# Uniphar plc
# 2021 Preliminary Results

Uniphar plc, an international diversified healthcare services business, announces its full year results for the year ended 31 December 2021. Delivering a strong performance with EBITDA growth of 29.6%.

## FINANCIAL HIGHLIGHTS

| | | | Growth | |
|---|---|---|---|---|
| **Year ended 31 December** | **2021 €'000** | 2020 €'000 | Reported % | Constant Currency[2] % |
| Revenue | **1,943,149** | 1,823,854 | 6.5% | 6.3% |
| Gross profit | **274,497** | 217,252 | 26.3% | 25.8% |
| Commercial & Clinical | **104,398** | 92,193 | 13.2% | 12.0% |
| Product Access | **41,318** | 30,423 | 35.8% | 35.9% |
| Supply Chain & Retail | **128,781** | 94,636 | 36.1% | 36.1% |
| Gross profit margin (Group) | **14.1%** | 11.9% | | |
| EBITDA[1] | **86,481** | 66,713 | 29.6% | 29.1% |
| Operating profit | **45,147** | 39,944 | 13.0% | 12.2% |
| Profit before tax excluding exceptional items | **50,444** | 38,367 | 31.5% | 30.7% |
| Net bank debt[1] | **(48,297)** | (34,419) | | |
| Basic EPS (cent) | **17.8** | 10.6 | | |
| Adjusted EPS (cent)[1] | **16.2** | 12.6 | | |

- Gross profit growth of 26.3% (8.5% organic), strong performance across all divisions with Supply Chain & Retail outperforming medium-term guidance, delivering 5.8% organic gross profit growth.
- Continued growth in gross profit margin from 11.9% to 14.1%, reflecting the expansion into higher margin opportunities.
- EBITDA growth of 29.6%, €86.5m (2020: €66.7m). The increase in EBITDA reflects the full year impact of the 2020 acquisitions, alongside increasing investment in operating overheads to support future growth.
- 28.6% Adjusted EPS growth,16.2 cent (2020: 12.6 cent).
- The Group continued to execute strategic and earnings accretive acquisitions with five announced in 2021 (with the acquisition of the Navi Group subject to approval by the Competition and Consumer Protection Commission (CCPC)).
- Strong liquidity with net bank debt of €48.3m as at 31 December 2021 (2020: €34.4m), reported free cash flow conversion of 76.6% and leverage remaining low at 0.7x underpinning the Group's disciplined approach to capital allocation and cash conversion.
- Total dividend for the year of €4.4m (€0.016 per ordinary share) representing an increase of 5% year-on-year, including a €1.5m interim (€0.005 per ordinary share) dividend paid in October and a final dividend of €2.9m (€0.011 per ordinary share) subject to approval at the AGM.

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

## STRATEGIC AND OPERATIONAL HIGHLIGHTS

- Our business performed strongly in 2021, with our teams delivering impressive results despite the continuing challenges caused by the Covid-19 pandemic.
- Continued to deliver the supply of medicines, medical devices, and related services to the healthcare sector during an evolving Covid-19 landscape.
- Strong organic gross profit growth across all trading divisions, with an outperformance in Supply Chain & Retail delivering 5.8%, Commercial & Clinical delivering 7.9% and Product Access delivering 19.9%.
- Increase in gross profit margin to 14.1% from 11.9%, driven by the full year impact of acquisitions completed in 2020 and the Group's continued focus on higher margin services.
- Integration of 2020 acquisitions including the Hickey's Pharmacy Group, RRD International, Diligent Health Solutions and Innerstrength Limited have been completed and delivering expected benefits.
- During 2021, the Group completed four earnings accretive acquisitions and announced a fifth, the acquisition of the Navi Group, which is subject to approval by the CCPC:

*Commercial & Clinical Division:*

- CoRRect Medical GmbH, a German-headquartered company, which specialises in the commercialisation and distribution of medical device products in the interventional cardiology sector across Germany and Switzerland. This acquisition continues to build on our pan-European offering, focusing on high value speciality therapeutic areas.
- BESTMSLs Group, a New York-headquartered group, which provides outsourced medical affairs services including the provision of contract Medical Science Liaison (MSL) teams, and innovative digital solutions. The acquisition increases Uniphar's presence in the strategically important US market and BESTMSLs Group will work alongside, and benefit from, our 2020 US acquisitions of Diligent Health Solutions and RRD International.
- E4H, a UK based company, offers a wide range of digital and communications solutions to the pharmaceutical industry, including brand and strategy commercialisation, digital development, omni-channel delivery, engagement, and data analysis.

*Product Access Division:*

- Devonshire Healthcare Services, a UK based company, providing access to unlicensed and difficult to source medicines across the Middle East and North Africa (MENA) region for 25 years to a broad variety of healthcare authorities, hospitals and overseas ministries of health.

*Supply Chain & Retail*:

- Navi Group, whose acquisition is subject to CCPC approval, drives innovation within the Irish pharmacy sector through leading digital platforms and consistent supply of quality pharmaceutical products to its Irish and MENA partners. On completion of this acquisition, the unique technology and value proposition of Navi combined with Uniphar's scalable high-tech distribution facilities and digital platforms should deliver an even stronger offering to our independent community pharmacy customer base.

- The addition of two new international banking partners, RBC and HSBC, joining the existing banking syndicate during the year to support our growth strategy.
- Strong cash flow performance with reported free cash flow conversion of 76.6%, demonstrating continued focus on working capital management, and leverage remaining low at 0.7x.
- Our sustainability and governance strategy remains a key objective for the Group with good progress made including:
    - Formal commitment to the Science Based Target initiative (SBTi) to set carbon reduction targets, with an interim internal target to reduce absolute Scope 1 & 2 emissions by 50% between 2019 and 2030, in line with the SBTi 1.5˚ C aligned pathway for targets;
    - First full disclosure to Carbon Disclosure Project (CDP) submitted in 2021; and
    - Board and Committee compositions now in line with the UK Corporate Governance Code.

## Ger Rabbette, Uniphar Group Chief Executive Officer said:

*"The Group performed strongly throughout 2021 delivering EBITDA growth of 29.6%, ROCE of 17.6% and with all divisions achieving gross profit growth in line with or ahead of divisional guidance. Our people performed admirably throughout the year and continued to support our partners in what was another uncertain and challenging period.*

*We were pleased to announce five earnings accretive acquisitions during the period with M&A activity occurring across each of our divisions. Three acquisitions were completed in Commercial & Clinical; CoRRect Medical accelerates our entry into the German market, while BESTMSLs Group and E4H broadens our service offering and adds to our differentiated omni-channel approach to commercialisation.*

*In Product Access, Devonshire Healthcare Services will enable us to expand our unlicensed medicines business in the MENA region and will, in time, assist in the delivery of Expanded Access Programs globally.*

*The acquisition of Navi Group, which is subject to approval by the CCPC, will provide unique technology platforms that we can leverage throughout our Supply Chain & Retail division to deliver an even stronger offering to our valued independent community pharmacy customer base.*

*We will continue to apply a disciplined approach to capital deployment both organically and through M&A where such investment accelerates our strategic plans and delivers a Return on Capital Employed within or above our targeted range of 12% - 15% within three years.*

*We are confident of delivering on expectations throughout 2022 and beyond and remain firmly on track to achieve our strategic objective of doubling 2018 proforma EBITDA within 5 years of IPO."*

## Analyst presentation

A presentation for investors and analysts will be held by conference call at 9am, today, 1 March 2022. To register for the call please visit www.uniphar.ie.

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

## Contact details

**Uniphar Group** Tel: +353 (0) 1 428 7777

Brian O'Shaughnessy, Group Director of Corporate Development

**Davy (Joint Corporate Broker, Nominated Advisor and Euronext Growth Advisor)** Tel: +353 (0) 1 679 6363
Barry Murphy
Niall Gilchrist
Lauren O'Sullivan

**RBC Capital Markets (Joint Corporate Broker)** Tel: +44 (0) 20 7653 4000
Jonathan Hardy
Jamil Miah

**Stifel Nicolaus Europe Limited (Joint Corporate Broker)** Tel: +44 (0) 20 7710 7600
Matt Blawat
Ben Maddison
Francis North

**Q4 PR** Tel: +353 (0) 1 475 1444
Iarla Mongey, Public Relations Advisor to Uniphar Group

## About Uniphar plc

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

The Company's vision is to improve patient access to pharmaco-medical products and treatments by enhancing connectivity between manufacturers and healthcare stakeholders. Uniphar represents a strong combination of scale, growth, and profitability.

### Commercial & Clinical

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

### Product Access

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

### Supply Chain & Retail

Uniphar is an established market leader in Ireland with c. 53% market share in the wholesale/hospital market, supported by a network of 378 owned, franchised and symbol group pharmacies. The business supports the diverse customer base through the provision of strong service levels coupled with innovative commercial initiatives. Supply Chain & Retail is an Irish only business for the Group, although the manufacturer relationships and infrastructure are also utilised for the benefit of Commercial & Clinical and Product Access.

## Cautionary statement

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

## Overview

Uniphar has delivered a strong performance again this year with gross profit growth of 26.3% driven by organic growth of 8.5% combined with the benefit of value accretive acquisitions completed in 2020. Each division performed in line or ahead of its divisional guidance with a particularly strong result from Supply Chain & Retail. We continue to deliver on our growth strategy, building out our pan-European and global platforms for Commercial & Clinical and Product Access respectively, through acquisition and organic growth, while at the same time investing in our market leading Supply Chain & Retail division.

The positive trajectory of the Group's gross profit margin continued during the year increasing from 11.9% to 14.1% underpinned by our strategy of scaling and expanding into higher value, higher margin businesses.

EBITDA has increased by 29.6% (€19.8m) to €86.5m (2020: €66.7m), benefiting from the impact of 2020 acquisitions, the strong organic gross profit growth across all divisions together with the investment in our teams and our infrastructure for further growth. This has resulted in strong growth in all earnings per share (EPS) measurements, with adjusted EPS increasing from 12.6 cent to 16.2 cent, delivering 28.6% growth.

ROCE outperformed guidance in 2021 at 17.6% (2020: 18.7%), demonstrating our disciplined approach to capital allocation and our strong earnings growth. The investment made during 2021, both from a capital and acquisitions perspective, will deliver further benefits and growth in the coming years.

The Group continues to maintain its solid financial position, with a robust Balance Sheet, and excellent liquidity evident by the strong reported free cash flow of €66.3m reflecting a free cash flow conversion of 76.6%, which is at the top of our guided range. The strong free cash flow performance is driven by continued focus on working capital management.

