

# Delivering Growth



# Delivering Growth to



**Our  
Customers**



**Our  
Partners**



**Our  
Shareholders**

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# Operational and Financial Highlights



## Delivering M&A + US expansion

Completed four acquisitions with a strong strategic fit, increasing US market presence, retail pharmacy market share and further strengthening our digital capability



## Adjusted EPS 12.6 (cent)

On a like for like basis, an increase of 26% in adjusted EPS which reflects the strong performance in the year and the weighted average number of shares following the IPO in July 2019



## Progressive Dividend €4.2m

Subject to shareholder approval at the AGM

## Gross Profit €217.3m

20.3% increase year on year, rising from €180.6m to €217.3m

## EBITDA €66.7m

13.9% increase year on year, rising from €58.6m to €66.7m

## Organic Growth 6.7%

Strong gross profit growth across the Group

## ROCE 18.9%

Strong growth in ROCE, increasing from 17.3% to 18.9%

## Leverage 0.6x

Robust Balance Sheet and liquidity profile enhanced with new five-year bank facility, provides a strong capital base to support the growth strategy

## Critical Role Played in Covid-19 Crisis

Critical role played during the Covid-19 pandemic by ensuring continuity in the supply of medicines, medical devices, and related services to the healthcare sector

# Delivering Growth



## Global Growth

50%

Revenue earned outside of Ireland has increased year on year from €0.2bn to €0.3bn



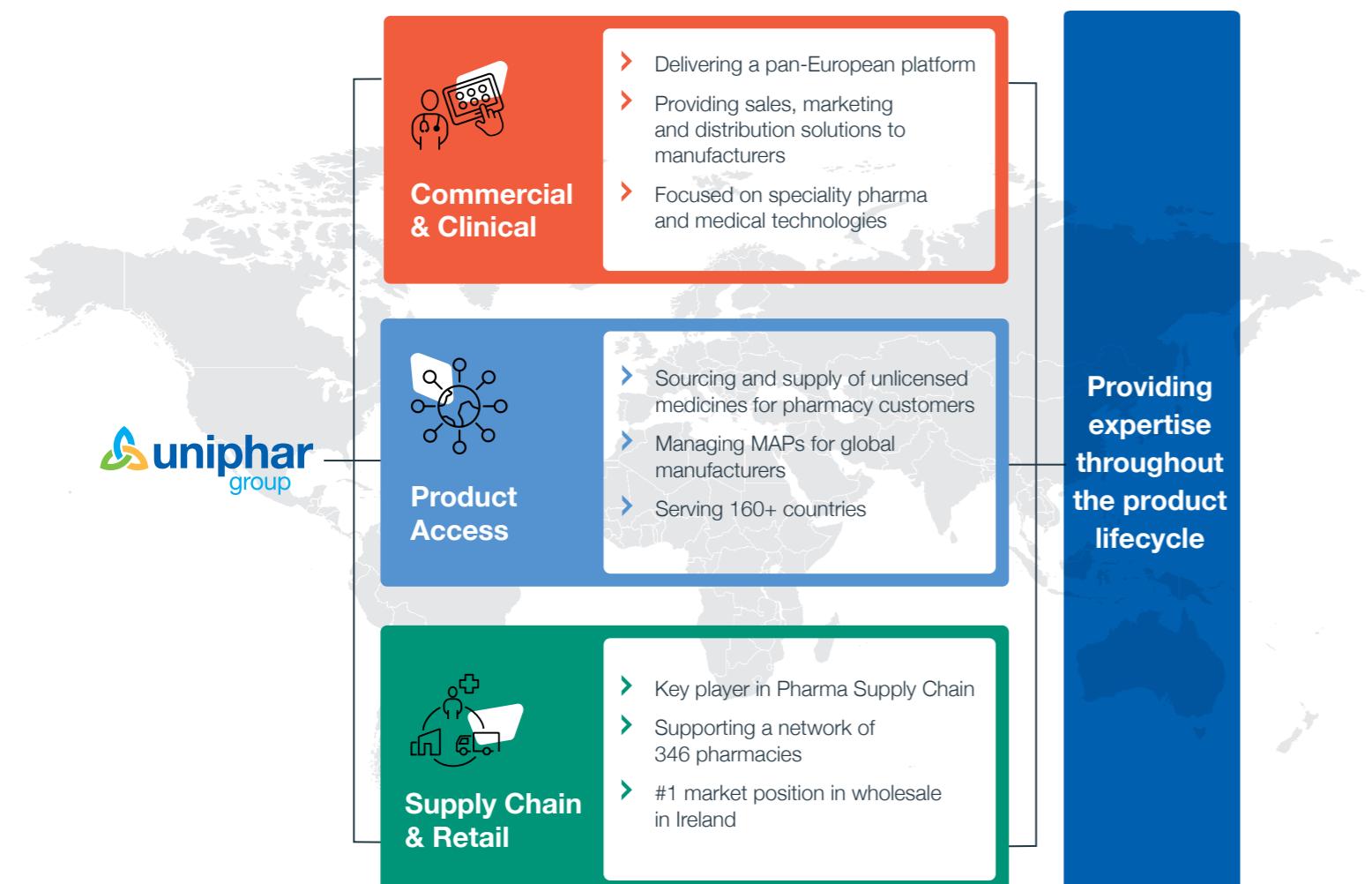
Renewed Sustainability Vision for 2020 and beyond

