# Uniphar plc
# 2022 Interim Results

Uniphar plc, an international diversified healthcare services business announces its half year results for the six months ended 30 June 2022, performing in line with expectations and delivering EBITDA growth of 9.2% and Adjusted EPS growth of 18.3%.

## FINANCIAL HIGHLIGHTS

| | | | Growth | |
|---|---|---|---|---|
| **Six months ended 30 June**[1] | **2022 €'000** | 2021 €'000 | Reported | Constant currency[2] |
| Revenue | **991,831** | 964,867 | 2.8% | 2.4% |
| Gross profit | **146,135** | 134,290 | 8.8% | 7.6% |
| Commercial & Clinical | **58,541** | 53,446 | 9.5% | 7.9% |
| Product Access | **21,818** | 20,051 | 8.8% | 5.4% |
| Supply Chain & Retail | **65,776** | 60,793 | 8.2% | 8.2% |
| Gross profit margin (Group) % | **14.7%** | 13.9% | | |
| EBITDA[1] | **44,935** | 41,138 | 9.2% | 8.1% |
| Operating profit | **25,078** | 23,609 | 6.2% | 5.2% |
| Profit before tax excluding exceptional items | **26,125** | 23,766 | 9.9% | 8.8% |
| Net bank debt[1] | **(73,807)** | (30,341) | | |
| Basic EPS (cent) | **5.9** | 5.7 | | |
| Adjusted EPS (cent)[1] | **8.4** | 7.1 | | |

- Gross profit growth of 8.8% (4.9% organic[3]); growth across all divisions with Supply Chain & Retail once again outperforming medium term guidance, delivering 5.2% organic growth[3].
- Continued growth in gross profit margin from 13.9% to 14.7%, reflecting ongoing focus on margin development in a challenging inflationary environment.
- EBITDA growth of 9.2%, from €41.1m to €44.9m, demonstrating the resilience of the business despite continued macroeconomic uncertainty and inflationary pressures.
- 18.3% adjusted EPS growth to 8.4 cent (June 2021: 7.1 cent).
- The Group continued to execute its growth strategy with the acquisition post period end of Orspec Pharma Pty Ltd. ("Orspec") which provides entry into the strategically important Asia Pacific (APAC) region.
- Robust liquidity with net bank debt of €73.8m at 30 June 2022 (December 2021: €48.3m), leverage remaining low and free cash flow conversion of 47.5% which reflects the unwind of December 2021 working capital positions. Excluding the impact of the working capital movements, free cash flow conversion is within our target range (60-70%).
- The Board have declared an interim dividend of €1.7m (€0.0061 per ordinary share) for the period up to 30 June 2022.

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

## STRATEGIC AND OPERATIONAL HIGHLIGHTS

- Strong performance in the period leveraging the Group's scale and leading market positions to mitigate inflationary headwinds.

- Organic gross profit growth of 4.9% driven by growth across all divisions, with an outperformance in Supply Chain & Retail delivering 5.2%, Commercial & Clinical delivering 4.2% and Product Access delivering 5.7%.

- New five-year banking facility completed post period end which more than doubles the revolving credit facility (RCF) to €400m with an additional uncommitted accordion facility of €150m. Three international banks, Barclays Bank, ING Bank and Citizens Bank joined the existing syndicate increasing the syndicate to seven banks. This new facility provides the platform to accelerate our ambitious growth strategy and acquisition pipeline.

- Robust cash flow performance with reported free cash flow conversion of 47.5%. When adjusted for the impact of the planned unwind of temporary timing benefits, free cash flow conversion is within our target range of 60-70%.

- The Commercial & Clinical division delivered gross profit growth of 9.5% off a very strong comparative period in 2021 where growth of 27.5% was recorded. The diversity of the MedTech portfolio ensured continued growth in the period, while investment in our digital platforms and omni-channel offerings supported our customers in the industry-shift towards a hybrid model of both digital and in-person HCP (Healthcare Professional) engagement.

- Product Access has recently signed its first US Expanded Access Program (EAP) representing a significant milestone in the continued geographic growth of the division. The division continues to target double-digit organic growth in gross profit over the medium term.

- The Supply Chain & Retail division has commenced a strategic investment programme in an Irish-based distribution facility. This multi-year organic investment in a state-of-the-art facility will unlock further operational efficiencies and provide the infrastructure to meet growing market demands by doubling capacity levels and enhancing the division's market leading service offering.

- Post period end, the Group completed the acquisition of Orspec marking our entry into the strategically important APAC market. Orspec, an Australian-headquartered company with additional hubs in Singapore and New Zealand, specialises in the supply of unlicensed medicines and the delivery of Expanded Access Programs across APAC. This acquisition represents our first entrance into the APAC region and further advances our divisional strategy of being a global leader in Product Access services.

- Integration of 2021 acquisitions including CoRRect Medical, BESTMSLs Group, E4H and Devonshire Healthcare Services are progressing well and delivering expected benefits. The acquisition of the Navi Group is subject to approval by the Competition and Consumer Protection Commission (CCPC) and is expected to close later this year.

- Sustainability and governance remain key objectives for the Group and progress was made across all five sustainability pillars. The Group has completed the assessment of its Scope 3 carbon footprint globally and this is included in our 2022 CDP submission.

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

*"The Group has performed strongly during the period delivering Adjusted Earnings per Share growth of 18%. Each division has delivered organic gross profit growth, underpinned by a strong team performance across the board, with an outperformance in Supply Chain & Retail. The Group has leveraged its scale and diverse service offering to help mitigate inflationary pressures which continue to be a challenge across the globe.*

*Additionally, we have completed the acquisition of Orspec Pharma, marking our entry into the strategically important Asia-Pacific region. Orspec, headquartered in Australia, will support our goal of becoming a global leader in Product Access services through the provision of Expanded Access Programs and the delivery of unlicensed medicines.*

*We remain confident and are on track to achieve our strategic objective of doubling 2018 pro-forma EBITDA within five years of IPO"*

## Analyst presentation

A conference call for investors and analysts will be held at 9am (BST), today, 30 August 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.

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## Cautionary statement

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

## About Uniphar plc

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

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

**Commercial & Clinical**

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

**Product Access**

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

**Supply Chain & Retail**

Uniphar is an established market leader in Ireland with c. 53% market share in the wholesale/hospital market, supported by a network of 381 owned, franchised and symbol group pharmacies. The business supports the diverse customer base through the provision of strong service levels coupled with innovative commercial initiatives. Supply Chain & Retail is an Irish only business for the Group, although the manufacturer relationships and infrastructure are also utilised for the benefit of the Commercial & Clinical and Product Access divisions.

## Overview

Uniphar delivered a strong performance during the first six months of 2022 leveraging its scalable platforms to help mitigate the impact of inflationary pressures and global economic uncertainty. Gross profit growth of 8.8% was driven by organic growth of 4.9% with a particularly strong performance in the Supply Chain & Retail division combined with the benefit of acquisitions completed in 2021. We continue to deliver on our growth strategy, which remains unchanged, of 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 both infrastructure and earnings accretive acquisition opportunities in our market leading Supply Chain & Retail division.

Adjusted EPS increased from 7.1 cent to 8.4 cent delivering 18.3% growth. EBITDA has increased by 9.2% (€3.8m) to €44.9m (June 2021: €41.1m) benefitting from the impact of 2021 acquisitions and strong organic gross profit growth across all divisions. EBITDA margin at 4.5% has remained consistent with 2021 levels (June 2021: 4.3%) with growth in gross margin being offset by inflationary challenges and continued investment in our teams and infrastructure.

Return on capital employed (ROCE) for the rolling 12-month period closed at 16.6% (December 2021: 17.6%) performing ahead of the Group's medium term target (12-15%) and reflecting both the increase in operating profit in the period and strong performance from our 2021 acquisitions. The investments 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 strong liquidity which is driven by continued focus on working capital management. Net bank debt was €73.8m (December 2021: €48.3m) with low leverage providing a solid platform to support future growth and investment.

A new five-year banking facility (with two one-year extension options) was signed in August 2022. The new facility more than doubles the Group's available facilities with a revolving credit facility of €400m and a €150m uncommitted accordion facility. The banking syndicate has increased to seven banks with the addition of three new international banking partners, Barclays Bank, ING Bank and Citizens Bank joining the existing banking syndicate. The new facility and enlarged banking syndicate provides the platform to accelerate our ambitious growth strategy and acquisition pipeline.

The Group remains focused on delivering on its strategy in the Commercial & Clinical division where we are focused on building a pan-European offering, with a targeted service offering in the US, while in the Product Access division we are targeting a global offering in providing a market leading service in the delivery of Expanded Access Programs. Both 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 digital technologies, hi-tech infrastructure and long-standing manufacturer relationships to grow this division.

## Sustainability

Sustainability continues to be a key focus for the Group with progress across all five sustainability pillars in the first half of 2022. Equity, Diversity and Inclusion has been a key focus during 2022 with the launch of our Unity@Uniphar initiative and two employee resource groups – our Women's Alliance and Rainbow Alliance.

On the environmental front, in line with our commitment to setting a science-based carbon reduction target, we completed our first Scope 3 footprint in respect of our global business with the emissions data collected included in our 2022 CDP submission. Having completed a global footprinting data exercise across Scopes 1, 2 and 3, the Group's focus is now on finalising our science-based targets and establishing a decarbonisation strategy to meet our target of 50% reduction in carbon emissions by 2030 from a baseline of 2019.

Following the outbreak of the war in Ukraine, the Group launched the Unity for Ukraine Initiative to provide much needed healthcare supplies and funds to Ukraine. We are incredibly proud that with the dedication of Uniphar's teams, customers and suppliers we saw much needed medical product donated to support humanitarian efforts in Ukraine.

From a corporate governance perspective, in line with commitments made at the time of the Group's IPO, in early 2022 the Board adopted the UK Corporate Governance Code as the corporate governance code of the Group.

## Current trading

In the first half of the year, Uniphar performed in line with expectations at a group level, leveraging the scale of our platforms and the diversity of our service offering to help mitigate unprecedented inflation in all markets. Since the period end, the Group has continued to perform in line with expectation notwithstanding continued cost inflationary challenges which the management team are focused on mitigating.