With the addition of two new international banking partners, RBC and HSBC, joining the existing banking syndicate during the year, the Group is in a strong position to continue to invest in growth opportunities. Net bank debt was €48.3m (2020: €34.4m) and leverage remained low at 0.7x, providing a solid platform to support future growth and investment as opportunities arise.

The Group continues to focus on its strategy of building a pan-European offering in our Commercial & Clinical division and a global offering in our Product Access division providing a market leading service in the provision of Expanded Access Programs, both of which enhance our ability to develop new client relationships and achieve growth. In Supply Chain & Retail, our management team have a track record of outperforming the market. We will continue to leverage this valuable experience combined with our sophisticated digital tools, high-tech infrastructure, and long-standing manufacturer relationships to grow this division.

## Sustainability

Sustainability continues to be a key focus for the Group. 2021 saw progress across all five of the Group's sustainability pillars. Our new Chief People Officer implemented a number of people and culture focused initiatives, including our Group-wide Future of Work employee listening exercise which drove the implementation of our Hybrid Working Guidelines.

On the environmental front, we took our first step in setting carbon reduction targets with the Group's formal commitment in December 2021 to setting science-based carbon reduction targets. We submitted our first full disclosure to CDP in July 2021. We are continuing to engage with our external consultants with a view to understanding our Scope 3 emissions to enable us to set meaningful carbon reduction targets.

Our focus on Community has continued into 2021 and saw the efforts of our teams supporting both the second year of Relay for Hope in aid of our global cancer charity partners and The West End Tour in aid of the Mayo-Roscommon Hospice. As a Group we succeeded in raising a phenomenal €350,000 for our charity partners across these two events, which brings our total charitable contributions over the past two years to well in excess of €600,000.

## Current trading

2021 has been a year of considerable growth across all three divisions, with overall gross profit increasing by 26.3% for the full year and a strong organic gross profit growth of 8.5%. The organic gross profit growth was achieved by each division performing in line with or ahead of its own divisional guidance, and an outperformance in the Supply Chain & Retail division. The Group's performance in 2021 demonstrates the diversity of the services we provide across the three divisions and the benefit of the Group's focus and investment in technology.

Our teams continued to deliver throughout 2021 despite the continuing challenges caused by the Covid-19 pandemic. For the second year running, Uniphar colleagues worldwide have shown remarkable resilience and commitment, delivering for our clients and our shareholders by navigating the various challenges that Covid-19 presented. Our long-standing manufacturer relationships, together with exclusive distribution agreements, digitally enabled solutions, and the logistical infrastructure created across multiple locations, have enabled the Group to ensure continuity of services while meeting the needs of our customers.

The Group is in a strong position to continue to invest in growth opportunities. Net bank debt was €48.3m (2020: €34.4m) and leverage remained low at 0.7x, providing a solid platform to support future growth and investment as opportunities arise, with the addition of two new international banking partners, RBC and HSBC joining the existing banking syndicate during the year.

The Group continues to deliver on the strategy and growth promised and is confident that it will continue to deliver long-term value for our shareholders. Acquisitions continue to play an important part in Uniphar's growth strategy, and the Group's Balance Sheet is well placed to support our objectives.

## Outlook

Uniphar are well positioned to deliver organic gross profit growth across all divisions in line with its medium-term outlook and are confident of delivering on current expectations.

Medium-term guidance remains unchanged:

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

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.

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

## Acquisitions and integration update

During the year, Uniphar announced five earnings accretive acquisitions, with the acquisition of the Navi Group subject to approval by the CCPC. These acquisitions are in line with our growth strategy and further increase our access to the US, European and MENA markets in addition to strengthening our digital capabilities and infrastructure.

### Commercial & Clinical

***Acquisition update***

We completed three acquisitions in the Commercial & Clinical division. CoRRect Medical enables the provision of a fully integrated offering across the important German and Swiss medtech markets. Uniphar have brought existing manufacturer relationships to the German and Swiss markets and have leveraged the highly experienced CoRRect management team and their local knowledge to launch a number of products, with more launches to come. This acquisition is an important step in our strategic objective of providing high value services to our manufacturer clients on a pan-European basis.

The acquisition of New York-headquartered BESTMSLs Group provides outsourced medical affairs services including the provision of contract MSL teams, recruiting, training, education, and a range of innovative digital solutions for its pharma partners. In addition, The Doctors Channel, a digital platform, delivers expert medical information condensed into short streaming videos. A valuable operational addition to the Commercial & Clinical Pharma stable in itself, BESTMSLs Group is also of significant strategic value to our Product Access business, with the role MSLs play becoming increasingly important across late-stage clinical trials through to commercialisation.

E4H offers a wide range of digital and communications solutions to the pharmaceutical industry, including brand and strategy commercialisation, digital development, omni-channel delivery, engagement, and data analysis. E4H will be integrated into the Group's Commercial & Clinical Pharma business unit, enhancing Uniphar's value proposition of creating a truly differentiated omni-channel offering for pharmaceutical clients looking to commercialise their brands across Europe.

### *Integration update*

The 2020 acquisition of Diligent Health Solutions is now fully integrated into the Commercial & Clinical Pharma business unit and has enhanced the division's ability to build connectivity between their clients and the key healthcare stakeholders with its best-in-class digital capabilities. Uniphar's focus is to leverage these service offerings across the Commercial & Clinical and Product Access targeted geographies.

## Product Access

### *Acquisition update*

Devonshire Healthcare Services was acquired in late 2021 and joined the Product Access division. Devonshire has provided access to unlicensed and difficult to source medicines across the MENA region for 25 years to a broad variety of healthcare authorities, hospitals, and overseas ministries of health. Devonshire will enable Uniphar to expand its global access into key hospitals in the MENA region, for the benefit of both its On Demand and Exclusive Access businesses. Devonshire will benefit from Uniphar's existing operational infrastructure and drive cross-selling opportunities.

### *Integration update*

We have now integrated the 2020 acquisitions of Innerstrength Limited and RRD International, LLC into our Product Access division. Innerstrength brings further digital expertise to the Group and gives the Group a platform to broaden our support services to the pharmaceutical industry around patient awareness and education to drive adherence. RRD has a highly experienced clinical team with deep US regulatory insights and will support Uniphar's delivery of US-based Expanded Access Programs (EAPs), marking an important milestone for the Group.

## Supply Chain & Retail

### *Acquisition update*

In December 2021, the Group announced the acquisition of the Navi Group. The acquisition, which remains subject to CCPC approval, drives innovation within the Irish pharmacy sector through leading digital platforms and consistent supply of quality pharmaceutical products to its Irish and MENA partners. On completion of this acquisition, the unique technology and value proposition of the Navi Group combined with Uniphar's scalable high-tech distribution facilities and digital platforms should deliver an even stronger offering to our independent community pharmacy customer base.

### *Integration update*

During 2020, the Group completed the acquisition of the Hickey's Pharmacy Group, consisting of 36 retail pharmacies. These are now fully integrated into the Group and have performed resiliently in the period, demonstrating the benefits which the expertise, support and purchasing power of the Uniphar symbol group offering brings to pharmacies under its management.

## Principal Risks & Uncertainties

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

### 2021 Highlights

The Group continues to ensure that the Risk Management Framework is integrated in the day-to-day activities across the business. During the year ended 31 December 2021, 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 Environment & Sustainability; and
- Continued to focus on Covid-19 and Cybercrime related 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 has changed leading to a reassessment.

Enhanced focus has been brought to key risk areas in 2021, including Cybercrime and Environment & Sustainability. We continue to monitor these key areas, and the impact they may have on the Group.

The key principal risks and uncertainties faced by the Group for the year ended 31 December 2021 are summarised as follows:

#### Strategic Risks

- 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. This may have a negative impact on supply and trade, however as the Group has traded through the initial Brexit uncertainty with Brexit plans in operation, this risk has decreased year-on-year. Brexit also has the potential to create market uncertainty and currency fluctuations which could impact the translation of our UK operations into the Group reporting currency.
- Acquisitions - Growth through acquisitions continues to remain a key strategy for the Group. Failure to identify, complete and integrate acquisitions successfully may directly impact the Group's projected growth.
- Economic & geopolitical risk - The global macroeconomic, regulatory, political, and legal environment may impact the markets in which we operate and in turn our client and supplier base. This may adversely affect the financial and operational results of the Group. The Group are monitoring the evolving situation in the Ukraine.
- Key personnel & succession planning - Failure to attract, retain and develop the skills and expertise of its people may adversely impact the Group's performance.
- Market perception & reputational risk - Failure to deliver in line with market expectations may result in reputational damage, impacting the Group's ability to achieve its strategic targets.
- Loss of competitive position - Failure of the Group to respond to any changes in the environment in which it operates may result in loss of market share, which may put pressure on profitability and margins.
- Environment & sustainability - The increasing global focus on environmental and sustainability governance is recognised by the Group, and by its stakeholders. Failure to appropriately assess, monitor and manage the Group's impact on the environment and the communities in which it operates may result in reputational damage, impacting the Group's ability to deliver results.

#### Operational Risks

- Covid-19 - Covid-19 and its implications continue to evolve and change. Business disruption arising from further waves and variants of the Covid-19 virus may result in but is not limited to the following: supply chain disruption, postponement of certain elective surgeries, curtailment of travel and impact on staff.

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

**Financial Risks**

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

## Operational overview

### Commercial & Clinical

| Year ended 31 December | **2021 €'000** | 2020 €'000 | Growth Reported % | Growth Constant currency % |
|---|---|---|---|---|
| Revenue | **299,908** | 269,780 | 11.2% | 9.8% |
| Gross profit | **104,398** | 92,193 | 13.2% | 12.0% |
| Gross profit margin | **34.8%** | 34.2% | 60bps | |

**The Business**

Commercial & Clinical provides outsourced sales, marketing, and distribution solutions to pharmaceutical and medical device manufacturers on a pan-European basis, with a bespoke service offering in the US. The division is focused on the commercialisation of specialty products for our manufacturer clients. Our continued focus in expanding our geographic and client base means we are now active in 15 markets, representing 67 manufacturers across two or more of these geographies. We were able to deliver flexible commercial solutions ensuring our healthcare customers had access to critical information and products throughout the Covid-19 pandemic.

**2021 Performance**

Commercial & Clinical continued to deliver a strong performance in 2021 with organic gross profit growth of 7.9%, reinforcing our role as a trusted partner to our clients and customers. The expertise and agility of our teams, our specialty focus, the diversity of our product portfolio and our digitally enabled sales teams ensured the business achieved a robust performance in a challenging environment.