## Summary Financial Results - Financial Year Ended 31 December 2020

Year ended 31 December	2020 €'000	2019 €'000	Reported	Constant Currency <sup>2</sup>	Growth
Revenue	1,823,854	1,665,283	9.5%	9.7%	
Gross profit	217,252	180,602	20.3%	20.6%	
Gross profit margin	11.9%	10.8%			
EBITDA <sup>1</sup>	66,713	58,555	13.9%	14.3%	
Operating profit	39,944	28,207	41.6%	42.2%	
Profit before tax excluding exceptional items	38,367	31,770	20.8%	21.2%	
Net bank (debt)/cash <sup>1</sup>	(34,419)	26,622			
Basic EPS (cent)	10.6	11.5			
Like for like adjusted EPS (cent) <sup>1</sup>	12.6	10.0			

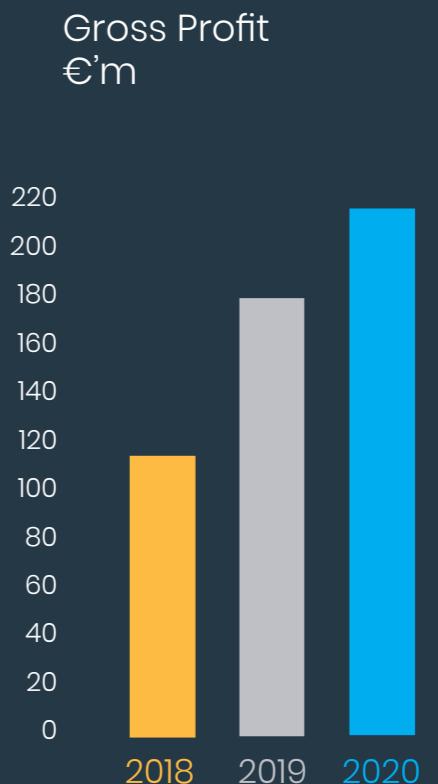
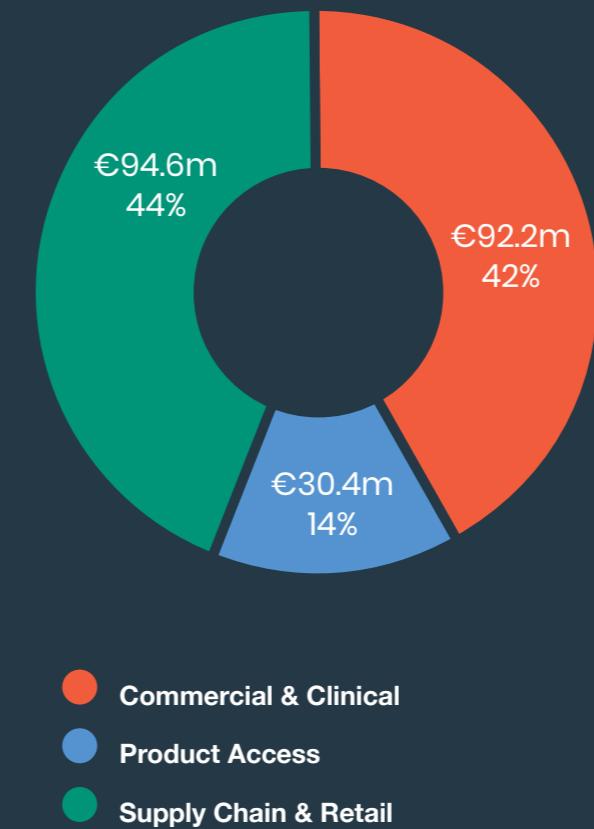
1. Additional information in relation to Alternative Performance Measures (APMs) are set out on pages 189 to 193.