The Group is in a strong position to continue to invest in growth opportunities. Net bank debt was €73.8m (December 2021: €48.3m) at period end and low leverage together with the new banking facility and enlarged banking syndicate provide a solid platform to support future growth and investment as opportunities arise.

The Group continues to deliver on the strategy and growth committed to at IPO and is confident that it will continue to deliver long-term value for our shareholders. Acquisitions, combined with strategic capital expenditure, 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 is well positioned to drive gross profit growth across all divisions and is confident of delivering on current trading expectations for the full year. Cost inflation continues to be a concern and will remain a key focus for management through the remainder of 2022 and into 2023. The business has substantially mitigated the cost pressures experienced to date but given the unprecedented levels of inflation being experienced in certain markets, the Group remains focused on maintaining margins through the current inflationary cycle.

While the Group expects Product Access to deliver mid-single digit organic growth in 2022, the 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 role in Uniphar's growth strategy, and we will continue to have a disciplined approach to capital allocation. The Group has an active pipeline of acquisition opportunities to add further scale and breadth to the existing platform.

We are pleased with the progress we have made since IPO towards delivering our target of doubling 2018 pro-forma EBITDA within five years. We are confident we have built the team and platform which, combined with a compelling market opportunity, will enable us to deliver this objective.

## Acquisitions and integration update

Post period end, the Group completed the acquisition of Orspec marking our entry into the strategically important APAC markets. Integration of the four acquisitions completed in 2021 is progressing in line with expectations. The acquisition of Navi Group is, as previously disclosed, subject to approval by the CCPC and the Group expects the acquisition to close later this year.

### Commercial & Clinical

***Integration update***

The integration of the 2021 acquisitions of CoRRect Medical, BESTMSLs Group and E4H are progressing well into the Commercial & Clinical division, and all have enhanced the division's ability to build connectivity between its clients and key healthcare stakeholders with its best-in-class digital capabilities. CoRRect Medical has enabled the provision of a fully integrated offering across the important German and Swiss MedTech markets. BESTMSLs Group expands the Group's US presence by providing outsourced medical affairs services including the provision of contract MSL (Medical Science Liaison) teams, recruiting, training, education, and a range of innovative digital solutions for its pharma partners. E4H enhances Uniphar's value proposition by creating a truly differentiated omni-channel offering for pharmaceutical clients looking to commercialise their brands across Europe.

### Product Access

***Acquisition update***

Orspec is an Australian-headquartered company which specialises in the sourcing and procurement of pharmaceutical products for supply on a named patient basis across the Asia Pacific Region. This acquisition represents our first entrance into the APAC region and helps advance our divisional strategy of being a global leader in Product Access services.

***Integration update***

The integration of the 2021 acquisition of Devonshire Healthcare Services into our Product Access division is progressing well. Devonshire enables Uniphar to expand its global access into key hospitals in the Middle East and North Africa (MENA) region, for the benefit of both its On Demand and Exclusive Access businesses. Devonshire is benefitting from Uniphar's existing operational infrastructure and driving cross-selling opportunities.

## Supply Chain & Retail
***Acquisition update***

In December 2021, the Group announced the acquisition of the Navi Group. The acquisition remains subject to CCPC approval. On completion of this acquisition, the unique technology and value proposition of the Navi Group combined with Uniphar's scalable hi-tech distribution facilities and digital platforms, should deliver an even stronger offering to our independent community pharmacy customer base.

## Strategic capital expenditure

The Supply Chain & Retail division has commenced a multi-year strategic investment programme in an Irish-based distribution facility. The Group recognises the strategic need to invest to meet the growing demands of the market and to continue to grow market share. Once completed the facility will incorporate the latest technologies to enable the business to drive operational efficiencies and provide the infrastructure to double current capacity levels. This will further strengthen our already strong position in the Irish market and provide the platform for further growth. The project will take four years to complete, after which it will start to deliver the expected transformational benefits.

## Principal Risks & Uncertainties

The Group's Risk Management Policy provides the framework to identify, assess, monitor, and manage the risks associated with the Group's business. It is designed to enable the Group to meet its business objectives by appropriately managing, rather than eliminating, these risks. The principal risks & uncertainties faced by the Group can be found in the 2021 Annual Report on pages 27 to 31. A copy of the Annual Report can be downloaded from our website www.uniphar.ie.

### 2022 Highlights

The Group continues to ensure that the risk management framework is integrated in the day-to-day activities across the business. During the period ended 30 June 2022, the Group carried out the following:

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

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

#### Strategic Risks

- 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. The Group has traded through the initial Brexit uncertainty with Brexit plans in operation and this risk has decreased year-on-year. The Group recognises the potential risk surrounding the agreement of the Northern Ireland Protocol. Overall, this may have a negative impact on EU-UK trade. Brexit also has the potential to create market uncertainty and currency fluctuations which could impact the translation of our UK operations into the Group reporting currency.
- 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 continues to monitor the ongoing war in Ukraine, and the knock-on effects of this on inflation and the cost base.
- 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

- Pandemic Risk - Covid-19 and its implications continue to evolve and change. Business disruption arising from further waves and variants of the Covid-19 virus, or other future pandemics 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. The Group may be exposed to increased interest rate and credit risks from any changes to economic conditions.

## Operational overview

### Commercial & Clinical

| | | | Growth | |
|---|---|---|---|---|
| | | | | Constant |
| | **2022** | 2021 | Reported | currency |
| **Six months ended 30 June** | **€'000** | €'000 | | |
| Revenue | **162,322** | 157,816 | 2.9% | 1.3% |
| Gross profit | **58,541** | 53,446 | 9.5% | 7.9% |
| Gross profit margin % | **36.1%** | 33.9% | 220bps | |

#### Overview

Commercial & Clinical provides outsourced sales, marketing and distribution solutions to pharmaceutical and medical device manufacturers on a pan-European basis with a targeted service offering in the US. The division is focused on the commercialisation of speciality products for our manufacturer clients. With an ability to serve 15 countries, we are able to deliver flexible commercial solutions across multiple markets for our key customers. The recent acquisitions of Diligent Health Solutions and BESTMSLs Group in the US, together with E4H in the UK, have further enhanced our service offering by broadening our range of services, with the acquisition of CoRRect Medical enhancing our pan-European MedTech offering and strengthening our interventional portfolio.

#### H1 2022 Performance

Commercial & Clinical delivered another very strong performance in H1 2022, with organic gross profit growth of 4.2% off a very strong comparative period in 2021, reinforcing our role as a trusted partner to our clients and customers across Europe and the US. The expertise and agility of our teams, our speciality focus, the diversity of our product portfolio and our multi-channel enabled sales teams ensured the business achieved a robust performance in a challenging environment. Commercial & Clinical represents 40% of the Group's gross profit in the first half of 2022.

Key highlights from the six-month period include:

- Revenue growth of 2.9% achieved across the division, against a strong comparative period.
- Gross profit generated from outside Ireland represents 60% of the divisional gross profit.
- Increase in number of manufacturers represented in more than one geography to 75 (June 2021: 59).
- Integration of the acquisitions of BESTMSLs Group, CoRRect Medical and E4H is progressing well.

#### MedTech

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

The diversity of our MedTech portfolio enabled continued strong organic growth during the Covid-19 pandemic. With the effects of the pandemic now subsiding, our interventional and orthopaedic specialities in particular have helped fuel incremental growth in H1 2022 against a strong comparative period. We have leveraged our speciality expertise to enhance our technology offering by expanding into the surgical robotics space and we see significant growth opportunities in this area in future years. In addition, we have successfully continued to leverage our existing manufacturer relationships to fuel our geographical growth, with the number of manufacturers represented in more than one geography increasing to 75 across Commercial & Clinical.

Our continued focus in expanding our geographic and client base means we are now active in 15 markets. The acquisition of CoRRect Medical in July 2021, with a significant presence in Germany and Switzerland, enhances our pan-European offering and the integration of this business into the wider MedTech business is progressing well.

**Pharma**

Our Pharma business unit focusses on providing insight-driven, digitally enabled customer centric solutions for pharmaceutical manufacturers. This allows Uniphar to engage with healthcare professionals (HCPs) with targeted information by utilising the channel that is most convenient for them, resulting in better outcomes for both HCPs and pharmaceutical companies. Following the acquisition of BESTMSLs Group, their digital platform, The Doctors Channel, further enhances our engagement capabilities, delivering expert medical information condensed into short streaming videos.

The Covid-19 pandemic forced a rapid rethink in the sales and marketing strategies of pharma companies with a shift away from traditional in-person engagement to a significantly increased demand for digital engagement offerings. Uniphar was able to drive growth through this transition by supporting our customers with our digital propositions and omni-channel offering. As the industry re-emerges from the pandemic it is clear that, while there is a return of in-person engagement, there has been a marked shift and that the future is a hybrid model of digital and in-person engagement which Uniphar’s omni-channel offering is well positioned to deliver. Our recent acquisition of E4H builds on our capabilities to further support our customer proposition and create a truly differentiated omni-channel offering in the industry.

The acquisitions of Diligent Health Solutions (H2 2020), and BESTMSLs Group (H2 2021) have extended our presence into the strategically important US market, and significantly enhances the capabilities of the Pharma business unit. While Diligent and BESTMSLs are US-based, our focus is to continue to enable these service offerings across our Commercial & Clinical and Product Access targeted geographies.

## Product Access

| Six months ended 30 June | **2022 €'000** | 2021 €'000 | Growth Reported | Growth Constant currency |
|---|---|---|---|---|
| Revenue | **74,474** | 85,954 | (13.4%) | (15.2%) |
| Gross profit | **21,818** | 20,051 | 8.8% | 5.4% |
| Gross profit margin % | **29.3%** | 23.3% | 600bps | |

### Overview

Uniphar's Product Access division works to provide 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, hi-tech or otherwise difficult to source medicines. Our digital and regulatory capabilities complimented by our expert multilingual teams enable us to offer a high standard of service quality and implementation. Product Access represents 15% of the Group's gross profit in the first half of 2022.