Key performance highlights include:

- Revenue growth of 11.2% achieved across the division;
- Strong revenue growth of 29.7% in our Pharma business unit achieved through our insight driven, digitally enabled customer centric solutions;
- An increase of 30.6% in gross profit achieved from outside of Ireland;
- Increase in the number of manufacturers represented in two or more geographies to 67 (2020: 47); and
- Completion of the acquisitions of CoRRect Medical, BESTMSLs Group and E4H significantly enhancing the division's capabilities.

**MedTech**

Our MedTech offering provides a fully integrated solution for our clients in sales, marketing, and distribution of medical devices across interventional cardiology/radiology, orthopedics, ophthalmology, minimally invasive surgery, diagnostic imaging, and critical care.

Covid-19 continued to have an impact on all markets in which MedTech operates. Lockdowns and continued restrictions saw the cancellation of many elective procedures across Europe throughout 2021, and the increased Covid-19 activity across our health systems challenged the traditional face-to-face interactions with stakeholders. The diverse nature of the products in our portfolio, combined with our geographic spread, allowed our business to achieve growth in this challenging period. By combining clinically trained teams, strong manufacturer relationships and established supply chain infrastructure we were able to source, supply and educate our customers on the best use of new technologies and products during this period. Our critical care specialty in particular continued to outperform during 2021.

The acquisition of CoRRect Medical was completed in July 2021, and the integration is now substantially complete. With a significant presence in Germany and Switzerland, the acquisition further enhances our pan-European offering, strengthens our interventional portfolio, and provides further, new opportunities to bring existing agencies to new markets.

### Pharma

Our Pharma business unit focusses on providing insight-driven, digitally enabled customer centric solutions for pharmaceutical partners. This allows Uniphar to engage with healthcare professionals with targeted information by utilising the channel that is most convenient for them.

In addition, Uniphar's Pharma business unit has continued to invest in digital technology to develop omni-channel sales solution capabilities with the goal of optimising commercial outcomes for our partners. This investment in our digital platforms has been of particular benefit during the Covid-19 pandemic, where face-to-face meetings have become more difficult and the structural shift in the healthcare market towards digital communications has accelerated. The acquisition of E4H which was completed in December 2021, enhances Uniphar's value proposition of creating a truly differentiated omni-channel offering for pharmaceutical clients looking to commercialise their brands across Europe. E4H offers a wide range of digital communications solutions to the pharmaceutical industry, including brand and strategy commercialisation, digital development, omni-channel delivery, engagement, and data analysis.

The recent acquisitions of Diligent Health Solutions (Q4 2020), and BESTMSLs Group (Q3 2021) have extended our presence into the strategically important US market, and significantly enhances the capabilities of the Pharma business unit. Diligent, with its enhanced call centre services, brings additional capabilities to our Commercial & Clinical division, and their capabilities have now been extended to the European market with the first programme launched in Q4 2021. BESTMSLs Group, a New York-headquartered Group, provides outsourced medical affairs services including the provision of contract MSL teams, and innovative digital solutions. While Diligent and BESTMSLs Group are US-based, our focus is to continue to enable these service offerings across our Commercial & Clinical and Product Access targeted geographies.

### Outlook

The ability of the Commercial & Clinical division to continue to grow through the market disruption caused by the Covid-19 pandemic, demonstrates the inherent strength in Uniphar's offering. Expansion into mainland Europe, the Nordics and the US has been successful and will continue to provide opportunities to grow our long–standing manufacturer partnerships into new geographies. The extension of the US acquisition's service offerings to the European market provides a further growth opportunity from 2022 onwards. In the medium-term, the Group is focused on identifying further Pharma and MedTech acquisitions to build out our growing platform, serving our clients across multiple geographies.

## Product Access

| | | | Growth | |
|---|---|---|---|---|
| **Year ended 31 December** | **2021 €'000** | 2020 €'000 | Reported % | Constant currency % |
| Revenue | **157,152** | 187,505 | (16.2%) | (16.9%) |
| Gross profit | **41,318** | 30,423 | 35.8% | 35.9% |
| Gross profit margin | **26.3%** | 16.2% | 1010bps | |

### The Business

We work to ensure equitable access to medicines for patients on a worldwide basis. Partnering with manufacturers, we provide the global reach and world class execution required to help them to ensure patients can get access to their early-stage, high-tech or otherwise difficult to source medicines. Our digital capabilities and our expert, multilingual teams enable us to offer a high standard of service quality and implementation.

### Highlights

- 35.8% gross profit growth achieved across the division;
- 10 new EAPs in 2021 bringing our cumulative experience on EAPs in the Group to over 65; and
- One strategically valuable acquisition, Devonshire Healthcare Services in Q4 2021.

The Product Access business has exceeded expectations this year, hitting 19.9% organic gross profit growth. Our Exclusive Access business has performed strongly during the year, we have comfortably hit our target of new Expanded Access Programs and are now well-established as a significant player in this growing global market. The reduction in revenue during the period reflects the planned discontinuation of a legacy contract with minimum gross profit contribution.

Over the last three years we have actively acquired companies with the expertise, reputation and reach to complement our existing capabilities and we have integrated them seamlessly into our existing operations. Through Durbin we have built out our capability in new regions, and the acquisition of Devonshire Healthcare Services will add direct access into the MENA market. The acquisition of RRD International in 2020 and more recently BESTMSLs Group have strengthened our expertise in the management of medicines in the early-stage of product life cycle. We have accelerated our progress towards our goal of providing speciality manufacturer clients with an unparalleled product access service on a global basis.

### Uniphar Patient Portal

The Uniphar patient portal, Uniphi, went live in 2021 as planned and is now fully operational. Every Expanded Access Program (EAP) can benefit from the support offered by the Uniphi technology, which combines patient enrolment with personalised patient education. The portal is operated by Innerstrength who have already become an integral part of the Product Access offering.

### On Demand - extending global capabilities

While Pharmasource, our Irish based On Demand business had a record year, achieving double-digit growth in a mature market, Brexit impacted our UK On Demand business as exports from the UK to other markets became slower and more complex. This impacted every UK-based company operating in the market. The change in the market encouraged us to accelerate our strategy of targeting non-EU markets, together with the acquisition of Devonshire Healthcare Services in 2021, giving us direct access to MENA markets.

Through providing On Demand services, the Devonshire Healthcare Services acquisition will enable us to build up a strong trading relationship with customers that will support growth in our Exclusive Access business in these markets in the near to medium-term.

### Exclusive Access – size of Expanded Access Programs (EAPs) growing

In 2021, we have really started to feel the benefit of our acquisition strategy which has given us the firepower to become a globally successful player in this space. Our 2020 acquisitions of RRD International and Innerstrength have played a pivotal role in expanding our ability to address the important US market. RRD’s deep early-stage experience in clinical development allows us to offer a world class standard of clinical support that our speciality pharma manufacturer clients, both emerging and well-established, really value. In addition, Innerstrength’s technological leadership ensures that we can deliver a superior offering than any of our competitors in the areas of patient education and adherence.

In 2021, we have made significant investment in delivering excellence, by strengthening strategic management and project management capabilities within our team. This year, we are seeing the high quality of our program delivery being recognised by our clients. In addition, we have expanded the therapeutic areas in which we operate; we have built a strong reputation in areas such as Oncology, Neurology, HIV and Gene Therapy over recent years, and this year, we have broadened into CAR T-cell Therapy and Transplant. We are now seeing a significant increase in the size of the opportunities we are working on with emerging, mid-size and big pharma clients. While we see the bulk of the growth in the market with our traditional targets of emerging and mid-size bio-tech innovators, one of the strategic goals for the division this year has been to attract EAPs from top 10 pharma manufacturers. With their larger programs and more exigent requirements, working with these companies stretches us to achieve constant improvement in compliance, governance and service which benefit all our EAP customers. We expect to continue to attract larger EAPs from companies of all sizes as our investment in scalable infrastructure continues and our reputation for excellence grows in the market.

### Looking ahead

We continue to focus on delivering double-digit gross profit growth. With another strong performance of 19.9% organic gross profit growth, we have positioned ourselves as a significant player in this growing market. Our recent acquisitions are not only enhancing the attractiveness of our EAP offering, but they also offer considerable cross-selling opportunities. We see 2022 as a year where we will continue to develop our On Demand and Expanded Access Programs services, investing in digital technology and scalable infrastructure, expanding into new regions beyond Europe and the US.

All this development, however, will be happening against the backdrop of a market that has taken a knock from Covid-19. The pandemic has slowed the rate of growth in the market by delaying product developments, and we expect a considerable amount of reorganisation and consolidation in the pharmaceutical market. This may delay some decisions in 2022, but it will ultimately mean additional opportunities for us in an 18–36 month timeframe.

We see our strong digital infrastructure, combined with our deep expertise and increasingly global reach, as well as our growing reputation for managing the most sensitive products and complex supply chains successfully, giving us a compelling value proposition for manufacturers of high-tech and speciality products.

## Supply Chain & Retail

| Year ended 31 December | **2021 €'000** | 2020 €'000 | Growth Reported % | Growth Constant currency % |
|---|---|---|---|---|
| Revenue | **1,486,089** | 1,366,569 | 8.7% | 8.7% |
| Gross profit | **128,781** | 94,636 | 36.1% | 36.1% |
| Gross profit margin | **8.7%** | 6.9% | 180bps | |

### The Business
The Supply Chain & Retail division comprises of our Pre-Wholesale and Wholesale pharmaceutical distribution business, with 1,850 community pharmacy customers and a vertically integrated model with 378 owned, franchised or supported pharmacies. Uniphar holds c. 53% of the current market share and is an essential part of the national health infrastructure in Ireland.

### Highlights
- 36.1% growth in gross profit;
- New €10m distribution hub in Annacotty now live – facilitating capacity for growth;
- Proof of concept of new managed service model in Retail with the Cara Pharmacy Group; and
- Digital innovation and omni-channel capability assisting our retail pharmacy partners.

### Wholesale
Growth in the year was achieved through the strong performance of the Hickey's Pharmacy Group and through organic gross profit growth with significant new business wins. The Wholesale business had a particularly strong second half of the year, following the lifting of the most severe lockdown restrictions mid-year.

Uniphar's robust operations infrastructure proved itself capable of dealing with the pressures of the pandemic, and we saw more independent pharmacies turning to Uniphar for support. The Group's new distribution centre in Annacotty, Co. Limerick, was fully operational in Q2 2021 and provides an additional 30% capacity. This investment has given additional flexibility to our operational infrastructure and allowed us to rebalance our regional volumes, in line with customer growth and the wider market recovery in H2 2021.