2. Constant currency growth is calculated by applying the prior year's actual exchange rate to the current year's result.



## Diversified healthcare services business focused on growth markets

### Divisional Gross Profit



2,600+

Over 2,600 people globally

600k

Over 600,000 HCP interactions achieved in 2020

61

Managing EAPs for 61 global manufacturers worldwide

€

6.7%

Organic gross profit growth achieved in 2020

€

€217m

Gross profit of €217m, 20% increase year on year

€

€1.8bn

In 2020 the Group generated revenue of €1.8bn

# Investment Case

Our Strategy  
Read more on  
page 16



<b>Experienced Industry Team</b>	<ul style="list-style-type: none"><li>Executive management with many years of relevant industry experience, working with technical expertise and further enhanced by strong specialist market experience</li></ul>
<b>Cash Generation</b>	<ul style="list-style-type: none"><li>Strong free cash flow generation delivering growth</li><li>Robust liquidity position with capital allocation prioritised to support sustainable organic growth, accretive M&amp;A and a progressive dividend policy</li></ul>
<b>Competitive Edge</b>	<ul style="list-style-type: none"><li>Longstanding manufacturer relationships</li><li>Sophisticated digital capabilities</li><li>High-tech distribution infrastructure</li></ul>
<b>Platform for Growth</b>	<ul style="list-style-type: none"><li>A pan-European Commercial &amp; Clinical service offering for our manufacturer clients</li><li>Growing our Product Access service on a global basis</li><li>Providing a multi-geography platform and expanded service offerings to new and existing manufacturer clients</li></ul>
<b>Integrated Model</b>	<ul style="list-style-type: none"><li>End to end solution across the value chain from early stage development and throughout the product lifecycle</li><li>Leveraging existing facilities, technology and relationships to take advantage of substantial market opportunities</li></ul>
<b>Compelling Market Opportunity</b>	<ul style="list-style-type: none"><li>Increasing requirements for speciality products</li><li>Continued growth in outsourcing by manufacturers</li><li>Highly fragmented European market</li></ul>

Diversified healthcare services business operating in growth markets

# Chairman's Report



“Unipharm continues to deliver on our growth strategy with expansion on both a geographic and market share basis, delivering a strong and resilient financial performance.”

**€1.8bn**

Group revenues across the three divisions increased to over €1.8bn with profit before tax and exceptional items up 20.8% to €38.4m

**3**

New Independent Non-Executive Directors appointed to the Board

**€4.2m**

The Board is recommending a final dividend of €4.2m, reflecting another positive return for our shareholders

## Significant Progress

In 2020, Group revenues across the three divisions increased to €1,823.9m with profit before tax and exceptional items up 20.8% to €38.4m. Despite the disruption caused by the Covid-19 pandemic, the Group completed four acquisitions with two of these based in the US. In keeping with our focus on digital capabilities and in a year where the world has seen increasing reliance on technology, acquisitions in the areas of patient-centric technologies and telehealth, further enhances our ability to grow and meet new market demands. In addition, the Group has continued to invest in the existing businesses, strengthening teams and ensuring the development of market leading technologies.

## Strategy & Acquisitions

We have continued to focus on our strategy as stated at the time of the IPO in July 2019. We have worked this year to deliver on our promises, building on our global and European platforms for Product Access and Commercial & Clinical respectively, through

acquisitions and organic growth, while at the same time investing in our Supply Chain & Retail division.

The Group's acquisitions during the year included the Hickey's Pharmacy Group which bolsters our already strong position in the Irish retail pharmacy market. Innerstrength Limited enhances our ability to manage and track patient adherence and US-based telehealth company Diligent Health Solutions provides us with deep technical and clinical skills in the management of medical information services. Our other US acquisition, RRD International, offers a highly experienced team with deep regulatory expertise in early stage drug development.