### H1 2022 Performance

Following an exceptionally strong 2021, Product Access reported positive gross profit growth of 8.8% to €21.8m in the first six months of 2022. The reduction in revenue during the period is reflective of a significant EAP contract moving to the commercialisation stage of its development lifecycle.

Key highlights from the period include:

- Gross margin % improvement to 29.3% with focus on higher margin opportunities.
- 56% of the division's gross profit is generated outside of Ireland.
- Strong gross profit growth of 8.8% off the back of an exceptionally strong 2021 performance.
- The integration of Devonshire Healthcare Services, which was acquired in Q4 2021, is proceeding in accordance with plan and opening up opportunities in the MENA region.

### Exclusive Access

Expanded Access Programmes (EAPs) allow pharmaceutical companies to provide medicines to patients when a product has not yet been licensed in a jurisdiction, or has been licensed, but is not yet eligible for reimbursement by the relevant authority. During the period, the business has secured four additional global programmes across several new clients.

Patient centricity is at the heart of everything we do and our bespoke digital platform developed by our team at Innerstrength, enhanced with the regulatory knowledge and skillset of the team at RRD, enables exceptional execution across all geographies.

The division recently signed its first EAP in the US which has been a key strategic objective of the business. This represents a significant milestone in becoming a global leader in this space.

### On Demand

Uniphar is well positioned as a major supplier of unlicensed medicines to specialist importers around the globe. While Pharmasource, our Irish based On Demand business, continues to deliver record performance achieving double digit growth in a mature market and our focus on expanding our market share across the UK continues, we are also targeting non-EU markets, particularly through our Q4 2021 acquisition of Devonshire Health Services.

During the period, the Devonshire business migrated to our Durbin UK Heathrow facility to realise the commercial and operational scale identified at the time of acquisition. The integration of Devonshire is progressing well with a continued focus on identifying additional opportunities across the MENA region to provide solutions to customers' sourcing challenges.

### Acquisition

Post period end, the Group completed the acquisition of Orspec, marking our entry into the strategically important APAC market. Orspec, an Australian-headquartered company with hubs in Singapore and New Zealand, specialises in the supply of unlicensed medicines and the delivery of Expanded Access Programs across APAC. Orspec brings a strong management team to the Group with region-specific expertise. This acquisition represents our first entrance into the APAC region and further advances our divisional strategy of being a global leader in Product Access services.

## Supply Chain & Retail

| | | | Growth | |
|---|---|---|---|---|
| **Six months ended 30 June** | **2022<br>€'000** | 2021<br>€'000 | Reported | Constant currency |
| Revenue | **755,035** | 721,097 | 4.7% | 4.7% |
| Gross profit | **65,776** | 60,793 | 8.2% | 8.2% |
| Gross profit margin % | **8.7%** | 8.4% | 30bps | |

**Overview**

The Supply Chain & Retail division comprises of our pre-wholesale and wholesale pharmaceutical distribution business, with approximately 1,900 community pharmacy customers and a vertically integrated model with 381 owned, franchised or supported pharmacies. Uniphar holds c.53% of the current market share and is an essential part of the national health infrastructure in Ireland.

**H1 2022 performance**

- 8.2% growth in gross profit of which 5.2% is organic growth.
- Six independent community pharmacies acquired in H1 2022.
- Continued growth of our consumer product offering supported by the addition of the Dr Hauschka brand of natural skincare products in the period.
- Digital innovation and transformation supporting our retail pharmacy partners.

**Wholesale**

The wholesale business performed strongly in the period with robust underlying volumes across all key categories. Growth was achieved through a combination of market recovery compared to 2021 coming out of the Covid-19 pandemic aided by a surge in Covid-19 related sales in the early part of 2022. Prescription and OTC (Over The Counter) products continue to be at the core of what we provide to our community pharmacy customers.

**Pre-wholesale**

The pre-wholesale business continued to experience growth in the period despite macroeconomic headwinds. The continued investment in our infrastructure to ensure operational excellence for our customers has ensured several successful contract renewals in the period.

The new four-year IPHA (Irish Pharmaceutical Healthcare Association) agreement came into effect in 2022, bringing with it market changes across our client manufacturer portfolios due to the growing penetration of biosimilar products. The new agreement gives pricing stability for the next four years, positioning the pre-wholesale business strongly moving forward.

**Retail**

The business supports a network of 381 pharmacies either owned or franchised through the Uniphar symbol group. Symbol group members are offered a range of both front and back-office support, in addition to a dedicated team on the ground to enable community pharmacies to better compete with the larger and multi-national owned chains. The business acquired six independent community pharmacies in the period which are being integrated into the division as planned.

Retail pharmacies have performed well in the period recovering from the Covid-19 pandemic which was a factor in the comparative period in 2021. Mitigating the inflationary headwinds was a focus for the period and will continue to be managed closely for the remainder of the year.

**Online/Digital**

We have brought our pharmacy customers on a journey with us in recent years in digitising and automating processes for our pharmacy teams. During the period, we launched the Hickey's B2C ecommerce platform and made further strides in digital innovation in our supported pharmacies. Our symbol groups now offer online doctor services, customer phone apps and online shopping.

**Acquisitions**

The acquisition of Navi Group is, as previously disclosed, subject to approval by the CCPC and the Group expects the acquisition to close later this year. This strategic acquisition brings market share in the form of additional pharmacy customers, an innovative and experienced trading team and importantly a number of innovative proprietary digital solutions for retail pharmacies. This will accelerate our ability to support our customers to achieve a fully connected pharmacy.

**Strategic capital expenditure**

The Supply Chain & Retail division has commenced a strategic investment programme in an Irish-based distribution facility. This multi-year organic investment in a state-of-the-art facility will unlock further operational efficiencies and provide the infrastructure to meet growing market demands by doubling capacity levels and enhancing the division’s market leading service offering.

## Financial Review

### Summary financial performance

| Six months ended 30 June | **2022 €'000** | 2021 €'000 | Growth Reported | Growth Constant currency |
|---|---|---|---|---|
| ***IFRS measures*** | | | | |
| Revenue | **991,831** | 964,867 | 2.8% | 2.4% |
| Gross profit | **146,135** | 134,290 | 8.8% | 7.6% |
| Operating profit | **25,078** | 23,609 | 6.2% | 5.2% |
| Basic EPS (cent) | **5.9** | 5.7 | | |
| ***Alternative performance measures*** | | | | |
| Gross profit margin | **14.7%** | 13.9% | | |
| EBITDA | **44,935** | 41,138 | 9.2% | 8.1% |
| Adjusted EPS (cent) | **8.4** | 7.1 | | |
| Net bank debt | **(73,807)** | (30,341) | | |
| Return on capital employed | **16.6%** | 17.6% | | |

### Revenue

Revenue increased by 2.8%, which was achieved through a combination of organic growth, driven by a strong performance in the Supply Chain & Retail and Commercial & Clinical divisions together with the impact of the 2021 acquisitions.

### Gross profit

Gross profit has increased by 8.8% due to a particularly strong performance in the Supply Chain & Retail division combined with the impact of the 2021 acquisitions for the first six months. The Gross profit margin has increased from 13.9% to 14.7% reflecting the continued expansion of the Group into higher margin businesses and sectors.

*Divisional gross profit*

| Six months ended 30 June | **2022 €'000** | 2021 €'000 | Growth Reported | Growth Constant Currency |
|---|---|---|---|---|
| Commercial & Clinical | **58,541** | 53,446 | 9.5% | 7.9% |
| Product Access | **21,818** | 20,051 | 8.8% | 5.4% |
| Supply Chain & Retail | **65,776** | 60,793 | 8.2% | 8.2% |
| | **146,135** | 134,290 | | |

### EBITDA

EBITDA has increased by €3.8m (9.2%) to €44.9m. The main drivers for this are the growth in revenue, particularly of higher margin businesses, coupled with the impact of the 2021 acquisitions. Overheads have increased to reflect the business investment for future growth, combined with some inflationary pressures on cost.

### Exceptional items

Exceptional costs amounted to €5.5m for the period and primarily relate to restructuring costs (€2.7m), professional fees associated with acquisitions (€2.0m) and acquisition integration costs (€1.1m) offset by an associated exceptional tax credit. Further details are provided in note 3.

### Earnings per share

Basic earnings per share increased from 5.7 cent to 5.9 cent. The increase in earnings has been partially offset by an increase in the weighted average number of shares from 267,137,000 to 272,297,000. The weighted average number of ordinary shares includes the effect of shares granted under the LTIP arrangement that have met the share price performance conditions but will not vest until 31 December 2024.

Adjusted earnings per share has increased from 7.1 cent to 8.4 cent reflecting the strong performance in the business. Growth in adjusted earnings per share is partially offset by an increase in the weighted average number of shares in issue during the period.

On a like for like basis, adjusted earnings per share increased from 7.0 cent to 8.4 cent by applying the weighted average number of shares as at June 2022 to both periods, to provide a more meaningful comparison.

### Cash flow and net bank debt

The free cash flow conversion in the six months to 30 June 2022 was 47.5% (2021: 69.6%) reflecting the unwind of working capital positions from 2021 with the Group's net bank debt position being €73.8m. This reflects an increase in net bank debt of €25.5m primarily driven by investment in acquisitions and strategic capital projects.

| Six months ended 30 June | **2022 €'000** | 2021 €'000 |
|---|---|---|
| Net cash inflow from operating activities | **10,708** | 18,328 |
| Net cash outflow from investing activities | **(25,538)** | (4,618) |
| Net cash inflow/(outflow) from financing activities | **5,541** | (2,869) |
| Foreign currency translation movement | **(433)** | 1,104 |
| **(Decrease)/increase in cash and cash equivalents in the period** | **(9,722)** | 11,945 |
| Movement in restricted cash | **-** | (3,097) |
| Cash flow from movement in borrowings | **(15,788)** | (4,770) |
| **Movement in net bank (debt)/cash** | **(25,510)** | 4,078 |

The Group remains focused on strong working capital management, and this is reflected in the cash generated from operating activities of €10.7m. Stock balances have increased reflecting trading volumes and some increased stocking as a result of supply chain challenges.