Prescription and OTC products continue to be at the core of what we provide to our community pharmacy customers, however, we have also seen considerable growth in our consumer products business, with sales rising by 51% year-on-year as we added new agencies and our own brands. A strong consumer offering is a key part of providing our community pharmacy customers with a 'one stop shop' for everything they need to run their pharmacy.

In our retail business we developed a full-service managed model and trialled it in the market, with the successful negotiation of a three-year supply and franchise agreement with the owners of the Cara Pharmacy Group. We see future potential in this approach for growth in wholesale market share.

In December 2021, we announced the acquisition of the Navi Group, a company we have partnered closely with for half a decade. The acquisition remains under consideration by the CCPC. Should we get agreement to proceed, this strategic investment brings with it market share in the form of additional pharmacy customers, an innovative and experienced trading team and most importantly, a number of innovative digital solutions for retail pharmacy based on proprietary digital technologies. This will complement our own technologies and will accelerate our ability to support our customers to achieve a fully connected pharmacy.

### Pre-Wholesale
Both the business and the underlying market experienced growth in the year. The Brexit readiness strategy implemented in 2020 allowed us to support our manufacturers and ensure continuity of supply to the Irish

market. We worked in partnership with our manufacturers who had products coming from the UK to ensure we had the relevant licences and procedures in place to mitigate against any impact.

A new four-year IPHA agreement comes into effect in 2022 and will bring with it market changes across our client manufacturer portfolios, as we see the growing penetration of biosimilar products. We are in a strong position as we enter 2022, with contract renewals completed with a number of our long-standing manufacturers.

**Retail**

Covid-19 impacted the retail pharmacy business in the first half of the year with decreased footfall and operational challenges. One of the biggest challenges for the sector as a whole has been staffing, with pharmacists, technicians and floor staff hard to recruit, bringing with it increased pressure on pay costs. Despite this, our retail stores continued to deliver for their customers, supporting them with courtesy, expertise, and kindness, as they have done throughout the pandemic.

The successful integration of the Hickey's Pharmacy Group was a key milestone in 2021. The acquisition was earnings accretive from day one, with the 36 pharmacies migrated on to Uniphar IT systems and using our digital expertise to grow the brand's online presence.

**Online/Digital**

By focusing on digital solutions in our own operations and in the back office for pharmacies, we have brought our pharmacy customers on a journey with us, reducing reliance on paper and moving in some way to simplifying workflows and administration for pharmacy teams. There was significant progress made on bringing digital to front of house in 2021, with strides made in eCommerce and digital innovation in our supported pharmacies. Allcare and Life pharmacy symbol groups both now offer online doctor services, patient apps and online shopping. The acquisition of the Navi Group (subject to CCPC approval), with its focus on technological innovation in retail pharmacy, will allow us to accelerate and strengthen our digital offering to our pharmacy partners and customers.

**Looking ahead**

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 integration of the Navi Group (subject to CCPC approval) will be a major focus for the division in 2022. As we look for additional growth, we cannot ignore the potential of other small/medium sized markets in which our successful Irish model might be replicable.

## Financial Review

### Summary financial performance

| Year ended 31 December | **2021 €'000** | 2020 €'000 | Growth Reported % | Growth Constant currency % |
|---|---|---|---|---|
| ***IFRS measures*** | | | | |
| Revenue | **1,943,149** | 1,823,854 | 6.5% | 6.3% |
| Gross profit | **274,497** | 217,252 | 26.3% | 25.8% |
| Operating profit | **45,147** | 39,944 | 13.0% | 12.2% |
| Basic EPS (cent) | **17.8** | 10.6 | | |
| ***Alternative performance measures*** | | | | |
| Gross profit margin | **14.1%** | 11.9% | | |
| EBITDA | **86,481** | 66,713 | 29.6% | 29.1% |
| Adjusted EPS (cent) | **16.2** | 12.6 | | |
| Net bank debt | **(48,297)** | (34,419) | | |
| Return on capital employed | **17.6%** | 18.7% | | |

**Revenue**

Revenue increased by 6.5% in the year (6.3% constant currency) to over €1.9bn. The increase was largely due to the strong performance in Supply Chain & Retail, which includes the full year benefit of the 2020 acquisition of the Hickey's Pharmacy Group together with a strong market share and growth in the consumer business.

**Gross profit**

Gross profit growth of 26.3% (25.8% constant currency) was achieved through our acquisitions completed in 2020 and 2021, together with organic growth of 8.5% (2020: 6.7%). Strong organic gross profit growth was delivered across all three divisions, with the highest being in our Product Access division with organic growth of 19.9% as the Exclusive Access business continued to deliver new programs. Gross profit margin has also increased from 11.9% to 14.1% delivering on our strategy of expanding into higher growth, higher margin sectors and businesses. Our geographical footprint has expanded during the year with an increase of 32% of gross profit generated from outside of Ireland which is due to the recent acquisitions and expansion of the pan-European footprint in Commercial & Clinical, and the expansion of the global footprint of the Product Access division.

*Divisional gross profit*

| Year ended 31 December | **2021 €'000** | 2020 €'000 | Growth Reported % | Growth Constant Currency % | Growth Organic % |
|---|---|---|---|---|---|
| Commercial & Clinical | **104,398** | 92,193 | 13.2% | 12.0% | 7.9% |
| Product Access | **41,318** | 30,423 | 35.8% | 35.9% | 19.9% |
| Supply Chain & Retail | **128,781** | 94,636 | 36.1% | 36.1% | 5.8% |
| | **274,497** | 217,252 | 26.3% | | 8.5% |

**EBITDA**

EBITDA has increased by €19.8m (29.6%, constant currency 29.1%) to €86.5m reflecting the full year impact of the 2020 acquisitions, the organic growth in 2021 together with the investment in our teams and our infrastructure for further growth.

### Exceptional items

Pre-tax exceptional credit of €5.4m was recognised in 2021, which includes a net release of deferred consideration of €19.8m following a review of the expected performance against earn-out targets and contractual obligations. This was partially offset by costs of €14.4m which primarily relate to redundancy and restructuring, acquisitions, and integration related costs. See note 3 for further details.

### Earnings per share

Basic earnings per share increased from 10.6 cent to 17.8 cent in 2021. The increase is a result of a significant increase in underlying earnings partially offset by an increase of 2.8% in the weighted average number of shares when compared to 2020.

Adjusted earnings per share is calculated after adjusting for the amortisation of acquisition related intangibles and exceptional costs. The Group's adjusted earnings per share for 2021 was 16.2 cent (2020: 12.6 cent). Underlying earnings have increased by 33.0% from €32.9m in 2020 to €43.8m in 2021. This was partially offset by a 2.8% increase in the weighted average number of shares in issue as a result of the satisfaction of performance conditions attached to LTIP shares during the year.

### Cash flow and net bank debt

The Group delivered a strong cash performance during the year, with a free cash flow conversion of 76.6% and a net bank debt position of €48.3m (2020: €34.4m).

| Year ended 31 December | **2021**<br>**€'000** | 2020<br>€'000 |
|---|---|---|
| Net cash inflow from operating activities | 52,177 | 65,978 |
| Net cash outflow from investing activities | (49,658) | (110,326) |
| Net cash inflow/(outflow) from financing activities | 13,259 | (8,715) |
| Foreign currency translation movement | 1,837 | (567) |
| **Increase/(decrease) in cash and cash equivalents in the year** | 17,615 | (53,630) |
| | | |
| Movement in restricted cash | (3,097) | 955 |
| Non-cash movement in borrowings | 350 | - |
| Cash flow from movement in borrowings | (28,746) | (8,366) |
| **Movement in net bank debt** | (13,878) | (61,041) |

Strong working capital management continues to be a focus for the Group, and this is reflected in the cash generated from operating activities of €52.2m. Trade and other receivables have increased due to strong sales growth across businesses particularly in Q4 which in turn has also impacted trade and other payables at the end of the period. Free cash flow conversion for the period was 76.6% which exceeds the medium-term free cash flow conversion target of 60-70%.

The net cash outflow from investing activities of €49.7m principally consisted of deferred and deferred contingent consideration payments of €12.3m, capital investment of €14.4m (including a new regional distribution facility, operational since May 2021), and acquisitions completed during the year of €32.3m. This is offset by net cash acquired on acquisition of €5.4m and a receipt of €3.4m in respect of working capital adjustments relating to acquisitions completed in 2019. Other movements included receipts from disposal of assets held for sale of €0.4m, and receipts of deferred consideration receivable of €0.2m.

The net cash inflow from financing activities of €13.3m was due to an increase in borrowings and the release of restricted cash into cash and cash equivalents, offset by repayment of borrowings, principal lease payments and the payment of dividends.

### New banking partners

With the addition of two new international banking partners, RBC and HSBC, joining the existing banking syndicate during the year, the Group is in a strong position to continue to invest in growth opportunities. Net bank debt was €48.3m (2020: €34.4m) and leverage remained low at 0.7x, providing a solid platform to support future growth and investment as opportunities arise.

### Taxation

The Group's tax charge inclusive of prior year adjustments has increased by €2.0m to €7.7m in 2021 reflecting the tax arising on both organic and acquisition related profit growth. The effective tax rate year-on-year has increased from 14.9% to 16.8% following the increased contribution of profits from higher rate 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.

### Foreign exchange

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 Group reporting purposes.

On a constant currency basis, revenue increased by 6.3% vs 6.5% reported growth, gross profit increased 25.8% vs 26.3% reported growth and operating profit increased by 12.2% vs 13.0% reported growth.

| | **2021 Average** | **2020 Average** |
|---|---|---|
| GBP | **0.8596** | 0.8888 |
| US Dollar | **1.1824** | 1.1401 |
| Swedish Krona | **10.1449** | 10.4815 |

### Return on capital employed (ROCE)

Group ROCE in 2021 of 17.6% (2020: 18.7%), is a modest decrease versus the prior year reflecting the impact of current and prior year acquisitions as the Group continued to invest in higher margin, higher value businesses and expand into new geographies. The investment made during 2021, both from a capital and acquisitions perspective, will deliver further benefits and growth in the coming years.

### Dividends

The Board remains committed to a progressive dividend policy as stated at the time of the IPO. The Directors are proposing a final dividend of €2.9m (€0.011 per ordinary share), subject to approval at the Company's AGM. It is proposed to pay the dividend on 13 May 2022 to ordinary shareholders on the Company's register at 5pm on 22 April 2022. Together with the interim dividend of €1.5m (€0.005 per ordinary share) paid in October 2021, this brings the total dividend for the year to €4.4m (€0.016 per ordinary share), an increase of 5% on 2020.