## Capital Structure

The Group maintains a robust capital base underpinned by a strong liquidity position which supports the delivery of the Group's strategic plan. During the year, the Group completed a planned refinance of our banking facilities with our existing syndicated banking partners.

Robust capital base underpinned by strong liquidity and cash conversion

[ [Performance Review](#)  
Read more on page 47

The new five-year agreement almost doubles the Group's available facilities, providing a €150.0m revolving credit facility and a €90.0m uncommitted accordion facility. Strong cash flow performance saw us finish the year with €34.4m net bank debt, maintaining a modest leverage of 0.6x.

## Impact of Covid-19 Pandemic

Since the onset of Covid-19 in March 2020, the pandemic has highlighted the critical role that the Group plays in the healthcare infrastructure. The diversity in our service offerings enabled the Group to meet the challenges and respond to the changing demands across all three divisions. The Group's priority from the outset was to do everything possible to safeguard our colleagues and facilities, while ensuring that we supported our customers and their patients during this difficult time. Through the commitment, hard work and adaptability of our people, we were able to ensure continuity in the supply of medicines, medical devices and related services to the healthcare sector.

The Group played a number of essential roles in the support of several key Covid-19 projects across key markets. These included the sourcing of essential medicines, critical care equipment, and PPE, in addition to supporting essential Covid-19 testing programmes.

On behalf of the Board, I would like to thank our Unipharm colleagues for their dedication and commitment in working through this crisis and supporting their national healthcare systems in combating the virus.

## Sustainability and Governance

The Board has always been committed to high standards of corporate governance, 2020 and early 2021 saw a number of further enhancements to the corporate governance framework of the Group. The independent representation on the Board was increased with the appointment of Jeff Berkowitz in September 2020, who brings a wealth of US pharma and healthcare experience, together with the recent appointments of Jim Gaul and Liz Hoctor in January 2021, enhancing both the skills and the depth of experience on the Board. This transition to greater independence has also seen a number of long-standing and valued directors step down from the Board. The AGM in May 2020 saw the resignation of John Holly, our longest serving Board member and highly respected member of the pharmacy community in Ireland. September 2020, saw Mark Moran and Heather Ann McSharry step down from the Board, each of whom brought valuable experience and insight to the Board during their terms.

In January 2021, Marie McConn resigned following 11 years on

the Board and Padraig Staunton also notified the Board that he is to retire from the Board at this year's AGM in May. Both Marie and Padraig supported the Board and shareholders through very challenging times in the early years of their terms and we are hugely grateful for their support and guidance during that time and throughout their terms. On behalf of the Board, the Executive team and the wider Unipharm Group, I would like to thank each of our outgoing Directors for their valued contributions and loyal service and wish them all the very best in the future.

In early 2021, the Board also refreshed the composition of each of its committees, ensuring greater independent representation on each committee.

In addition to governance enhancements, 2020 saw a significant focus on the wider sustainability agenda of the Group. We are proud to have taken our first step in carbon emissions reporting with our first response submitted to the Carbon Disclosure Project (CDP) in 2020, together with implementing new governance structures for the monitoring, assessing, and reporting of sustainability initiatives within the business. 2020 was also a year where wellness played a key role, with our teams partaking in numerous initiatives to ensure we maintained a sense of togetherness while working apart.

Chairman's Report continued

The Group completed four acquisitions with a strong strategic fit, two in Ireland and two in the US

These initiatives culminated in our Relay for Hope event in December which raised a phenomenal €230,000 for cancer charities around the world.

#### Culture

A positive culture grounded in strong ethical values is essential at all times, but particularly when our business, our people, our stakeholders and our communities face challenges such as those that 2020 brought. The “can-do” culture in Uniphar shone through this year with the huge efforts of our teams in ensuring that essential services were maintained, that businesses adapted quickly to the challenges presented by Covid-19 and that our people remained safe, well and connected throughout the year. Our managers are the guardians of our culture and they worked closely with their teams this year to ensure that Uniphar’s values and integrity remained in focus as we adapted to new ways of working.

#### Dividend

Notwithstanding the global challenges faced this year, and in line with our commitments made at the time of the IPO, the Board is recommending a final dividend of €4.2m. Subject to shareholder approval at the AGM, the final dividend will be paid on 17 May 2021 to shareholders who are on the register at the close of business on 23 April 2021.