The net cash outflow from investing activities of €25.5m primarily consists of payments for acquisitions of €14.2m and capital investments of €11.3m. Of the capital investments, €7.1m is strategic in nature including €5m for the commencement of investment in a new distribution facility.

The net cash inflow from financing activities of €5.5m was due to a further drawdown of borrowings to support business growth offset by principal lease payments and the payment of dividends.

### Net banking facility

The Group has entered into a new five-year banking facility which more than doubles the revolving credit facility (RCF) to €400m with an additional uncommitted accordion facility of €150m. Three international banks, Barclays Bank, ING Bank and Citizens Bank joined the existing syndicate increasing the syndicate to seven banks. This new facility provides the platform to accelerate our ambitious growth strategy and acquisition pipeline.

### Taxation

The tax charge in the period is €4.5m and equates to an effective tax rate of 17.3%. This compares to a charge of €5.4m in the same period last year and an effective tax rate of 16.8% for the 2021 financial year. The increase in the effective tax rate of 0.5% is attributable to the increased contribution of profits from higher tax rate jurisdictions. The effective tax rate is calculated as the income tax charge for the period as a percentage of the profit before tax and exceptional items.

### Foreign exchange

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

On a constant currency basis, revenue increased by 2.4% (vs 2.8% reported growth), gross profit increased 7.6% (vs reported growth 8.8%) and operating profit increased by 5.2% (vs 6.2% reported growth).

| | **H1 2022 Average** | **H1 2021 Average** |
|---|---|---|
| GBP | **0.8422** | 0.8681 |
| US Dollar | **1.0928** | 1.2055 |
| Swedish Krona | **10.476** | 10.129 |

### Return on capital employed

Return on capital employed for the rolling 12-month period closed at 16.6% (December 2021: 17.6%) performing in line with the Group's medium term target and reflecting both the increase in operating profit in the period and strong performance from our recent acquisitions. The investments made during 2021, both from a capital and acquisitions perspective, will deliver further benefits and growth in the coming years. The reduction since December 2021 reflects the impact of the Group's recent acquisitions where the Group has expanded into new geographies and higher margin opportunities.

### Dividends

A final dividend of €3m relating to 2021 was paid in May 2022. The Board has committed to a progressive dividend policy and, reflective of this, a 2022 interim dividend of €1.7m (€0.0061 per ordinary share) has been declared. It is proposed to pay the dividend on 6 October 2022 to ordinary shareholders on the Company's register on 9 September 2022.

In accordance with company law and IFRS, these dividends have not been provided for in the Balance Sheet at 30 June 2022.

## Statement of Directors' responsibilities

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

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

b) the interim results include a fair review of the important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial statements for the half year ended 30 June 2022.

Signed on behalf of the Board

M. Pratt G. Rabbette

29 August 2022

# *Independent review report to Uniphar Plc*

## Report on the condensed consolidated interim financial statements

### Our conclusion

We have reviewed Uniphar Plc's condensed consolidated interim financial statements (the "interim financial statements") in the 2022 Interim results of Uniphar Plc for the six month period ended 30 June 2022 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

The interim financial statements, comprise:

- the Condensed Consolidated Group Balance Sheet as at 30 June 2022;
- the Condensed Consolidated Group Income Statement for the period then ended;
- the Condensed Consolidated Group Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Group Cash Flow Statement for the period then ended;
- the Condensed Consolidated Group Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the 2022 Interim results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

### Basis for conclusion

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

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

We have read the other information contained in the 2022 Interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

## Conclusions relating to going concern

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

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

## Responsibilities for the interim financial statements and the review

### *Our responsibilities and those of the directors*

The 2022 Interim results, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the 2022 Interim results in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union. In preparing the 2022 Interim results, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the 2022 Interim results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for management purposes and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers
Chartered Accountants
29 August 2022
Dublin

Notes:

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

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

## Condensed Consolidated Group Income Statement
**for the six months ended 30 June 2022**

| | Notes | Six months ended 30 June 2022<br>Pre-exceptional (unaudited) €'000 | Exceptional (note 3) (unaudited) €'000 | Total (unaudited) €'000 | Six months ended 30 June 2021<br>Pre-exceptional (unaudited) €'000 | Exceptional (note 3) (unaudited) €'000 | Total (unaudited) €'000 |
|---|---|---|---|---|---|---|---|
| **Revenue** | 2 | 991,831 | - | 991,831 | 964,867 | - | 964,867 |
| Cost of sales | | (845,696) | - | (845,696) | (830,577) | - | (830,577) |
| **Gross profit** | | 146,135 | - | 146,135 | 134,290 | - | 134,290 |
| Selling and distribution costs | | (34,747) | - | (34,747) | (29,434) | - | (29,434) |
| Administrative expenses | | (80,545) | (5,784) | (86,329) | (76,653) | (4,680) | (81,333) |
| Other operating income | | 19 | - | 19 | 86 | - | 86 |
| **Operating profit** | | 30,862 | (5,784) | 25,078 | 28,289 | (4,680) | 23,609 |
| Finance cost | 4 | (4,737) | - | (4,737) | (4,523) | 1,623 | (2,900) |
| **Profit before tax** | | 26,125 | (5,784) | 20,341 | 23,766 | (3,057) | 20,709 |
| Income tax expense | | (4,530) | 284 | (4,246) | (5,381) | - | (5,381) |
| **Profit for the financial period** | | 21,595 | (5,500) | 16,095 | 18,385 | (3,057) | 15,328 |
| ***Attributable to:*** | | | | | | | |
| Owners of the parent | | | | 16,061 | | | 15,348 |
| Non-controlling interests | | | | 34 | | | (20) |
| **Profit for the financial period** | | | | 16,095 | | | 15,328 |
| ***Attributable to:*** | | | | | | | |
| Continuing operations | | | | 16,095 | | | 15,328 |
| **Profit for the financial period** | | | | 16,095 | | | 15,328 |
| ***Earnings per ordinary share (in cent):*** | | | | | | | |
| Continuing operations | | | | 5.9 | | | 5.7 |
| **Basic and diluted earnings per share (in cent)** | 5 | | | 5.9 | | | 5.7 |

## Condensed Consolidated Group Statement of Comprehensive Income
**for the six months ended 30 June 2022**

| | Six months ended 30 June 2022 (unaudited) €'000 | Six months ended 30 June 2021 (unaudited) €'000 |
|---|---|---|
| **Profit for the financial period** | 16,095 | 15,328 |
| **Other comprehensive (expense)/income:** | | |
| *Items that may be reclassified to the Income Statement:* | | |
| Unrealised foreign currency translation adjustments | (1,302) | 3,995 |
| *Items that will not be reclassified to the Income Statement:* | | |
| Actuarial gain in respect of defined benefit pension schemes | - | 41 |
| **Total comprehensive income for the financial period** | 14,793 | 19,364 |
| ***Attributable to:*** | | |
| Owners of the parent | 14,759 | 19,384 |
| Non-controlling interests | 34 | (20) |
| **Total comprehensive income for the financial period** | 14,793 | 19,364 |
| ***Attributable to:*** | | |
| Continuing operations | 14,793 | 19,364 |
| **Total comprehensive income for the financial period** | 14,793 | 19,364 |

## Condensed Consolidated Group Balance Sheet
**as at 30 June 2022**

| | Notes | 30 June 2022 (unaudited) €'000 | 31 December 2021 (audited) €'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible assets – goodwill | 7 | 438,004 | 423,401 |
| Intangible assets – other assets | 7 | 23,196 | 22,968 |
| Property, plant and equipment, and right-of-use assets | 8 | 155,089 | 152,483 |
| Financial assets - Investments in equity instruments | | 25 | 25 |
| Deferred tax asset | | 2,622 | 1,734 |
| Other receivables | | 426 | 388 |
| **Total non-current assets** | | 619,362 | 600,999 |
| | | | |
| **Current assets** | | | |
| Assets held for sale | 9 | 1,600 | 1,600 |
| Inventory | | 129,352 | 112,312 |
| Trade and other receivables | | 165,862 | 152,057 |
| Cash and cash equivalents | | 68,303 | 78,025 |
| **Total current assets** | | 365,117 | 343,994 |
| **Total assets** | | 984,479 | 944,993 |
| | | | |
| **EQUITY** | | | |
| **Capital and reserves** | | | |
| Called up share capital presented as equity | 10 | 21,841 | 21,841 |
| Share premium | | 176,501 | 176,501 |
| Share based payment reserve | | 396 | 183 |
| Other reserves | | 4,062 | 5,364 |
| Retained earnings | | 60,615 | 47,555 |
| **Attributable to owners** | | 263,415 | 251,444 |
| Attributable to non-controlling interests | | 154 | 120 |
| **Total equity** | | 263,569 | 251,564 |
| | | | |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 11 | 140,446 | 124,601 |
| Provisions | 12 | 91,357 | 90,401 |
| Lease obligations | 13 | 105,370 | 104,720 |
| **Total non-current liabilities** | | 337,173 | 319,722 |
| | | | |
| **Current liabilities** | | | |
| Borrowings | 11 | 1,664 | 1,721 |
| Lease obligations | 13 | 12,097 | 14,358 |
| Trade and other payables | | 369,976 | 357,628 |
| **Total current liabilities** | | 383,737 | 373,707 |
| **Total liabilities** | | 720,910 | 693,429 |
| **Total equity and liabilities** | | 984,479 | 944,993 |

