*Note 29*	2,700	13,205
Share based payment expense	*Note 29*	535	183
Foreign currency translation adjustments	*Note 29*	1,393	22
Payments to acquire property, plant and equipment – Maintenance	*Cash Flow Statement*	(8,299)	(8,795)
Payments to acquire intangible assets – Maintenance	*Cash Flow Statement*	(3,448)	(3,904)
Free cash flow		78,725	64,749
Adjustment for settlement of acquired financial liabilities*		2,138	1,513
		80,863	66,262
EBITDA		98,040	86,481
Free cash flow conversion		82.5%	76.6%

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

ALTERNATIVE PERFORMANCE MEASURES continued

Return on capital employed

	2022 €'000	2021 €'000	2020 €'000
Rolling 12 months operating profit	53,155	45,147	
Adjustment for exceptional costs	16,415	14,404	
Amortisation of acquisition related intangibles	2,708	2,063	
Adjusted 12 months rolling operating profit	72,278	61,614	
Total equity	289,783	251,564	202,535
Net bank debt	91,217	48,297	34,419
Deferred contingent consideration (Note 19)	91,798	88,918	86,195
Deferred consideration payable (Note 22)	523	4,295	4,461
Total capital employed	473,321	393,074	327,610
Average capital employed	433,198	360,342	
Adjustment for acquisitions (Note A/B below)	(15,552)	(9,384)	
Adjusted average capital employed	417,646	350,958	
Return on capital employed	17.3%	17.6%	

Note A: Adjustment for acquisitions (2022)

	Capital employed €'000	Completion date	Adjustment €'000
BModesto Group	41,901	November 2022	(13,967)
Other acquisitions completed during 2022	47,464	Various	(1,585)
Adjustment for acquisitions during 2022			(15,552)

Note B: Adjustment for acquisitions (2021)

	Capital employed €'000	Completion date	Adjustment €'000
BESTMSLs Group	22,966	July 2021	(1,914)
Other acquisitions completed during 2021	18,967	Various	(7,470)
Adjustment for acquisitions during 2021			(9,384)

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

GLOSSARY OF TERMS

AGM	Annual General Meeting
APAC	Asia Pacific region
APM	Alternative Performance Measures
Articles	Articles of Association of Uniphar plc
BESTMSLs Group	MDea, Inc, The Doctor's Channel, LLC, and BESTMSLs, Inc
BModesto Group	BModesto Vastgoed B.V., BMclinical B.V., BModesto B.V., SynCo Pharma B.V., BMmedical B.V., Doncaster Pharma Limited
Board	The Board of Directors of Uniphar plc
CCPC	Irish Competition and Consumer Protection Commission
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash-Generating Unit
Company	Uniphar plc
Covid-19	Coronavirus disease
CSO	Contract Sales Outsourcing
CSRD	Corporate Sustainability Reporting Directive
Diligent	Diligent Health Solutions, LLC
Durbin	Durbin plc and Durbin Inc
EAPs	Expanded Access Programs
EBITDA	Earnings Before Exceptionals, Interest, Tax, Depreciation and Amortisation
ED&I	Equity, Diversity and Inclusion Policy
EEIO	Environmentally-Extended Input-Output
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
EPS Group	EPS Vascular AB, EP Endovascular AB and EPS Vascular OY
ERP	Enterprise Resource Planning
ESG	Environmental, Social, and Governance
EU	European Union
FDA	Food and Drug Administration
FMD	Falsified Medicine Directive
FVOCI	Fair Value through Other Comprehensive Income
FVPL	Fair Value through Profit or Loss
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GDP	Good Distribution Practice Regulations
GDPR	General Data Protection Regulation
GMP	Good Manufacturing Practice Regulations
GP	General Practitioner
GxP	'good practice' Quality Guidelines and Regulations
GRI	Global Reporting Initiative
Group	Uniphar plc and Subsidiary undertakings of Uniphar plc
HCP	Healthcare Professional
HPRA	The Irish Health Products Regulatory Authority
HSBC	HSBC Continental Europe Bank
HR	Human Resources
HSE	Health Service Executive in Ireland
H&S	Health and Safety
IAS	International Accounting Standard
ICP	Independent Community Pharmacy
ICT	Information and Communication Technologies
IEA NZE	International Energy Agency Net Zero Emissions

GLOSSARY OF TERMS CONTINUED

IFRS	International Financial Reporting Standards
Inc.	Incorporated
IPHA	Irish Pharmaceutical Healthcare Association
IPO	Initial Public Offering
IPOS	Independent Pharmacy Ownership Scheme
IT	Information Technology
KPI	Key Performance Indicator
LEED	Leadership in Energy and Environmental Design
LTIP	Long Term Incentive Plan
MAPs	Managed Access Programs
MCAM	Multi-Channel Account Managers
MENA	Middle East and North Africa
MSL	Medical Science Liaison
M&A	Mergers and Acquisitions
N/A	Not Applicable
NGO	Non-Governmental Organisations
NHS	National Healthcare Service in the United Kingdom
OCI	Other Comprehensive Income
Orspec Group	Orspec Pharma Pty Limited, Orspec Pharma PTE Limited, Orspec Pharma Management Limited
OTC	Over the Counter
PAYE	Pay As You Earn
PLC	Public Limited Company
PPE	Personal Protective Equipment
PwC	PricewaterhouseCoopers
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
QMS	Quality management system
RBC	Royal Bank of Canada
RCP	Representative Concentration Pathway
RNS	Regulatory News Service
ROCE	Return on Capital Employed
ROI	Republic of Ireland
ROW	Rest of the World
RRD	RRD International, LLC
SASB	Sustainability Accounting Standards Board
SBTi	Science Based Target Initiatives
SDG	Sustainable Development Goals
TCFD	Task Force on Climate-related Financial Disclosures
Tc02e	Tonnes of carbon dioxide equivalent
TSR	Total Shareholder Return
UK	United Kingdom
UK Code	UK Corporate Governance Code
Uniphar	Uniphar plc and Subsidiary undertakings of Uniphar plc
UN	The United Nations
US	United States of America
VAT	Value Added Tax
VPN	Virtual Private Network
2018 pro-forma EBITDA	2018 pro-forma EBITDA of €46.3m as disclosed in our Admission document

Uniphar plc's commitment to environmental sustainability is reflected in this Annual Report. This report is printed in Ireland using environmental print technology which minimises the impact of printing on the environment. This report is printed on Horizon Offset paper and board, which is chlorine free and sustainably sourced from European managed forests.

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