#### Outlook

In 2021, the Board will continue to build on the excellent progress made this year in the areas of governance and sustainability, whilst maintaining focus on the Group’s strategic priorities, with the business and management team remaining committed to maximising the full potential of our recent acquisitions and delivering long-term value for all our stakeholders.

Finally, I would like to take this opportunity on behalf of the Board to thank our shareholders, executive team and all our teams worldwide for their loyalty, hard work and dedication during 2020.



**Maurice Pratt**  
Chairman

The “can-do” culture in Uniphar shone through this year with the huge efforts of our teams in ensuring that essential services were maintained, that businesses adapted quickly to the challenges presented by Covid-19 and that our people remained safe, well and connected throughout the year

Overview



# Chief Executive's Report



“ 2020 was a year of strong growth and development, where we demonstrated the robustness of our strategy and business model and the ability of our talented teams to deliver growth in the most challenging of circumstances. ”

**20.3%**

Gross profit growth of 20.3% with gross profit margin increasing from 10.8% to 11.9%

**€66.7m**

EBITDA of €66.7m increased by 13.9% in the year

**6.7%**

Strong organic gross profit growth across the Group

The diversity of the services and expertise provided by the three divisions, coupled with the investment in digital solutions has enabled Unipharm to meet the challenges presented by the Covid-19 pandemic. This could not have been achieved without the incredible dedication and resilience of our colleagues around the globe ensuring continuity in the supply and distribution of much needed medicines, medical devices and related services.

## Performance

The Group delivered strong results across all three divisions with gross profit growth of 20.3%, and gross profit margin increasing from 10.8% to 11.9%, demonstrating the success of the strategic focus on growth into higher margin businesses. EBITDA at €66.7m increased by 13.9% in the year, through a combination of organic growth from existing businesses and the successful integration of 2019 acquisitions. Organic gross profit growth of 6.7% was delivered by the Group, with the Product Access division returning an excellent performance of 28.9% organic gross profit growth.

This high gross profit growth reflects the strength of the combined value proposition of Unipharm and Durbin in the market, and has resulted in significant new exclusive access programme (EAPs) wins.

Return on Capital Employed (ROCE), a key metric for us, also increased, reaching 18.9% up from 17.3%, reflecting the benefit of strategic investments in recent years. The significant investment made during 2020, both from a capital and acquisitions perspective, will deliver benefits and growth in the coming years.

The Group's strong capital structure and liquidity position ensures we are well positioned to continue to deliver on our strategic targets, while always maintaining a focus on future investments. We finished the year at €34.4m net bank debt, maintaining a modest leverage of 0.6x.

## Delivering Our Strategy

The strategy of the Group continues to focus on the pursuit of growth, both organically and through acquisitions.

The diversity of the services and expertise provided by the three divisions, coupled with the investment in digital solutions has enabled Unipharm to meet the challenges presented by the Covid-19 pandemic

2020 was a busy year in terms of new acquisitions and delivering growth from our recent acquisitions, together with our more established businesses.

In 2019, we developed a global platform in our Product Access division through the acquisition of Durbin, to allow us to build a world class global managed access business. During 2020, Durbin has been integrated into the wider Product Access division and the enhanced attractiveness of the combined offering is evident in the strong organic gross profit growth this year.

In March 2020, the Group acquired Innerstrength, which provides us with the enhanced ability to deliver digitally enabled 'patient-centric' EAPs. The Innerstrength technology empowers healthcare professionals to deliver unique personalised programmes for individual patients. It gives us a platform to broaden our support services to the Pharma industry, around patient awareness, and education to drive adherence. Innerstrength also brings with it some world class innovative technologists, who will be leading our digital development in the Product Access division.

In September 2020, the Group announced the acquisition of Diligent Health Solutions (Diligent) a US-based healthcare communications company, providing enhanced contact centre services for both pharmaceutical and MedTech clients. A telehealth company, Diligent focuses on the delivery of medical information to patients, healthcare professionals

and payors. Diligent's services support and enhance our current offering across both our Commercial & Clinical and Product Access divisions and furthers our strategy of providing digitally enabled outsourced service solutions. The acquisition builds on our existing presence in the US and adds new capabilities to deliver exclusive access programmes globally.