## Condensed Consolidated Group Cash Flow Statement
**for the six months ended 30 June 2022**

| | Notes | Six months ended 30 June 2022 (unaudited) €'000 | Six months ended 30 June 2021 (unaudited) €'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Cash inflow from operating activities | 15 | 19,166 | 26,075 |
| Payment of deferred contingent consideration | | (1,250) | (1,250) |
| Interest paid | | (1,828) | (1,461) |
| Interest paid on lease liabilities | 13 | (1,824) | (1,866) |
| Corporation tax payments | | (3,556) | (3,170) |
| **Net cash inflow from operating activities** | | 10,708 | 18,328 |
| | | | |
| **Investing activities** | | | |
| Payments to acquire property, plant and equipment - Maintenance | | (3,489) | (2,166) |
| Payments to acquire property, plant and equipment - Strategic projects | | (5,461) | (1,480) |
| Receipts from disposal of property, plant and equipment | | 72 | - |
| Receipts from disposal of assets held for sale | | - | 350 |
| Payments to acquire intangible assets - Maintenance | | (821) | (3,061) |
| Payments to acquire intangible assets – Strategic projects | | (1,670) | - |
| Payments to acquire subsidiary undertakings | | (11,874) | (887) |
| Net working capital receipts from subsidiary undertakings | | - | 3,428 |
| Payment of deferred and deferred contingent consideration | | (2,295) | (977) |
| Receipt of deferred consideration receivable | | - | 175 |
| **Net cash outflow from investing activities** | | (25,538) | (4,618) |
| | | | |
| **Financing activities** | | | |
| Proceeds from borrowings | | 15,133 | 19,000 |
| Repayments of borrowings | | (57) | (14,230) |
| Movement in restricted cash | | - | 3,097 |
| Payment of dividends | 6 | (3,001) | (4,202) |
| Principal element of lease payments | 13 | (6,534) | (6,534) |
| **Net cash inflow/(outflow) from financing activities** | | 5,541 | (2,869) |
| | | | |
| (Decrease)/increase in cash and cash equivalents in the period | | (9,289) | 10,841 |
| Foreign currency translation of cash and cash equivalents | | (433) | 1,104 |
| Opening balance cash and cash equivalents | | 78,025 | 60,410 |
| **Closing balance cash and cash equivalents** | 14 | 68,303 | 72,355 |

## Condensed Consolidated Group Statement of Changes in Equity
### for the six months ended 30 June 2022

| | Share capital €'000 | Share premium €'000 | Share based payment reserve €'000 | Foreign currency translation reserve €'000 | Revaluation reserve €'000 | Capital redemption reserve €'000 | Retained earnings €'000 | Attributable to non-controlling interests €'000 | Total shareholders' equity €'000 |
|---|---|---|---|---|---|---|---|---|---|
| At 1 January 2021 | 21,841 | 176,501 | - | (1,860) | 700 | 60 | 5,218 | 75 | 202,535 |
| Profit for the financial period | - | - | - | - | - | - | 15,348 | (20) | 15,328 |
| *Other comprehensive income:* | | | | | | | | | |
| Re-measurement gain on pensions (net of tax) | - | - | - | - | - | - | 41 | - | 41 |
| Movement in foreign currency translation reserve | - | - | - | 3,995 | - | - | - | - | 3,995 |
| *Transactions recognised directly in equity:* | | | | | | | | | |
| Dividends paid (Note 6) | - | - | - | - | - | - | (4,202) | - | (4,202) |
| **At 30 June 2021 (unaudited)** | 21,841 | 176,501 | - | 2,135 | 700 | 60 | 16,405 | 55 | 217,697 |
| At 1 January 2022 | 21,841 | 176,501 | 183 | 4,604 | 700 | 60 | 47,555 | 120 | 251,564 |
| Profit for the financial period | - | - | - | - | - | - | 16,061 | 34 | 16,095 |
| Movement in share-based payment reserve | - | - | 213 | - | - | - | - | - | 213 |
| *Other comprehensive expense:* | | | | | | | | | |
| Movement in foreign currency translation reserve | - | - | - | (1,302) | - | - | - | - | (1,302) |
| *Transactions recognised directly in equity:* | | | | | | | | | |
| Dividends paid (Note 6) | - | - | - | - | - | - | (3,001) | - | (3,001) |
| **At 30 June 2022 (unaudited)** | 21,841 | 176,501 | 396 | 3,302 | 700 | 60 | 60,615 | 154 | 263,569 |

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

### Basis of preparation

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

The financial information in the condensed interim consolidated financial statements has been prepared on a basis consistent with that adopted for the year ended 31 December 2021. The accounting policies applied in the interim financial statements are the same as those applied in the 2021 Annual Report.

The Group's auditors have reviewed, not audited the condensed consolidated interim financial statements contained in this report. These interim financial statements are prepared in order to comply with the Euronext Growth Market Rule Book and AIM Rules for Companies and are not statutory financial statements as they do not include all of the information required for full annual financial statements and should be read in conjunction with the Uniphar Group Annual Report (statutory financial statements) for the year ended 31 December 2021. The audit report on those statutory financial statements was unqualified and did not contain any matters to which attention was drawn by way of emphasis.

The preparation of interim financial statements in compliance with IAS 34 requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the Group's Annual Report for the year ended 31 December 2021 in note 1 on pages 125 to 126.

The Group's interim financial statements are prepared for the six-month period ended 30 June 2022. The interim financial statements incorporate the Company and all of its subsidiary undertakings. A subsidiary undertaking is consolidated by reference to whether the Group has control over the subsidiary undertaking. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

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

### Going Concern

The Group Condensed Consolidated Interim Financial Statements have been prepared on the going concern basis of accounting. The Directors have made appropriate enquiries and carried out a thorough review of the Group's forecasts, projections, and available banking facilities, taking account of possible changes in trading performance and considering geopolitical 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 at the end of June 2022, supported by the recent renewal of our banking facility together with the addition of three new international banking partners. This provides a solid platform for the Group to deal with challenges that may arise caused by geopolitical or macroeconomic risks.

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

### New Standards, Amendments, and Interpretations

There have been no accounting standards, amendments and interpretations that are effective for the first time in respect of the Group condensed interim financial statements for the six months ended 30 June 2022.

### New Standards and Interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been adopted by the Group. These standards are not expected to have a material impact in the current or future reporting periods and on foreseeable future transactions.

## 2. Revenue and segments

| | 2022 €'000 | 2021 €'000 |
|---|---|---|
| Revenue | 991,831 | 964,867 |

| | 2022 €'000 | 2021 €'000 |
|---|---|---|
| *Commercial & Clinical - MedTech* | 118,873 | 112,082 |
| *Commercial & Clinical - Pharma* | 43,449 | 45,734 |
| Commercial & Clinical | 162,322 | 157,816 |
| Product Access | 74,474 | 85,954 |
| Supply Chain & Retail | 755,035 | 721,097 |
| Total Revenue | 991,831 | 964,867 |

***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 the country of domicile (Ireland) and countries with material revenue.

| | 2022 €'000 | 2021 €'000 |
|---|---|---|
| Ireland | 853,798 | 815,259 |
| UK | 85,523 | 91,842 |
| Rest of the World | 52,510 | 57,766 |
| | 991,831 | 964,867 |

***Operating segments***

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

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

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

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

- Supply Chain & Retail provides both pre-wholesale 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.

| | Commercial & Clinical | Product Access | Supply Chain & Retail | Total |
|---|---|---|---|---|
| | **Six months ended 30 June 2022** | | | |
| | €'000 | €'000 | €'000 | €'000 |
| Revenue | 162,322 | 74,474 | 755,035 | 991,831 |
| Gross profit | 58,541 | 21,818 | 65,776 | 146,135 |
| | **Six months ended 30 June 2021** | | | |
| | €'000 | €'000 | €'000 | €'000 |
| Revenue | 157,816 | 85,954 | 721,097 | 964,867 |
| Gross profit | 53,446 | 20,051 | 60,793 | 134,290 |

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

## 3. Exceptional charge

| | 2022 €'000 | 2021 €'000 |
|---|---|---|
| Professional fees including acquisition costs | 2,014 | 1,938 |
| Acquisition integration costs | 1,060 | 250 |
| Redundancy and restructuring costs | 2,710 | 920 |
| Defined benefit pension scheme settlement loss and closure costs | - | 558 |
| Foreign exchange revaluation of deferred contingent consideration | - | 1,014 |
| Exceptional charge recognised in operating profit | 5,784 | 4,680 |
| Decrease in deferred contingent consideration | - | (1,623) |
| Exceptional credit recognised in finance costs | - | (1,623) |
| Exceptional credit recognised in income tax expense | (284) | - |
| Total exceptional charge | 5,500 | 3,057 |

***Professional fees including acquisition costs***
Professional fees including acquisition costs incurred during 2022 are primarily relating to costs relating to acquisitions disclosed in note 17 together with costs incurred on transactions currently under consideration.

***Acquisition integration costs***
Acquisition integration costs primarily relate to payments made to staff agreed as part of the RRD International acquisition which do not qualify for classification as consideration due to the continuing employment requirement for the individuals.

***Redundancy and restructuring costs***
These costs include restructuring and reorganisation costs relating to group entities and recent acquisitions.

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

## 4. Finance cost

| | 2022<br>€'000 | 2021<br>€'000 |
|---|---|---|
| Interest on lease obligations | 1,824 | 1,866 |
| Interest payable on borrowings and non-recourse costs | 1,848 | 1,479 |
| Fair value adjustment of deferred and deferred contingent consideration | 953 | 1,074 |
| Amortisation of refinancing transaction fees | 133 | 121 |
| Interest receivable | (21) | (17) |
| Finance cost before exceptional credit | 4,737 | 4,523 |
| | | |
| Decrease in deferred contingent consideration (note 3) | - | (1,623) |
| Exceptional credit recognised in finance cost | - | (1,623) |
| Total Finance cost | 4,737 | 2,900 |

## 5. Earnings per share

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

| | 2022 | 2021 |
|---|---|---|
| Profit for the financial period attributable to owners (€'000) | 16,061 | 15,348 |
| Weighted average number of shares ('000) | 272,297 | 267,137 |
| Earnings per ordinary share (in cent): | | |
| - Basic | 5.9 | 5.7 |
| - Diluted | 5.9 | 5.7 |

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

| | 2022<br>€'000 | 2021<br>€'000 |
|---|---|---|
| Profit for the financial period attributable to owners | 16,061 | 15,348 |
| Exceptional charge recognised in operating profit (note 3) | 5,784 | 4,680 |
| Exceptional credit recognised in finance costs (note 3) | - | (1,623) |
| Exceptional credit recognised in income tax (note 3) | (284) | - |
| Tax credit on acquisition related intangibles | (178) | - |
| Amortisation of acquisition related intangibles (note 7) | 1,423 | 673 |
| Profit after tax excluding exceptional items | 22,806 | 19,078 |
| Weighted average number of shares in issue in the period (000's) | 272,297 | 267,137 |
| Adjusted basic and diluted earnings per ordinary share (in cent) | 8.4 | 7.1 |

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

## 6. Dividends

A final dividend of €3.0m (€0.011 per ordinary share) relating to 2021 was declared and paid in May 2022 (June 2021: €4.2m). Continuing with the Board's commitment to a progressive dividend policy, the Board declared a 2022 interim dividend of €1.7m (€0.0061 per ordinary share). It is proposed to pay the dividend on 6 October 2022 to ordinary shareholders on the Company's register on 9 September 2022.