## Group Income Statement
### for the year ended 31 December 2021

| | Notes | 2021 Pre-exceptional €'000 | 2021 Exceptional (note 3) €'000 | 2021 Total €'000 | 2020 Pre-exceptional €'000 | 2020 Exceptional (note 3) €'000 | 2020 Total €'000 |
|---|---|---|---|---|---|---|---|
| **Revenue** | 2 | 1,943,149 | - | 1,943,149 | 1,823,854 | - | 1,823,854 |
| Cost of sales | | (1,668,652) | - | (1,668,652) | (1,606,602) | - | (1,606,602) |
| **Gross profit** | | 274,497 | - | 274,497 | 217,252 | - | 217,252 |
| Selling and distribution costs | | (60,712) | - | (60,712) | (55,446) | - | (55,446) |
| Administrative expenses | | (154,471) | (14,404) | (168,875) | (115,328) | (6,775) | (122,103) |
| Other operating income | | 237 | - | 237 | 241 | - | 241 |
| **Operating profit** | | 59,551 | (14,404) | 45,147 | 46,719 | (6,775) | 39,944 |
| Finance income/(cost) | 4 | (9,107) | 19,761 | 10,654 | (8,352) | 1,939 | (6,413) |
| **Profit before tax** | | 50,444 | 5,357 | 55,801 | 38,367 | (4,836) | 33,531 |
| Income tax expense | | (8,456) | 777 | (7,679) | (5,720) | - | (5,720) |
| **Profit for the financial year** | | 41,988 | 6,134 | 48,122 | 32,647 | (4,836) | 27,811 |
| ***Attributable to:*** | | | | | | | |
| Owners of the parent | | | | 48,077 | | | 27,827 |
| Non-controlling interests | | | | 45 | | | (16) |
| **Profit for the financial year** | | | | 48,122 | | | 27,811 |
| ***Attributable to:*** | | | | | | | |
| Continuing operations | | | | 48,122 | | | 27,811 |
| **Profit for the financial year** | | | | 48,122 | | | 27,811 |
| ***Earnings per ordinary share (in cent):*** | | | | | | | |
| Continuing operations | | | | 17.8 | | | 10.6 |
| **Basic and diluted earnings per share (in cent)** | 5 | | | **17.8** | | | **10.6** |

## Group Statement of Comprehensive Income
**for the year ended 31 December 2021**

| | Notes | 2021 €'000 | 2020 €'000 |
|---|---|---|---|
| **Profit for the financial year** | | 48,122 | 27,811 |
| | | | |
| **Other comprehensive income** | | | |
| *Items that may be reclassified to the Income Statement:* | | | |
| Unrealised foreign currency translation adjustments | | 6,464 | (4,564) |
| | | | |
| *Items that will not be reclassified to the Income Statement:* | | | |
| Actuarial (loss)/gain in respect of defined benefit pension schemes | 9 | (9) | 303 |
| Deferred tax charge on defined benefit pension schemes | | - | (38) |
| **Total comprehensive income for the financial year** | | 54,577 | 23,512 |
| | | | |
| ***Attributable to:*** | | | |
| Owners of the parent | | 54,532 | 23,528 |
| Non-controlling interests | | 45 | (16) |
| **Total comprehensive income for the financial year** | | 54,577 | 23,512 |
| | | | |
| ***Attributable to:*** | | | |
| Continuing operations | | 54,577 | 23,512 |
| **Total comprehensive income for the financial year** | | 54,577 | 23,512 |

## Group Balance Sheet
**as at 31 December 2021**

| ASSETS | Notes | 2021 €'000 | 2020 €'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets - goodwill | 7 | 425,160 | 360,745 |
| Intangible assets - other assets | 7 | 20,777 | 19,211 |
| Property, plant and equipment, and right-of-use assets | 8 | 152,483 | 153,745 |
| Financial assets - Investments in equity instruments | | 25 | 25 |
| Deferred tax asset | | 2,166 | 3,933 |
| Other receivables | | 388 | 1,097 |
| Employee benefit surplus | 9 | - | 12 |
| **Total non-current assets** | | 600,999 | 538,768 |
| | | | |
| **Current assets** | | | |
| Assets held for sale | 10 | 1,600 | 2,300 |
| Inventory | | 112,312 | 115,566 |
| Trade and other receivables | | 152,057 | 124,876 |
| Cash and cash equivalents | | 78,025 | 60,410 |
| Restricted cash | | - | 3,097 |
| **Total current assets** | | 343,994 | 306,249 |
| **Total assets** | | 944,993 | 845,017 |
| | | | |
| **EQUITY** | | | |
| **Capital and reserves** | | | |
| Called up share capital presented as equity | 11 | 21,841 | 21,841 |
| Share premium | | 176,501 | 176,501 |
| Share based payment reserve | | 183 | - |
| Other reserves | | 5,364 | (1,100) |
| Retained earnings | | 47,555 | 5,218 |
| **Attributable to owners** | | 251,444 | 202,460 |
| Attributable to non-controlling interests | | 120 | 75 |
| **Total equity** | | 251,564 | 202,535 |
| | | | |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 12 | 124,601 | 95,615 |
| Provisions | 13 | 90,401 | 86,768 |
| Lease obligations | 14 | 104,720 | 107,203 |
| Other non-current payables | | - | 4,603 |
| **Total non-current liabilities** | | 319,722 | 294,189 |
| | | | |
| **Current liabilities** | | | |
| Borrowings | 12 | 1,721 | 2,311 |
| Lease obligations | 14 | 14,358 | 13,334 |
| Trade and other payables | | 357,628 | 332,648 |
| **Total current liabilities** | | 373,707 | 348,293 |
| **Total liabilities** | | 693,429 | 642,482 |
| **Total equity and liabilities** | | 944,993 | 845,017 |

## Group Cash Flow Statement
### for the year ended 31 December 2021

| | Notes | 2021 €'000 | 2020 €'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Cash inflow from operating activities | 16 | 68,376 | 66,371 |
| Proceeds from non-recourse financing | | - | 12,000 |
| Payment of deferred contingent consideration | | (1,250) | - |
| Interest paid | | (3,118) | (2,870) |
| Interest paid on lease liabilities | 14 | (3,772) | (2,988) |
| Corporation tax payments | | (8,059) | (6,535) |
| **Net cash inflow from operating activities** | | 52,177 | 65,978 |
| | | | |
| **Investing activities** | | | |
| Payments to acquire property, plant and equipment - Maintenance | | (8,795) | (6,487) |
| Payments to acquire property, plant and equipment - Strategic projects | | (1,730) | (7,832) |
| Receipts from disposal of property, plant and equipment | | 35 | 123 |
| Payments to acquire intangible assets - Maintenance | | (3,904) | (1,412) |
| Payments to acquire intangible assets - Strategic projects | | - | (6) |
| Receipts from disposal of assets held for sale | 10 | 350 | 5,685 |
| Payments to acquire subsidiary undertakings | | (32,285) | (54,447) |
| Cash acquired on acquisition of subsidiary undertakings | 18 | 5,718 | 7,689 |
| Restricted cash acquired on acquisition of subsidiary undertakings | | - | 1,027 |
| Debt acquired on acquisition of subsidiary undertakings | 18 | (352) | (16,800) |
| Receipts/(payments) on prior year acquisitions | | 3,428 | (2,916) |
| Payment of deferred and deferred contingent consideration | | (12,323) | (35,305) |
| Receipt of deferred consideration receivable | | 200 | 355 |
| **Net cash outflow from investing activities** | | (49,658) | (110,326) |
| | | | |
| **Financing activities** | | | |
| Proceeds from borrowings | | 42,692 | 113,799 |
| Repayments of borrowings | | (13,946) | (103,928) |
| Decrease in invoice discounting facilities | | - | (1,505) |
| Movement in restricted cash | | 3,097 | (955) |
| Payment of dividends | | (5,731) | (1,993) |
| Payment of facility termination fee | | - | (5,000) |
| Principal element of lease payments | | (12,853) | (9,133) |
| **Net cash inflow/(outflow) from financing activities** | | 13,259 | (8,715) |
| | | | |
| Increase/(decrease) in cash and cash equivalents in the year | | 15,778 | (53,063) |
| Foreign currency translation of cash and cash equivalents | | 1,837 | (567) |
| Opening balance cash and cash equivalents | | 60,410 | 114,040 |
| **Closing balance cash and cash equivalents** | 15 | 78,025 | 60,410 |

## Group Statement of Changes in Equity
**for the year ended 31 December 2021**

| | 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 2020 | 21,841 | 176,501 | - | 2,704 | 700 | 60 | (20,601) | (285) | 180,920 |
| Profit for the financial year | - | - | - | - | - | - | 27,827 | (16) | 27,811 |
| *Other comprehensive (expense)/income:* | | | | | | | | | |
| Re-measurement gain on pensions (net of tax) | - | - | - | - | - | - | 265 | - | 265 |
| Movement in foreign currency translation reserve | - | - | - | (4,564) | - | - | - | - | (4,564) |
| *Transactions recognised directly in equity:* | | | | | | | | | |
| Non-controlling interest on acquisition of subsidiary | - | - | - | - | - | - | - | 96 | 96 |
| Acquisition of non-controlling interest | - | - | - | - | - | - | (280) | 280 | - |
| Dividends paid | - | - | - | - | - | - | (1,993) | - | (1,993) |
| **At 31 December 2020** | 21,841 | 176,501 | - | (1,860) | 700 | 60 | 5,218 | 75 | 202,535 |
| 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 |
| Movement in share based payment reserve | - | - | 183 | - | - | - | - | - | 183 |
| *Other comprehensive income/(expense):* | | | | | | | | | |
| Re-measurement loss on pensions (net of tax) | - | - | - | - | - | - | (9) | - | (9) |
| Movement in foreign currency translation reserve | - | - | - | 6,464 | - | - | - | - | 6,464 |
| *Transactions recognised directly in equity:* | | | | | | | | | |
| Dividends paid | - | - | - | - | - | - | (5,731) | - | (5,731) |
| **At 31 December 2021** | 21,841 | 176,501 | 183 | 4,604 | 700 | 60 | 47,555 | 120 | 251,564 |

**ACCOUNTING POLICIES**

# Notes to the Consolidated Financial Statements
## 1. General information

### Basis of preparation
The 2021 financial statements have been audited, with an unqualified audit report and have been approved by the Board of Directors. The financial information set out in this document does not constitute full statutory financial statements but has been derived from the Group financial statements for the year ended 31 December 2021. The consolidated financial statements of Uniphar plc and its subsidiaries (the 'Group') have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS, as adopted by the EU. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB), as adopted by the EU and as applied in accordance with the Companies Acts 2014.