In November 2020, the Group announced the acquisition of the Hickey's Pharmacy Group, Ireland's fifth largest retail pharmacy chain. The acquisition allows our Supply Chain & Retail division to leverage our high-tech scalable infrastructure, increase the division's buying power and consolidates our position as a leader in the Irish retail pharmacy market with 346 symbol group owned and franchised pharmacies and supported stores.

Finally, in November 2020 we also completed the acquisition of RRD International (RRD). RRD is a US-based pharmaceutical advisory business providing outsourced strategic consulting and execution services throughout the early stages of a product's development. Becoming a truly global partner for our clients is an important strategic objective for the Group. The highly experienced RRD team, which has supported the FDA regulatory approval on a significant number of assets, brings deep US regulatory insights which will further accelerate our growth towards market leadership. The acquisition marks an important strategic milestone for the Group and grows our US team.

## Impact of Covid-19

The Covid-19 pandemic has had a significant impact worldwide and has fundamentally changed how businesses operate. The diversity in our service offerings and the robustness of our organisational model enabled the Group to meet the challenges and respond to the changing demands in the markets in which we operate. The Group played an essential role in supporting customers and patients in the continuity of services and providing innovative solutions to the challenges presented.

We galvanised all available resources to keep our facilities fully operational, our teams safe, and to continue to deliver essential services throughout the Covid-19 crisis.

## Divisional Performance

### Commercial & Clinical

In the Commercial & Clinical division, our MedTech business was affected by the cancellation of elective surgeries in many countries as Covid-19 restrictions were imposed. However, this was countered by the upsurge in the requirement for ventilators and other intensive care equipment, an area where we have a strong reputation of providing a world class service. Equally important was the team's commercial knowledge and ability to adapt quickly to new areas of activity, such as automated decontamination and PPE. Our Pharma business also delivered a great performance, as our multichannel digitally enabled account managers were in a strong position to serve customers throughout the pandemic.

## Chief Executive's Report continued

Already operating from home and online, with established pathways to connect with healthcare professionals, they were able to attract new business and expand their relationships with existing clients.

The division's gross profit grew by 20.1% year on year with organic gross profit growth of 9.6%.

### Product Access

The Product Access division, with the capabilities of both Unipharm and Durbin now integrated, won 15 new EAPs. We have also strengthened the management team in Product Access and commenced a programme of digital and IT investment for Durbin that will put the Product Access division in a position to challenge the market leaders, not only in the MAPs space, but also support the divisions' global distribution capabilities for On Demand and NGO services.

The division's gross profit grew by 76.9% year on year with organic gross profit growth of 28.9%, up from 16% in the prior year.

### Supply Chain & Retail

Our Supply Chain & Retail division has delivered an excellent performance in Covid-19 challenged circumstances. With the office-based teams working from home since March and stringent measures in place to keep our operations colleagues and our facilities safe. The team maintained a high level of service to customers throughout and more independent retail pharmacies moved towards a Unipharm supported or symbol group model.

The acquisition of Hickey's Pharmacy Group gives our retail pharmacy group real scale in the market, while enhancing our buying power and footprint in suburban locations.

The division's gross profit grew by 9.2% year on year.



We are delighted to welcome our new Chief People Officer, Lorraine Kenny, in 2021, who will play an integral part in the development of our culture and values across the Group.

### Outlook

2020 also saw significant progress in the areas of Sustainability and Governance, and I am delighted to include my inaugural Sustainability Statement in this Report. Whilst sustainability and responsible business have always been at the core of what we do, we made a number of important structural changes during 2020 to enhance the way in which we coordinate, measure, monitor and report our sustainability efforts. We established a Sustainability Council with individuals from across various areas of each of our businesses and identified seven UN Sustainable Development Goals where we believe we can make the most significant impact. We also carried out a materiality assessment with our senior management to identify the areas of sustainability most relevant to our business and this resulted in the addition of a fifth pillar of sustainability – Business Solutions & Innovation. We took our first step in carbon reporting with our first submission to CDP and we ran a number of initiatives focusing on wellness and community involvement, culminating in our hugely successful Relay for Hope event which raised €230,000 for global cancer charities.

We will continue to deliver on our strategy and on the growth we promised, both organically and through acquisitions. We will focus on integrating our 2020 acquisitions into the business while investing to maximise growth. In terms of organic gross profit growth, we target to deliver double-digit growth for Product Access, mid-single digit growth for Commercial & Clinical and low-single digit growth for Supply Chain & Retail.