In accordance with company law and IFRS, these dividends have not been provided for in the Balance Sheet at 30 June 2022.

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

| | Computer software €'000 | Trademark €'000 | Goodwill €'000 | Technology asset €'000 | Brand Name €'000 | Customer Relationships €'000 | Total €'000 |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 1 January 2022 | 36,180 | 153 | 442,110 | 2,914 | 11,238 | 3,126 | 495,721 |
| FX movement | (15) | 1 | 2,915 | 166 | - | 243 | 3,310 |
| Acquisitions | - | - | 11,688 | - | - | - | 11,688 |
| Additions | 2,491 | - | - | - | - | - | 2,491 |
| Disposals/retirements | (62) | - | - | - | - | - | (62) |
| At 30 June 2022 | 38,594 | 154 | 456,713 | 3,080 | 11,238 | 3,369 | 513,148 |
| **Accumulated Amortisation** | | | | | | | |
| At 1 January 2022 | 28,127 | 153 | 18,709 | 419 | 1,215 | 729 | 49,352 |
| FX movement | (4) | 1 | - | 16 | - | 69 | 82 |
| Amortisation | 1,153 | - | - | 537 | 562 | 324 | 2,576 |
| Disposals/retirements | (62) | - | - | - | - | - | (62) |
| At 30 June 2022 | 29,214 | 154 | 18,709 | 972 | 1,777 | 1,122 | 51,948 |
| **Net book amounts** | | | | | | | |
| At 31 December 2021 | 8,053 | - | 423,401 | 2,495 | 10,023 | 2,397 | 446,369 |
| At 30 June 2022 | 9,380 | - | 438,004 | 2,108 | 9,461 | 2,247 | 461,200 |
| | | | | | | | |
| Intangible assets | 8,051 | - | 438,004 | 2,108 | 9,461 | 2,247 | 459,871 |
| Right-of-use assets | 1,329 | - | - | - | - | - | 1,329 |
| At 30 June 2022 | 9,380 | - | 438,004 | 2,108 | 9,461 | 2,247 | 461,200 |

| **Reconciliation to Balance Sheet** | 30 June 2022 €'000 | 31 December 2021 €'000 |
|---|---|---|
| Intangible assets- goodwill | 438,004 | 423,401 |
| Intangible assets- other assets | 23,196 | 22,968 |
| Intangible assets total | 461,200 | 446,369 |

**Impairment testing of goodwill**

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

There is no material change to the circumstances that existed at 31 December 2021 and consequently no impairment indicators were identified. The Group's annual impairment assessment will be performed at 31 December 2022.

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

| | Land and buildings €'000 | Leasehold improvements €'000 | Plant and equipment €'000 | Fixtures and fittings €'000 | Computer equipment €'000 | Motor vehicles €'000 | Instruments €'000 | Total €'000 |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| At 1 January 2022 | 135,705 | 14,149 | 29,620 | 13,037 | 7,099 | 8,336 | 5,012 | 212,958 |
| Foreign exchange movement | (22) | (17) | (63) | (51) | 13 | (48) | 1 | (187) |
| Additions | 987 | 251 | 6,513 | 381 | 792 | 999 | 879 | 10,802 |
| Acquisitions | 3,229 | 189 | - | 175 | 17 | - | - | 3,610 |
| Disposals/retirements | (450) | - | (459) | (51) | (699) | (1,454) | (354) | (3,467) |
| Reclassification | - | 1,738 | (1,970) | 232 | - | - | - | - |
| At 30 June 2022 | 139,449 | 16,310 | 33,641 | 13,723 | 7,222 | 7,833 | 5,538 | 223,716 |
| **Accumulated depreciation** | | | | | | | | |
| At 1 January 2022 | 24,930 | 3,139 | 15,843 | 5,847 | 4,271 | 4,052 | 2,393 | 60,475 |
| Foreign exchange movement | (29) | (11) | (51) | (27) | (4) | (28) | - | (150) |
| Charge for the period | 5,572 | 726 | 1,702 | 909 | 545 | 1,260 | 783 | 11,497 |
| Disposals/retirements | (429) | - | (450) | (38) | (659) | (1,277) | (342) | (3,195) |
| Reclassification | - | - | - | - | - | - | - | - |
| At 30 June 2022 | 30,044 | 3,854 | 17,044 | 6,691 | 4,153 | 4,007 | 2,834 | 68,627 |
| **Net book value** | | | | | | | | |
| At 31 December 2021 | 110,775 | 11,010 | 13,777 | 7,190 | 2,828 | 4,284 | 2,619 | 152,483 |
| At 30 June 2022 | 109,405 | 12,456 | 16,597 | 7,032 | 3,069 | 3,826 | 2,704 | 155,089 |
| **Reconciliation to Balance Sheet** | | | | | | | | |
| Property, plant and equipment | 4,995 | 12,456 | 16,165 | 7,032 | 3,069 | 96 | 2,704 | 46,517 |
| Right-of-use assets | 104,410 | - | 432 | - | - | 3,730 | - | 108,572 |
| Net book value at 30 June 2022 | 109,405 | 12,456 | 16,597 | 7,032 | 3,069 | 3,826 | 2,704 | 155,089 |

Included in property, plant and equipment are assets under construction to the net book value of €5,462,000 (2021: €1,555,000). Depreciation has not commenced on these assets.

## 9. Assets held for sale

| | Properties €'000 | Total €'000 |
|---|---|---|
| At 1 January 2022 | 1,600 | 1,600 |
| Disposals | - | - |
| At 30 June 2022 | 1,600 | 1,600 |

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

The properties held for sale are available for immediate sale in their present condition subject to terms that are usual and customary for properties of this nature. The properties are being actively marketed and the Group is committed to its plan to sell these properties in an orderly manner.

## 10. Called up share capital presented as equity

| | 30 June 2022 €'000 |
|---|---|
| **Authorised:** | |
| 453.2 million (2021: 453.2 million) ordinary shares of 8c each | 36,256 |
| 16.0 million (2021: 16.0 million) "A" ordinary shares of 8c each | 1,280 |
| | 37,536 |

**Movement in the period in issued share capital presented as equity**

| | 2022 |
|---|---|
| **Allotted, called up and fully paid ordinary shares** | |
| At 1 January - 273,015,254 ordinary shares of 8c each | 21,841 |
| At 30 June - 273,015,254 ordinary shares of 8c each | 21,841 |
| **Total allotted share capital:** | |
| At 30 June - 273,015,254 (2021: 273,015,254) ordinary shares | 21,841 |

## 11. Borrowings

Bank loans are repayable in the following periods:

| | 30 June 2022 €'000 | 31 December 2021 €'000 |
|---|---|---|
| Amounts falling due within one year | 1,664 | 1,721 |
| Amounts falling due between one and five years | 140,446 | 124,601 |
| | 142,110 | 126,322 |

The Group's total bank loans at 30 June 2022 were €142,110,000 (2021: €126,322,000). Bank loans falling due within one year include €1,600,000 (2021: €1,600,000) arising on the acquisition of the Bradley's Pharmacy Group which is secured by a property acquired on the acquisition which is classified as held for sale. Following the disposal of this property the loan is required to be repaid (note 9).

At 30 June 2022, the Group's revolving credit facility loans in use were subject to an interest rate of Euribor +1.5% (2021: Euribor +1.5%).

**Bank security**

Bank overdrafts (including invoice discounting) and bank loans of €142,110,000 (2021: €126,322,000) are secured by cross guarantees and fixed and floating charges from the Company and certain subsidiary undertakings.

## 12. Provisions

| | Deferred contingent consideration €'000 | Lease dilapidation €'000 | Warranty provision €'000 | Other €'000 | Total €'000 |
|---|---|---|---|---|---|
| At 1 January 2022 | 88,918 | 523 | 77 | 883 | 90,401 |
| Recognised during the period | - | - | 74 | 801 | 875 |
| Unwinding of discount | 918 | - | - | - | 918 |
| Utilised during the period | (3,188) | (116) | - | (915) | (4,219) |
| Foreign currency movement | 3,323 | - | (4) | 63 | 3,382 |
| At 30 June 2022 | 89,971 | 407 | 147 | 832 | 91,357 |

***Deferred contingent consideration***

Deferred contingent consideration represents the present value of deferred contingent consideration which would become payable based on pre-defined profit thresholds being met. During the period, payments of €3,188,000 were made in respect of prior periods 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 2049.

***Warranty provision***

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

***Other***

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

## 13. Leases

*(i) Amounts recognised in the Balance Sheet*

The Balance Sheet shows the following amounts relating to leases:

| | 30 June 2022 €'000 | 31 December 2021 €'000 |
|---|---|---|
| ***Right-of-use assets:*** | | |
| Buildings | 104,410 | 105,766 |
| Plant and equipment | 432 | 686 |
| Motor vehicles | 3,730 | 4,196 |
| Computer Software | 1,329 | 1,519 |
| **Net book value of right-of-use assets** | 109,901 | 112,167 |

| | 30 June 2022 €'000 | 31 December 2021 €'000 |
|---|---|---|
| ***Lease liabilities:*** | | |
| Current | 12,097 | 14,358 |
| Non-current | 105,370 | 104,720 |
| **Total lease liabilities** | 117,467 | 119,078 |

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

Additions to the right-of-use assets during the period ended 30 June 2022 were €1,959,000 (2021: €4,498,000).