The financial information in the consolidated financial statements has been prepared on a basis consistent with that adopted for the year ended 31 December 2020.

The Group's consolidated financial statements are prepared for the year ended 31 December 2021. The consolidated financial statements incorporate the Company and all of its subsidiary undertakings. A subsidiary undertaking is consolidated by reference to whether the Group has control over the subsidiary undertaking. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

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

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

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

The Group has a robust capital structure with strong liquidity, supported into the future by the banking facility with a remaining term of 3.5 years (with two options to extend by a further one year). This continues to provide a solid platform for the Group to deal with the disruption caused by the Covid-19 pandemic.

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.

### 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 2021:

- Interest Rate Benchmark Reform - Phase 2
- 'Leases' – Covid-19 related rent concessions – amendment to IFRS16

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

## ACCOUNTING POLICIES

The following accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group:

- 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
- Amendments to IAS 1, ‘Presentation of financial statements’, on classification of liabilities
- Amendments to IAS 1, Practice statement 2 and IAS 8
- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction

These standards are not expected to have a material impact in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE FINANCIAL STATEMENTS

## 2. Revenue

| | 2021 €'000 | 2020 €'000 |
|---|---|---|
| Revenue | 1,943,149 | 1,823,854 |

***Segmental information***

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

***Geographical analysis***

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

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

| | 2021 €'000 | 2020 €'000 |
|---|---|---|
| Ireland | 1,672,158 | 1,540,380 |
| UK | 161,714 | 214,352 |
| Rest of the World | 109,277 | 69,122 |
| | 1,943,149 | 1,823,854 |

***Operating segments***

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

***Operating segments results***

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

| | 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 |

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

The Commercial & Clinical revenue of €299,908,000 (2020: €269,780,000) consists of revenue derived from MedTech of €208,137,000 (2020: €199,044,000) and Pharma of €91,771,000 (2020: €70,736,000).

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

## 3. Exceptional income/(charge)

| | 2021 €'000 | 2020 €'000 |
|---|---|---|
| Professional fees including acquisition costs | (3,339) | (4,300) |
| Redundancy and restructuring costs | (4,610) | (2,596) |
| Acquisition integration costs | (2,295) | (559) |
| Settlement loss on closure of defined benefit pension scheme | (211) | (488) |
| Foreign exchange revaluation of deferred contingent consideration | (1,373) | 1,168 |
| Cessation of supplier contracts – inventory write off | (1,754) | - |
| Other exceptional costs | (822) | - |
| Exceptional charge recognised in operating profit | (14,404) | (6,775) |
| | | |
| Decrease in deferred contingent consideration | 19,761 | 2,077 |
| Refinancing costs | - | (138) |
| Exceptional credit recognised in finance costs | 19,761 | 1,939 |
| Exceptional credit recognised in income tax | 777 | - |
| Total exceptional income/(charge) | 6,134 | (4,836) |

**NOTES TO THE FINANCIAL STATEMENTS**

***Redundancy & Restructuring:***
Redundancy and restructuring costs include restructuring costs relating to recent acquisitions and other Group entities.

***Acquisition integration costs:***
Acquisition integration costs relate to the integration of the Hickey's Pharmacy Group, Durbin Ireland and RRD International including 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 relating to the supply of PPE and decontamination equipment giving rise to inventory write offs.

***Deferred and deferred contingent consideration:***
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.

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

## 4. Finance (income)/cost

| | 2021<br>€'000 | 2020<br>€'000 |
|---|---|---|
| Interest on lease obligations | 3,772 | 2,988 |
| Interest payable on borrowings | 3,154 | 2,878 |
| Fair value adjustment to deferred and deferred contingent consideration | 1,915 | 2,112 |
| Amortisation of refinancing transaction fees | 303 | 268 |
| Net interest expense from pension scheme liabilities | - | 3 |
| Interest receivable | (37) | (11) |
| Other fair value adjustments | - | 114 |
| Finance cost before exceptional credit | 9,107 | 8,352 |
| Decrease in fair value deferred contingent consideration (note 3) | (19,761) | (2,077) |
| Refinancing costs (note 3) | - | 138 |
| Exceptional credit recognised in finance cost | (19,761) | (1,939) |
| Total finance (income)/cost | (10,654) | 6,413 |

**NOTES TO THE FINANCIAL STATEMENTS**

## 5. Earnings per share

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

| | 2021 | 2020 |
|---|---|---|
| Profit for the financial year attributable to owners (€'000) | 48,077 | 27,827 |
| Weighted average number of shares ('000) | 269,752 | 262,436 |
| Earnings per ordinary share (in cent): | | |
| - Basic | 17.8 | 10.6 |
| - Diluted | 17.8 | 10.6 |

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

| | 2021 €'000 | 2020 €'000 |
|---|---|---|
| Profit for the financial year attributable to owners | 48,077 | 27,827 |
| Amortisation of acquisition related intangibles | 2,063 | 279 |
| Exceptional charge recognised in operating profit (note 3) | 14,404 | 6,775 |
| Exceptional credit recognised in finance costs (note 3) | (19,761) | (1,939) |
| Exceptional credit recognised in income tax (note 3) | (777) | - |
| Tax credit on acquisition related intangibles | (207) | - |
| **Profit after tax excluding exceptional items** | 43,799 | 32,942 |
| Weighted average number of shares in issue in the year (000's) | 269,752 | 262,436 |
| **Adjusted basic and diluted earnings per ordinary share (in cent)** | 16.2 | 12.6 |

The weighted average number of ordinary shares includes the effect of 6,218,620 shares (3,663,023 on a weighted basis in the year) (2020: 6,218,620 shares (2,582,596 on a weighted basis)) granted under the LTIP that have met the share price performance conditions but will not vest until 31 December 2024. It also includes the impact of 16,964 shares (2020: nil) granted under the new senior management share option scheme. The options in this scheme do not vest until 31 December 2024.

## 6. Dividends

The Directors have proposed a final dividend of €2.9m (€0.011 per ordinary share), subject to approval at the AGM. This results in a total shareholder dividend of €4.4m (€0.016 per ordinary share) in respect of the year ended 31 December 2021 as the Board declared and paid a 2021 interim dividend of €1.5m (€0.005 per ordinary share). If approved, the proposed dividend will be paid on 13 May 2022 to ordinary shareholders on the Company's register on 22 April 2022. This dividend has not been provided for in the Balance Sheet at 31 December 2021, as there was no present obligation to pay the dividend at year end.

A final dividend of €4.2m (€0.015 per ordinary share) relating to 2020 was paid in May 2021.

**NOTES TO THE FINANCIAL STATEMENTS**

## 7. Intangible assets

| | Computer software €'000 | Trademark €'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 | - | 9,119 | - | - | 130 | 9,280 |
| Acquisitions (note 18) | 25 | - | 55,296 | - | - | - | 55,321 |
| Additions | 5,803 | - | - | - | - | - | 5,803 |
| Disposals/retirements | (160) | - | - | - | - | - | (160) |
| Reclassifications | 313 | - | - | - | - | - | 313 |
| At 31 December 2021 | 36,180 | 153 | 443,869 | 723 | 11,238 | 3,126 | 495,289 |
| **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 |
| **Net book amounts** | | | | | | | |
| At 31 December 2020 | 4,502 | 31 | 360,745 | 535 | 11,147 | 2,996 | 379,956 |
| At 31 December 2021 | 8,053 | - | 425,160 | 304 | 10,023 | 2,397 | 445,937 |
| | | | | | | | |
| Intangible assets | 6,534 | - | 425,160 | 304 | 10,023 | 2,397 | 444,418 |
| Right-of-use assets | 1,519 | - | - | - | - | - | 1,519 |
| At 31 December 2021 | 8,053 | - | 425,160 | 304 | 10,023 | 2,397 | 445,937 |

**NOTES TO THE FINANCIAL STATEMENTS**

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

| | Freehold land and buildings | Leasehold improvements | Plant and equipment | Fixtures and fittings | Computer equipment | Motor vehicles | Instruments | Total |
|---|---|---|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| **Cost** | | | | | | | | |
| At 1 January 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 18) | 1,300 | - | - | 140 | 1 | 129 | - | 1,570 |
| 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 | 13,037 | 7,099 | 8,336 | 5,012 | 212,958 |
| **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 |
| **Net book amounts** | | | | | | | | |
| At 31 December 2020 | 115,153 | 7,815 | 14,977 | 7,288 | 2,060 | 4,341 | 2,111 | 153,745 |
| At 31 December 2021 | 110,775 | 11,010 | 13,777 | 7,190 | 2,828 | 4,284 | 2,619 | 152,483 |
| | | | | | | | | |
| Property, plant & equipment | 5,009 | 11,010 | 13,091 | 7,190 | 2,828 | 88 | 2,619 | 41,835 |
| Right-of-use assets | 105,766 | - | 686 | - | - | 4,196 | - | 110,648 |
| Net book value at 31 December 2021 | 110,775 | 11,010 | 13,777 | 7,190 | 2,828 | 4,284 | 2,619 | 152,483 |

Included in property, plant and equipment are assets under construction with a net book value of €1,555,000 (2020: €8,600,000). Depreciation has not commenced on these assets.

**NOTES TO THE FINANCIAL STATEMENTS**

## 9. 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. 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 schemes were:

- The Cahill May Roberts Limited Contributory Pension Plan (wound up in March 2021)
- The Whelehan Group Pension Scheme (wound up in January 2020)

The pension charge for the year is €4,313,000 (2020: €4,219,000) which relates to defined contribution schemes.

***Financial instruments held by the defined benefit schemes***

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

| | 2021<br>€'000 | 2020<br>€'000 |
|---|---|---|
| Equities - Investments in quoted active markets | - | 2,573 |
| Bonds - Investments in quoted active markets | - | 6,855 |
| Cash | - | 70 |
| Other | - | 2,199 |
| Fair value of the scheme assets | - | 11,697 |

**Principal actuarial assumptions at the Balance Sheet date**

The main financial assumptions used were:

| | 2021 | 2020 |
|---|---|---|
| Rate of increase in pensionable salaries | - | 0.0% - 2.5% |
| Rate of increase in pensions in payment | - | 0.0% |
| Discount rate | - | 0.7% |
| Inflation rate | - | 1.2% |

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

| | 2021<br>€'000 | 2020<br>€'000 |
|---|---|---|
| Present value of scheme liabilities | - | (11,685) |
| Fair value of scheme assets | - | 11,697 |
| Pension asset resulting from employee benefit obligation | - | 12 |

NOTES TO THE FINANCIAL STATEMENTS

| | Pension assets €'000 | Pension liabilities €'000 | Pension surplus €'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 | - | - | - |

## 10. Assets held for sale

| | Properties €'000 | Total €'000 |
|---|---|---|
| At 1 January 2021 | 2,300 | 2,300 |
| Disposals | (350) | (350) |
| Impairment | (350) | (350) |
| At 31 December 2021 | 1,600 | 1,600 |

During 2021, the Group disposed of €350,000 (2020: €1,285,000) of property which were previously held for sale. There was an impairment on the value of the remaining property of €350,000 during 2021 (2020: €nil), of which there was a corresponding write down of the associated bank borrowings for €350,000 (2020: €nil). This has been recorded in accordance with the conditions of the examinership scheme. 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.