Sustainability remains a strong focus for us as we mature as a listed company and put the formal structures and processes in place to demonstrate our sustainable approach to doing business.

Our results this year are evidence of the effectiveness of the strategy and of the robustness of our business model, but also of the ingenuity, commitment and resilience of our people.

We believe that the business is well positioned to deliver on its commitment to shareholders and markets to double 2018 pro-forma EBITDA within five years of listing.

**Gerard Rabbette**  
**Chief Executive Officer**

# Strategic Review

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# Our Strategy



Unipharm's vision is focused on improving patient access to pharmaco-medical products and treatments by enhancing connectivity between manufacturers and healthcare stakeholders. ”

€1.8bn

Revenue of €1.8bn,  
9.5% increase  
year on year

6.7%

Organic gross profit  
growth of 6.7%  
achieved

€217.3m

Gross profit of  
€217.3m, 20.3%  
increase year on year

Growth has been delivered through the continued implementation of our key strategic objectives - becoming a global leader in Product Access, providing best in class Commercial & Clinical services on a pan-European basis and maintaining and growing our market leadership position in Supply Chain & Retail across Ireland. This focus is critical in enabling us to achieve our goal to double 2018 pro-forma EBITDA within five years of IPO.

The unexpected impact of the global pandemic in 2020 has underlined the critical nature of our services and the robustness of our organisational model. Our expertise is our strength and the ability of our teams to respond quickly to meet customer needs enabled us to deliver strong growth despite the difficult circumstances. Our performance throughout this challenging time was driven by the resourcefulness of our teams, the importance of our long-standing client relationships and the value of keeping all healthcare stakeholders at the centre of what we do.

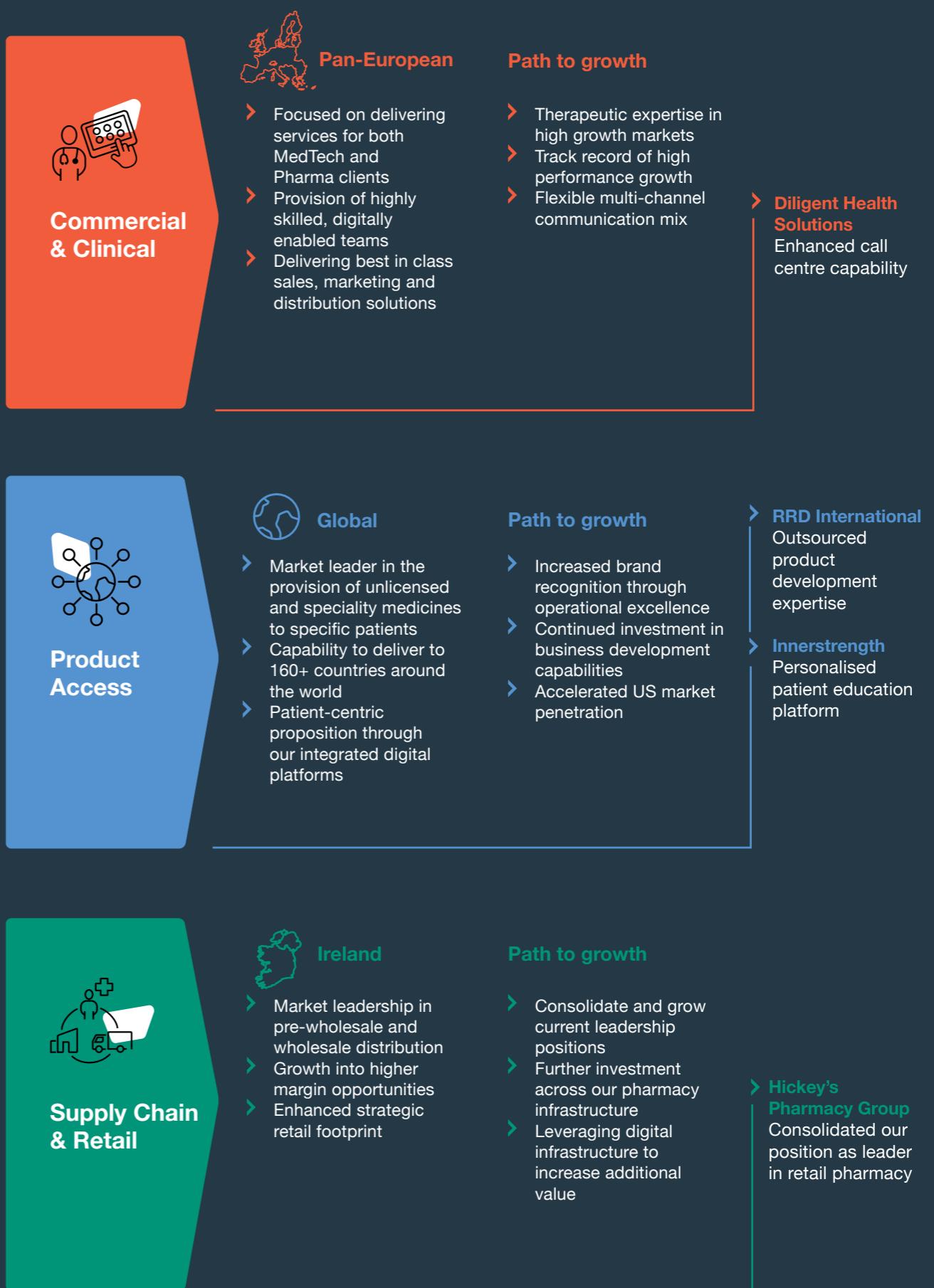
We are focused on delivering growth through a combined organic and acquisitive strategy. The foundations of our growth are based on the quality of our people,