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

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

The Income Statement shows the following amounts relating to leases:

| | Six months ended 30 June 2022 €'000 | Six months ended 30 June 2021 €'000 |
|---|---|---|
| Buildings | 5,481 | 5,368 |
| Plant and equipment | 254 | 277 |
| Motor vehicles | 1,241 | 1,349 |
| Right-of-use assets depreciation charge | 6,976 | 6,994 |
| | | |
| Computer Software | 190 | 190 |
| Right-of-use assets amortisation charge | 190 | 190 |
| | | |
| Interest on lease obligations (note 4) | 1,824 | 1,866 |
| Principal repayments | 6,534 | 6,534 |
| Total cash outflow in respect of leases | 8,358 | 8,400 |

## 14. Analysis of net debt

| | 30 June 2022 €'000 | 31 December 2021 €'000 | 30 June 2021 €'000 |
|---|---|---|---|
| Cash and cash equivalents | 68,303 | 78,025 | 72,355 |
| | 68,303 | 78,025 | 72,355 |
| Bank loans repayable within one year | (1,664) | (1,721) | (2,083) |
| Bank loans payable after one year | (140,446) | (124,601) | (100,613) |
| Bank loans | (142,110) | (126,322) | (102,696) |
| **Net bank debt** | (73,807) | (48,297) | (30,341) |
| Current lease obligations | (12,097) | (14,358) | (12,779) |
| Non-current lease obligations | (105,370) | (104,720) | (106,912) |
| Lease obligations | (117,467) | (119,078) | (119,691) |
| **Net debt** | (191,274) | (167,375) | (150,032) |

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

| | Six months ended 30 June 2022 €'000 | Six months ended 30 June 2021 €'000 |
|---|---|---|
| Operating profit before exceptional items | 30,862 | 28,289 |
| Cash related exceptional items | (5,081) | (7,305) |
| | 25,781 | 20,984 |
| Depreciation | 11,497 | 10,860 |
| Amortisation of intangible assets | 2,576 | 1,989 |
| Increase in inventory | (16,270) | (561) |
| Increase in receivables | (13,195) | (22,479) |
| Increase in payables | 8,755 | 14,744 |
| Foreign currency translation adjustments | 22 | 538 |
| Cash inflow from operating activities | 19,166 | 26,075 |

## 16. Financial instruments

*Financial instruments by category*

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

| | Financial assets at FVOCI* | Financial assets at amortised cost | Total | Fair value |
|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 |
| **Financial assets** | | | | |
| *30 June 2022:* | | | | |
| Investments in equity instruments | 25 | - | 25 | 25 |
| Trade and other receivables ** | - | 143,318 | 143,318 | 143,328 |
| Deferred consideration receivable | - | 450 | 450 | 451 |
| Cash and cash equivalents | - | 68,303 | 68,303 | 68,303 |
| | 25 | 212,071 | 212,096 | 212,107 |

* Fair value through other comprehensive income.

** Excluding prepayments and accrued income.

| | Financial liabilities at FVTPL*** | Financial liabilities at amortised cost | Total | Fair value |
|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 |
| **Financial liabilities** | | | | |
| *30 June 2022:* | | | | |
| Borrowings | - | 142,110 | 142,110 | 149,371 |
| Deferred acquisition consideration | - | 3,977 | 3,977 | 4,009 |
| Trade and other payables **** | - | 213,215 | 213,215 | 213,215 |
| Deferred contingent consideration | 89,971 | - | 89,971 | 89,971 |
| Lease liabilities | - | 117,467 | 117,467 | 117,467 |
| | 89,971 | 476,769 | 566,740 | 574,033 |

*** Fair value through profit and loss.

**** Excluding non-financial liabilities.

**Measurement of fair values**

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

***Investments in equity instruments***

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

***Long-term receivables***

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

***Trade and other receivables/trade and other payables***

For receivables and payables with a remaining life of less than 12 months or demand balances, the carrying value less impairment provision where appropriate, is deemed to reflect fair value.

***Cash and cash equivalents, including short-term bank deposits***

For short-term bank deposits and cash and cash equivalents, all of which have a remaining maturity of less than three months, the carrying amount is deemed to reflect fair value.

***Interest-bearing loans and borrowings***

For floating rate interest-bearing loans and borrowings with a contractual repricing date of less than six months, the nominal amount is deemed to reflect fair value. For loans with repricing dates of greater than six months, the fair value is calculated based on the present value of the expected future principal and interest cash flows discounted at appropriate market interest rates (level 2) effective at the Balance Sheet date and adjusted for movements in credit spreads.

***Deferred acquisition consideration***

Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the deferred acquisition consideration.

***Deferred contingent consideration***

The fair value of the deferred contingent consideration is calculated by discounting the expected future payment to the present value. The expected future payment represents the deferred contingent consideration which would become payable based on pre-defined profit thresholds being met and is calculated based on management's best estimates of the expected future cash outflows using current budget forecasts. The provision for deferred contingent consideration is principally in respect of acquisitions completed from 2015 to 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% (2021: between 2% and 3%).

For the fair value of deferred contingent consideration, a 1% increase in the risk adjusted discount rate at 30 June 2022, holding the other inputs constant would reduce the fair value of the deferred contingent consideration by €1.5m. A 1% decrease in the risk adjusted discount rate would result in an increase of €1.5m in the fair value of the deferred contingent consideration.

**Fair value hierarchy**

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

| | Level 1 €'000 | Level 2 €'000 | Level 3 €'000 | Total €'000 |
|---|---|---|---|---|
| **Recurring fair value measurements** | | | | |
| *At 30 June 2022* | | | | |
| Investments in equity instruments | - | - | 25 | 25 |
| Deferred contingent consideration | - | - | (89,971) | (89,971) |
| | - | - | (89,946) | (89,946) |

There were no transfers between the fair value levels for recurring fair value measurements during the period. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

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

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

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

**Fair value measurements using significant unobservable inputs (level 3)**
The following table presents the changes in level 3 items for the period ended 30 June 2022:

| | Shares in unlisted companies €'000 | Deferred contingent consideration €'000 | Total €'000 |
|---|---|---|---|
| At 1 January 2022 | 25 | (88,918) | (88,893) |
| Recognised during the period | - | 3,188 | 3,188 |
| Unwinding of discount* | - | (918) | (918) |
| Released during the period* | - | - | - |
| Foreign currency movement | - | (3,323) | (3,323) |
| At 30 June 2022 | 25 | (89,971) | (89,946) |

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

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

The Group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, currency risk, interest risk and price risk. The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's 2021 Annual Report.

## 17. Acquisitions of subsidiary undertakings

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

- **Chansey Holdings Limited & Edenmore Pharmacy Limited**
  The Group acquired 100% of the issued share capital of Chansey Holdings Limited & Edenmore Pharmacy Limited in January 2022. Both entities currently operate three independent retail pharmacies in Ireland.

- **Boxted Limited**
  The Group acquired 100% of the issued share capital of Boxted Limited in February 2022. Boxted Limited currently operates an independent retail pharmacy in Ireland.

- **Dr Hauschka Limited**
  The Group acquired 100% of the issued share capital of Dr Hauschka Limited in March 2022. Dr Hauschka Limited currently holds a distribution agreement for skincare products in Ireland.

- **Lanesra Pharmacy Limited**
  The Group acquired 100% of the issued share capital of Lanesra Pharmacy Limited in May 2022. Lanesra Pharmacy Limited currently operates an independent retail pharmacy in Ireland.

- **Mainarch Limited**
  The Group acquired 100% of the issued share capital of Mainarch Limited, in June 2022. Mainarch Limited currently operates an independent retail pharmacy in Ireland.

Goodwill is attributable to the future economic benefits arising from assets which are not capable of being individually identified and separately recognised. The significant factors giving rise to the goodwill include the value of the teams within the business acquired, the enhancement of the competitive position of the Group in the marketplace and the strategic premium paid by Uniphar Group to create the combined Group.

The initial assignment of fair values to net assets acquired has been performed on a provisional basis in respect of the acquisitions completed during 2022, due to their recent acquisition dates. The Group has 12 months from the date of acquisition to finalise the fair value of the assets/liabilities acquired, and any amendments to these fair values within the 12-month period from the date of acquisition will be disclosable in the 2022 Annual Report as stipulated by IFRS 3, Business Combinations.

The acquisitions completed in 2022 have contributed €3.0m to revenue and €1.4m of gross profit for the period since the date of acquisition. The proforma revenue and operating profit before exceptional items for the Group for the period ended 30 June 2022 would have been €994.1m and €31.4m respectively had the acquisitions been completed at the start of the current reporting period.

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

| | €'000 |
|---|---|
| **ASSETS** | |
| **Non-current assets** | |
| Property, plant and equipment | 3,610 |
| | 3,610 |
| **Current assets** | |
| Inventory | 771 |
| Trade and other receivables | 1,264 |
| Cash and cash equivalents | 1,552 |
| | 3,587 |
| **Total assets** | 7,197 |
| | |
| **LIABILITIES** | |
| **Non-current liabilities** | |
| Lease liabilities | 2,983 |
| | 2,983 |
| **Current liabilities** | |
| Lease liabilities | 246 |
| Trade and other payables | 1,617 |
| | 1,863 |
| **Total liabilities** | 4,846 |
| | |
| **Identifiable net assets acquired** | 2,351 |
| | |
| Group share of net assets acquired | 2,351 |
| Goodwill arising on acquisition | 11,688 |
| **Consideration** | 14,039 |

None of the business combinations completed during the period were considered sufficiently material to warrant separate disclosure of the fair values attributable to those combinations.

The gross contractual value of the trade and other receivables as at the respective dates of acquisition amounted to €1.3m. The fair value of these receivables is estimated at €1.3m (all of which is expected to be recoverable).

In the period to 30 June 2022, the Group incurred acquisition costs of €2.0m relating to acquisitions completed during the period together with costs incurred on transactions currently under consideration (2021: €1.9m). These have been included in administrative expenses in the Group Income Statement.