## 11. Called up share capital presented as equity

| | 2021 €'000 |
|---|---|
| **Authorised:** | |
| 453.2 million (2020: 453.2 million) ordinary shares of 8c each | 36,256 |
| 16.0 million (2020: 16.0 million) "A" ordinary shares of 8c each | 1,280 |
| | 37,536 |
| | |
| **Movement in the year in issued share capital presented as equity** | |
| | |
| **Allotted, called up and fully paid ordinary shares** | |
| At 1 January - 273,015,254 ordinary shares of 8c each | 21,841 |
| At 31 December - 273,015,254 ordinary shares of 8c each | 21,841 |
| | |
| **Total allotted share capital:** | |
| At 31 December - 273,015,254 (2020: 273,015,254) ordinary shares | 21,841 |

**NOTES TO THE FINANCIAL STATEMENTS**

There have been no changes to the authorised or issued share capital during 2021. During 2020, the following transactions took place:

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

## 12. Borrowings

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

| | 2021<br>€'000 | 2020<br>€'000 |
|---|---|---|
| Amounts falling due within one year | 1,721 | 2,311 |
| Amounts falling due between one and five years | 124,601 | 95,615 |
| | 126,322 | 97,926 |

The Group's total bank loans at 31 December 2021 were €126,322,000 (2020: €97,926,000). Bank loans falling due within one year include €1,600,000 (2020: €2,300,000) of loans arising on the acquisition of Bradley’s Pharmacy Group which are secured by properties acquired on the acquisition which are classified as held for sale. Following the disposal of these properties these loans are required to be repaid (note 10).

The Group entered into a new facility on 2 July 2020. The total loan value of the revolving credit facility available for use within this agreement is €180,000,000, with an additional uncommitted accordion facility of €60,000,000. This facility runs for five years to 2025 with an option to extend by a further two years, with repayment of all loans on termination of the facility currently at 2 July 2025.

At 31 December, the Group’s revolving credit facility loans in use were subject to an interest rate of Euribor +1.5% (2020: Euribor +1.5%).

**Bank security**
Bank overdrafts and bank loans of €126,322,000 (2020: €97,926,000) are secured by cross guarantees and fixed and floating charges from the Company and certain subsidiary undertakings.

## NOTES TO THE FINANCIAL STATEMENTS

### 13. Provisions

| | Deferred contingent consideration €'000 | Lease dilapidation €'000 | Warranty provision €'000 | Other €'000 | Total €'000 |
|---|---|---|---|---|---|
| At 1 January 2021 | 86,195 | 523 | 50 | - | 86,768 |
| Recognised during the year | 4,831 | - | 23 | 828 | 5,682 |
| Unwinding of discount | 1,845 | - | - | 18 | 1,863 |
| Arising on acquisition | 29,195 | - | - | - | 29,195 |
| Utilised during the year | (13,283) | - | - | - | (13,283) |
| Released during the year | (24,592) | - | - | - | (24,592) |
| Foreign currency movement | 4,727 | - | 4 | 37 | 4,768 |
| At 31 December 2021 | 88,918 | 523 | 77 | 883 | 90,401 |

***Deferred contingent consideration***

Deferred contingent consideration represents the present value of deferred contingent acquisition consideration which would become payable based on pre-defined profit thresholds being met. During the year payments of €13,283,000 were made in respect of prior year acquisitions. Deferred contingent consideration of €24,592,000 in respect of prior year acquisitions were released in the year following a review of expected performance against earn-out targets. As part of this review, separately an increase of €4,831,000 was also made in respect of prior period acquisitions.

***Lease dilapidation***

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

***Warranty provision***

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

***Other***

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

**NOTES TO THE FINANCIAL STATEMENTS**

## 14. Leases

*(i) Amounts recognised in the Balance Sheet*

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

| | 2021 €'000 | 2020 €'000 |
|---|---|---|
| ***Right-of-use assets:*** | | |
| Buildings | 105,766 | 109,967 |
| Plant and equipment | 686 | 927 |
| Motor vehicles | 4,196 | 4,207 |
| Computer software | 1,519 | - |
| **Net book value of right-of-use assets** | 112,167 | 115,101 |
| | | |
| ***Lease liabilities:*** | | |
| Current | 14,358 | 13,334 |
| Non-current | 104,720 | 107,203 |
| **Total lease liabilities** | 119,078 | 120,537 |

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

Additions to the right-of-use assets during the year ended 31 December 2021 were €9,519,000 (2020: €7,948,000).

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

*(ii) Amounts recognised in the Income Statement:*

The Income Statement shows the following amounts relating to leases:

| | 2021 €'000 | 2020 €'000 |
|---|---|---|
| ***Depreciation/amortisation charge on right-of-use assets:*** | | |
| Buildings | 10,657 | 7,521 |
| Plant and equipment | 548 | 556 |
| Motor vehicles | 2,660 | 2,663 |
| Right-of-use assets depreciation charge | 13,865 | 10,740 |
| | | |
| Computer software | 380 | - |
| Right-of-use assets amortisation charge | 380 | - |
| | | |
| Interest on lease obligations (note 4) | 3,772 | 2,988 |
| Principal repayments | 12,853 | 9,133 |
| Total cash outflow in respect of leases | 16,625 | 12,121 |

**NOTES TO THE FINANCIAL STATEMENTS**

## 15. Analysis of net debt

| | 2021 €'000 | 2020 €'000 |
|---|---|---|
| Cash and cash equivalents | 78,025 | 60,410 |
| Restricted cash | - | 3,097 |
| | 78,025 | 63,507 |
| Bank loans repayable within one year | (1,721) | (2,311) |
| Bank loans payable after one year | (124,601) | (95,615) |
| Bank loans | (126,322) | (97,926) |
| **Net bank debt** | (48,297) | (34,419) |
| Current lease obligations | (14,358) | (13,334) |
| Non-current lease obligations | (104,720) | (107,203) |
| Lease obligations | (119,078) | (120,537) |
| **Net debt** | (167,375) | (154,956) |

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

| | 2021 €'000 | 2020 €'000 |
|---|---|---|
| Operating profit before operating exceptional items | 59,551 | 46,719 |
| Cash related exceptional items | (9,072) | (10,761) |
| | 50,479 | 35,958 |
| Depreciation | 22,225 | 17,626 |
| Amortisation of intangible assets | 4,705 | 2,368 |
| Decrease/(increase) in inventory | 3,726 | (11,868) |
| (Increase)/decrease in receivables | (26,169) | 8,789 |
| Increase in payables | 13,388 | 13,554 |
| Foreign currency translation adjustments | 22 | (56) |
| Cash inflow from operating activities | 68,376 | 66,371 |

## NOTES TO THE FINANCIAL STATEMENTS

### 17. Financial instruments

*Financial instruments by category*
The accounting policies for financial instruments have been applied to the line items below:

| | Financial assets at FVOCI* | Financial assets at amortised cost | Total | Fair value |
|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 |
| Financial assets | | | | |
| *31 December 2021:* | | | | |
| Investments in equity instruments | 25 | - | 25 | 25 |
| Trade and other receivables ** | - | 137,128 | 137,128 | 137,143 |
| Deferred consideration receivable | - | 448 | 448 | 448 |
| Cash and cash equivalents | - | 78,025 | 78,025 | 78,025 |
| | 25 | 215,601 | 215,626 | 215,641 |

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

| | Financial liabilities at FVTPL*** | Financial liabilities at amortised cost | Total | Fair value |
|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 |
| Financial liabilities | | | | |
| *31 December 2021:* | | | | |
| Borrowings | - | 126,322 | 126,322 | 133,974 |
| Deferred acquisition consideration | - | 4,295 | 4,295 | 4,369 |
| Trade and other payables **** | - | 195,389 | 195,389 | 195,389 |
| Deferred contingent consideration | 88,918 | - | 88,918 | 88,918 |
| Lease liabilities | - | 119,078 | 119,078 | 119,078 |
| | 88,918 | 445,084 | 534,002 | 541,728 |

*** Fair value through profit and loss.
**** Excluding non-financial liabilities.

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

***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 2021.

The significant unobservable inputs are:
- Pre-defined profit thresholds which have not been disclosed due to their commercial sensitivities; and
- Risk adjusted discount rate of between 2% and 3% (2020: 2% and 3%).

For the fair value of deferred contingent consideration, a 1% increase in the risk adjusted discount rate at 31 December 2021, holding the other inputs constant would reduce the fair value of the deferred contingent consideration by €1.7m. A 1% decrease in the risk adjusted discount rate would result in an increase of €1.7m in the fair value of the deferred contingent consideration.

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

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 |
| **Recurring fair value measurements** | | | | |
| *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 period. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**NOTES TO THE FINANCIAL STATEMENTS**

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

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

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

**Fair value measurements using significant unobservable inputs (level 3)**
The following table presents the changes in level 3 items for the year ended 31 December 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) |

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

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

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

In July 2020, the non-recourse financing arrangement increased by an additional €14,118,000 with the total amount of the facility being €94,118,000. The execution of this agreement resulted in an operating cash inflow of €12,000,000 for the Group during the year ended 31 December 2020. The balance of the facility as at 31 December 2021 is €94,118,000. The Group has recognised an asset within trade and other receivables of €14,118,000 (2020: €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. Under the terms of this non-recourse agreement, the Group has transferred substantially all credit risk and control of certain trade receivables. Total interest expense associated with this receivables purchase agreement during the year ended 31 December 2021 was €1,296,000 (2020: €1,203,000).

**NOTES TO THE FINANCIAL STATEMENTS**

## 18. Acquisitions of subsidiary undertakings and business assets

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

- **Hudson Park Athlone Limited**
  The Group acquired 100% of the ordinary share capital of Hudson Park Athlone Limited, in February 2021 for consideration of €520,000. Hudson Park Athlone Limited currently operates an independent retail pharmacy in Ireland.

- **Hogan's Life Pharmacy Limited**
  The Group acquired 100% of the ordinary share capital of Hogan's Life Pharmacy Limited, in July 2021 for consideration of €869,000. Hogan's Life Pharmacy Limited currently operates an independent retail pharmacy in Ireland.