**2021 Acquisitions**

The initial assessment of the fair values of the major classes of assets acquired and liabilities assumed in respect of the acquisitions which were completed in 2021 were performed on a provisional basis. The fair values attributable to the assets and liabilities of these acquisitions remain provisional with the exception of CoRRect Medical GmbH and BESTMSLs Group which were both purchased in July 2021. The amendments to these fair values were made to the comparative figures during the subsequent reporting window within the measurement period imposed by IFRS 3. The provisional fair value of these assets and liabilities recorded at 31 December 2021, together with the adjustments made in 2022 to those carrying values to arrive at the revised fair values are as follows:

| | Provisional fair value of 2021 acquisitions | Measurement period adjustment | Total |
|---|---|---|---|
| | €'000 | €'000 | €'000 |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible assets | 25 | 2,191 | 2,216 |
| Deferred tax asset | - | (432) | (432) |
| Property, plant and equipment | 1,570 | - | 1,570 |
| | 1,595 | 1,759 | 3,354 |
| **Current assets** | | | |
| Inventory | 472 | - | 472 |
| Trade and other receivables | 4,943 | - | 4,943 |
| Cash and cash equivalents | 5,718 | - | 5,718 |
| | 11,133 | - | 11,133 |
| **Total assets** | 12,728 | 1,759 | 14,487 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Lease liabilities | 1,181 | - | 1,181 |
| Bank borrowings | 352 | - | 352 |
| Other non-current liabilities | 162 | - | 162 |
| | 1,695 | - | 1,695 |
| **Current liabilities** | | | |
| Lease liabilities | 248 | - | 248 |
| Trade and other payables | 3,509 | - | 3,509 |
| | 3,757 | - | 3,757 |
| **Total liabilities** | 5,452 | - | 5,452 |
| **Identifiable net assets acquired** | 7,276 | 1,759 | 9,035 |
| Non-controlling interest arising on acquisition | - | - | - |
| Group share of net assets acquired | 7,276 | 1,759 | 9,035 |
| Goodwill arising on acquisition | 55,296 | (1,759) | 53,537 |
| **Consideration** | 62,572 | - | 62,572 |

## 18. Post balance sheet events

On 23 August 2022, the Group reached agreement to acquire Orspec Pharma Pty Ltd. headquartered in Australia. This is the first acquisition for the Group in the strategically important APAC market and is consistent with the Group's strategy of building a global presence in the Product Access division.

As this is a recent acquisition, the fair values of the major classes of assets acquired and liabilities assumed will be disclosed in the 2022 Group Annual Report as the initial accounting for these business combinations are incomplete at the time of issuing our interim financial statements.

On 19 August 2022, the Group completed the renewal of its banking facility for a further five years more than doubling the revolving credit facility (RCF) to €400m with an additional uncommitted accordion facility of €150m. As part of the renewal, three new international banking partners, Barclays Bank, ING Bank and Citizens Bank, have joined the banking syndicate. This new enlarged facility further strengthens the banking platform to support the Group's future growth and investment.

There have been no other material events subsequent to 30 June 2022 that would require adjustment to or disclosure in this report.

## 19. Comparative amounts

The comparative amounts have been updated for amendments to the fair value of assets and liabilities acquired during 2021, these amendments were within the measurement period imposed by IFRS 3.

## 20. Approval by the Board of Directors

The Directors approved the interim financial statements on 29 August 2022.

## 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>**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 of the company to use debt as a mechanism to facilitate growth. |
| **Adjusted Operating Profit** | This comprises of operating profit as reported in the Group Income Statement before amortisation of acquired intangible assets and exceptional items (if any). | Adjusted operating profit is used to assess the underlying operating performance excluding the impact of non-operational items. This is a key measure used by management to evaluate the businesses operating performance. |

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

## EBITDA

| | | Six months ended/as at 30 June 2022 €'000 | Six months ended/as at 30 June 2021 €'000 |
|---|---|---|---|
| Operating profit | *Income Statement* | 25,078 | 23,609 |
| Exceptional charge recognised in operating profit | *Note 3* | 5,784 | 4,680 |
| Depreciation | *Note 8* | 11,497 | 10,860 |
| Amortisation | *Note 7* | 2,576 | 1,989 |
| EBITDA | | 44,935 | 41,138 |
| | | | |
| Adjust for the impact of IFRS 16 | | (8,349) | (8,400) |
| Pro-forma EBITDA of acquisitions | | 454 | 6 |
| Adjusted EBITDA | | 37,040 | 32,744 |

### Net bank debt

| | | 30 June 2022 €'000 | 31 December 2021 €'000 | 30 June 2021 €'000 |
|---|---|---|---|---|
| Cash and cash equivalents | *Balance Sheet* | 68,303 | 78,025 | 72,355 |
| Bank loans repayable within one year | *Balance Sheet* | (1,664) | (1,721) | (2,083) |
| Bank loans payable after one year | *Balance Sheet* | (140,446) | (124,601) | (100,613) |
| Net bank debt | | (73,807) | (48,297) | (30,341) |

### Net debt

| | | 30 June 2022 €'000 | 31 December 2021 €'000 | 30 June 2021 €'000 |
|---|---|---|---|---|
| Net bank debt | *APMs* | (73,807) | (48,297) | (30,341) |
| Current lease obligations | *Balance Sheet* | (12,097) | (14,358) | (12,779) |
| Non-current lease obligations | *Balance Sheet* | (105,370) | (104,720) | (106,912) |
| Net debt | | (191,274) | (167,375) | (150,032) |

### Leverage

| | | 30 June 2022 €'000 | 31 December 2021 €'000 | 30 June 2021 €'000 |
|---|---|---|---|---|
| Net bank debt | *APMs* | (73,807) | (48,297) | (30,341) |
| Rolling 12 months adjusted EBITDA | | 75,999 | 71,703 | 65,988 |
| Leverage (times) | | 0.97 | 0.67 | 0.46 |

### Adjusted operating profit

| | | 30 June 2022 €'000 | 30 June 2021 €'000 |
|---|---|---|---|
| Operating profit | *Income Statement* | 25,078 | 23,609 |
| Amortisation of acquisition related intangibles | *Note 7* | 1,423 | 673 |
| Exceptional charge recognised in operating profit | *Note 3* | 5,784 | 4,680 |
| Adjusted operating profit | | 32,285 | 28,962 |

## Adjusted earnings per share

| | Six months ended 30 June 2022 €'000 | Six months ended 30 June 2021 €'000 |
|---|---|---|
| Adjusted earnings per share has been calculated by reference to the following: | | |
| Profit for the financial period attributable to owners | 16,061 | 15,348 |
| Exceptional charge recognised in operating profit (note 3) | 5,784 | 4,680 |
| Exceptional credit recognised in finance costs (note 3) | - | (1,623) |
| Exceptional credit recognised in income tax (note 3) | (284) | - |
| Tax credit on acquisition related intangibles | (178) | - |
| Amortisation of acquisition related intangibles (note 7) | 1,423 | 673 |
| **Profit after tax excluding exceptional items** | 22,806 | 19,078 |
| Weighted average number of shares in issue in the period (000's) | 272,297 | 267,137 |
| **Adjusted basic and diluted earnings per ordinary share (in cent)** | 8.4 | 7.1 |
| Like for like weighted average number of shares (000's) | 272,297 | 272,297 |
| **Like for like adjusted earnings per ordinary share (in cent)** | 8.4 | 7.0 |

## Free cash flow conversion

| | | Six months ended 30 June 2022 €'000 | Year ended 31 December 2021 €'000 | Six months ended 30 June 2021 €'000 |
|---|---|---|---|---|
| EBITDA | *APMs* | 44,935 | 86,481 | 41,138 |
| (Increase)/decrease in inventory | *Note 15* | (16,270) | 3,726 | (561) |
| Increase in receivables | *Note 15* | (13,195) | (26,169) | (22,479) |
| Increase in payables | *Note 15* | 8,755 | 13,388 | 14,744 |
| Foreign currency translation adjustments | *Note 15* | 22 | 22 | 538 |
| Payments to acquire property, plant and equipment – maintenance | *Cash Flow* | (3,489) | (8,795) | (2,166) |
| Payments to acquire intangible assets - maintenance | *Cash Flow* | (821) | (3,904) | (3,061) |
| Settlement of acquired financial liabilities* | | 1,429 | 1,513 | 487 |
| Free cash flow | | 21,366 | 66,262 | 28,640 |
| EBITDA | | 44,935 | 86,481 | 41,138 |
| Free cash flow conversion | | 47.5% | 76.6% | 69.6% |

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

## Return on capital employed

| | 30 June 2022 €'000 | 30 June 2021 €'000 | 30 June 2020 €'000 |
|---|---|---|---|
| Rolling 12 months operating profit | 46,616 | 43,503 | 32,315 |
| Adjustment for 12 months exceptional costs | 15,508 | 10,871 | 10,437 |
| Acquisition related 12 months intangible amortisation | 2,813 | 897 | 60 |
| Adjusted 12 months rolling operating profit | 64,937 | 55,271 | 42,812 |
| | | | |
| Total equity | 263,569 | 217,697 | 186,590 |
| Net bank debt/(cash) | 73,807 | 30,341 | (1,386) |
| Deferred contingent consideration | 89,971 | 81,455 | 77,102 |
| Deferred consideration payable | 3,977 | 4,244 | 6,072 |
| Total capital employed | 431,324 | 333,737 | 268,378 |
| | | | |
| Average capital employed | 382,531 | 301,058 | |
| Adjustment for acquisitions (note A / B below) | 7,909 | 12,406 | |
| Adjusted average capital employed | 390,440 | 313,464 | |
| Return on capital employed | 16.6% | 17.6% | |

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

| ***Note B: Adjustment for acquisitions (2021)*** | Capital employed €'000 | Completion Date | Adjustment €'000 |
|---|---|---|---|
| Hickey's | 54,428 | Nov-20 | 4,536 |
| Other acquisitions completed during 2020 and 2021 | 45,506 | Various | 7,870 |
| Adjustment for acquisitions | | | 12,406 |

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.