- **CoRRect Medical GmbH**
  The Group acquired 100% of the ordinary share capital of CoRRect Medical GmbH, in July 2021 for a consideration of €19,771,000, of which €11,864,000 is deferred and contingent on agreed targets being met. CoRRect Medical GmbH, a German-headquartered company, specialises in the commercialisation and distribution of medical device products in the interventional cardiology sector across Germany and Switzerland.

- **MDea, Inc, The Doctor's Channel, LLC, & BESTMSLs, Inc (together BESTMSLs Group)**
  The Group acquired 100% of the membership interests of MDea, Inc, The Doctor's Channel, LLC, & BESTMSLs, Inc, together BESTMSLs Group, in July 2021 for a consideration of €22,966,000, of which €9,829,000 is deferred and contingent on agreed targets being met. BESTMSLs Group is a New York-headquartered group, provides outsourced medical affairs services including the provision of contract MSL teams, and innovative digital solutions.

- **Events 4 Healthcare Limited**
  The Group acquired 100% of the ordinary share capital of Events 4 Healthcare Limited in December 2021 for consideration of €10,122,000 of which €5,747,000 is deferred and contingent on agreed targets being met. Events 4 Healthcare Limited is a UK-based brand commercialisation and pharmaceutical marketing agency.

- **Devonshire Healthcare Services Limited**
  The Group acquired 100% of the ordinary share capital of Devonshire Healthcare Services Limited, in December 2021 for a consideration of €8,324,000 of which €1,755,000 is deferred and contingent on agreed targets being met. Devonshire, a UK based company, supplies pharmaceutical products and hospital supplies across the Middle East, European and North Africa region, supplying direct to governments, government agencies, hospitals, health authorities and wholesalers.

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 €nil to €49.3m.

The initial assignment of fair values to net assets acquired has been performed on a provisional basis in respect of the acquisitions completed during 2021, 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 2022 Annual Report as stipulated by IFRS 3, Business Combinations.

## NOTES TO THE FINANCIAL STATEMENTS

The acquisitions completed in 2021 have contributed €8.0m to revenue and €3.6m of gross profit for the period since the date of acquisition. The proforma revenue and operating profit for the Group for the year ended 31 December 2021 would have been €1,957m and €47m respectively had the acquisitions been completed at the start of the current reporting period.

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

| | CoRRect €'000 | BESTMSL €'000 | Others €'000 | Total €'000 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Intangible assets | - | - | 25 | 25 |
| Property, plant and equipment | 133 | 222 | 1,215 | 1,570 |
| | 133 | 222 | 1,240 | 1,595 |
| **Current assets** | | | | |
| Inventory | 315 | - | 157 | 472 |
| Trade and other receivables | 510 | 2,018 | 2,415 | 4,943 |
| Cash and cash equivalents | 60 | 1,347 | 4,311 | 5,718 |
| | 885 | 3,365 | 6,883 | 11,133 |
| **Total assets** | 1,018 | 3,587 | 8,123 | 12,728 |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Lease liabilities | 69 | 149 | 963 | 1,181 |
| Bank borrowings | - | - | 352 | 352 |
| Other non-current liabilities | - | - | 162 | 162 |
| | 69 | 149 | 1,477 | 1,695 |
| **Current liabilities** | | | | |
| Lease liabilities | 60 | 73 | 115 | 248 |
| Trade and other payables | 604 | 1,606 | 1,299 | 3,509 |
| | 664 | 1,679 | 1,414 | 3,757 |
| **Total liabilities** | 733 | 1,828 | 2,891 | 5,452 |
| **Identifiable net assets acquired** | 285 | 1,759 | 5,232 | 7,276 |
| Non-controlling interest arising on acquisition | - | - | - | - |
| Group share of net assets acquired | 285 | 1,759 | 5,232 | 7,276 |
| Goodwill arising on acquisition | 19,486 | 21,207 | 14,603 | 55,296 |
| **Consideration** | 19,771 | 22,966 | 19,835 | 62,572 |

The acquisitions in 2021 financial year of CoRRect Medical GmbH and BESTMSLs Group have been determined to be substantial transactions 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.

**NOTES TO THE FINANCIAL STATEMENTS**

The gross contractual value of the trade and other receivables as at the respective dates of acquisition amounted to €4.9m. The fair value of these receivables is estimated at €4.9m (all of which is expected to be recoverable).

In 2021, the Group incurred acquisition costs of €3.3m (2020: €4.3m). These have been included in administrative expenses in the Group Income Statement.

**2020 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 2020 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 2020, together with the adjustments made in 2021 to those carrying values to arrive at the final fair values are detailed in the Annual Report.

## 19. Post balance sheet events

The Group acquired three pharmacies on 31 January 2022, two from Kiely's Chemist Limited and one from Edenmore Pharmacy Limited.

There have been no other material events subsequent to 31 December 2021 that would require adjustment to or disclosure in this report.

## 20. Comparative amounts

The comparative amounts have been updated for amendments to the fair value of assets and liabilities acquired during 2020, these amendments were within the measurement period imposed by IFRS 3.

## 21. Approval by the Board of Directors

The preliminary results announcement was approved by the Board of Directors on 28 February 2022.

**NOTES TO THE FINANCIAL STATEMENTS**

## Additional Information

### ALTERNATIVE PERFORMANCE MEASURES

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

## EBITDA

| | | 2021<br>€'000 | 2020<br>€'000 |
|---|---|---|---|
| Operating profit | *Income Statement* | 45,147 | 39,944 |
| Exceptional charge recognised in operating profit | *Note 3* | 14,404 | 6,775 |
| Depreciation | *Note 8* | 22,225 | 17,626 |
| Amortisation | *Note 7* | 4,705 | 2,368 |
| EBITDA | | 86,481 | 66,713 |
| Adjust for the impact of IFRS 16 | | (16,625) | (12,121) |
| Pro-forma EBITDA of acquisitions | | 1,847 | 6,923 |
| Adjusted EBITDA | | 71,703 | 61,515 |

NOTES TO THE FINANCIAL STATEMENTS

## Net bank debt

| | | 2021 €'000 | 2020 €'000 |
|---|---|---|---|
| Cash and cash equivalents | *Balance Sheet* | 78,025 | 60,410 |
| Restricted cash | *Balance Sheet* | - | 3,097 |
| Bank loans repayable within one year | *Balance Sheet* | (1,721) | (2,311) |
| Bank loans payable after one year | *Balance Sheet* | (124,601) | (95,615) |
| Net bank debt | | (48,297) | (34,419) |

## Net debt

| | | 2021 €'000 | 2020 €'000 |
|---|---|---|---|
| Net bank debt | *Alternative Performance Measures* | (48,297) | (34,419) |
| Current lease obligations | *Balance Sheet* | (14,358) | (13,334) |
| Non-current lease obligations | *Balance Sheet* | (104,720) | (107,203) |
| Net debt | | (167,375) | (154,956) |

## Leverage

| | | 2021 €'000 | 2020 €'000 |
|---|---|---|---|
| Net bank debt | *Alternative Performance Measures* | (48,297) | (34,419) |
| Adjusted EBITDA | *Alternative Performance Measures* | 71,703 | 61,515 |
| Leverage (times) | | 0.7 | 0.6 |

## Adjusted earnings per share

| | 2021 €'000 | 2020 €'000 |
|---|---|---|
| Adjusted earnings per share has been calculated by reference to the following: | | |
| Profit for the financial year attributable to owners | 48,077 | 27,827 |
| Amortisation of acquisition related intangibles | 2,063 | 279 |
| Exceptional charge recognised in operating profit (note 3) | 14,404 | 6,775 |
| Exceptional credit recognised in finance costs (note 3) | (19,761) | (1,939) |
| Exceptional credit recognised in income tax (note 3) | (777) | - |
| Tax credit on acquisition related intangibles | (207) | - |
| **Profit after tax excluding exceptional items** | 43,799 | 32,942 |
| Weighted average number of shares in issue in the year (000's) | 269,752 | 262,436 |
| **Adjusted basic and diluted earnings per ordinary share (in cent)** | 16.2 | 12.6 |
| Like for like weighted average number of shares (000's) | 269,752 | 269,752 |
| **Like for like adjusted earnings per ordinary share (in cent)** | 16.2 | 12.2 |

**NOTES TO THE FINANCIAL STATEMENTS**

## Free cash flow conversion

| | | 2021 €'000 | 2020 €'000 |
|---|---|---|---|
| EBITDA | | 86,481 | 66,713 |
| Decrease/(increase) in inventory | *Note 16* | 3,726 | (11,868) |
| (Increase)/decrease in receivables | *Note 16* | (26,169) | 8,789 |
| Increase in payables | *Note 16* | 13,388 | 13,554 |
| Foreign currency translation adjustments | *Note 16* | 22 | (56) |
| Payments to acquire property, plant and equipment - Maintenance | *Cash Flow Statement* | (8,795) | (6,487) |
| Payments to acquire intangible assets - Maintenance | *Cash Flow Statement* | (3,904) | (1,412) |
| Free cash flow | | 64,749 | 69,233 |
| Adjustment for settlement of acquired financial liabilities* | | 1,513 | 4,788 |
| | | 66,262 | 74,021 |
| EBITDA | | 86,481 | 66,713 |
| Free cash flow conversion | | 76.6% | 111.0% |

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

## Return on capital employed

| | 2021 €'000 | 2020 €'000 | 2019 €'000 |
|---|---|---|---|
| Rolling 12 months operating profit | 45,147 | 39,944 | |
| Adjustment for exceptional costs | 14,404 | 6,775 | |
| Acquisition related intangible amortisation | 2,063 | 279 | |
| Adjusted 12 months rolling operating profit | 61,614 | 46,998 | |
| Total equity | 251,564 | 202,535 | 180,920 |
| Net bank debt/(cash) | 48,297 | 34,419 | (26,622) |
| Facility termination fee | - | - | 5,000 |
| Deferred contingent consideration | 88,918 | 86,195 | 80,811 |
| Deferred consideration payable | 4,295 | 4,461 | 7,394 |
| Total capital employed | 393,074 | 327,610 | 247,503 |
| Average capital employed | 360,342 | 287,557 | |
| Adjustment for acquisitions (note A / B below) | (9,384) | (36,302) | |
| Adjusted average capital employed | 350,958 | 251,255 | |
| Return on capital employed | 17.6% | 18.7% | |

## NOTES TO THE FINANCIAL STATEMENTS

| ***Note A: 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 | | | (9,384) |

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

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.