the scale of our infrastructure and our investment in digital innovation. Each division continues to build on their key competitive advantages, all of which are aligned with our core capabilities: leveraging our wide-ranging industry expertise, strong relationships and digital capabilities to become market leaders in our target areas.

2020 also saw an increased focus on our sustainability framework across the business which will ensure that our sustainability agenda and priorities form an integral part of our planning and decision-making process. The recent appointment of our new Chief People Officer will further support the development of our teams across our growing global platform.

Connecting manufacturers to key healthcare stakeholders continues to evolve. Through our regulatory expertise and our investment in innovation, we believe Unipharm is well positioned to deliver on these future opportunities, achieving our strategic goals.

Padraig Dempsey  
Chief Commercial Officer



# Business Model

Uniphar's business model has developed in line with the continued outsourcing trends across both the pharmaceutical and medical device industries.

Our success is driven through long-term relationships with multinational clients, where regulatory expertise and our focus on innovation has enabled us to deliver better outcomes for key healthcare stakeholders. In a highly regulated market, we have a deep understanding of the dynamic healthcare value chain and detailed insights into patient access and the complexity of product commercialisation. This expertise has given us a strong competitive advantage in the high growth speciality product market, where our highly skilled teams, supply chain expertise and our scalable digital platforms enable us to deliver bespoke solutions to meet the needs of our clients and customers.

We are a strong strategic partner across multiple geographies for both our Pharma and MedTech clients, who have chosen to travel with us as we expand internationally.



## What We Do

Uniphar is a trusted global partner to pharmaceutical and medical device manufacturers, working to improve patient access to innovative products and treatments around the world.

160+

Supplying to 160+ countries worldwide.



## How We Do It

### Strategic Drive

Enabled through our people we are focused on delivering best in class solutions to our clients across Commercial & Clinical, Product Access and Supply Chain & Retail. Our growth is enabled through geographic expansion, the extension of our client base and our drive for market leadership in our chosen areas.



### Focused Market Leadership



### Continued Client Growth



### Scaling Through Digital

## How We Create Value

We create value by connecting manufacturers and key healthcare stakeholders around the globe. Offering a range of services across the entire product lifecycle, we benefit from clear cross selling opportunities across our three divisions. Our services are underpinned by regulatory expertise, digital innovation and a constant drive towards more sustainable business practices.

- » Healthcare Professional Network
- » Regulatory Expertise
- » Improved Patient Access
- » Integrated Commercial Solutions

All enhanced by innovative digital technology.

## Market Drivers



Growth in outcome-based reimbursement



Highly fragmented European market



Growing demand for outsourced services



Increasing commercialisation complexity

## What Uniphar Offer



Global distribution infrastructure



Regulatory expertise



Multichannel sales & marketing



Ability to partner across multiple geographies



160+ Countries supplied



200+ Manufacturer partners



12.6 (cent) Adjusted EPS



€66.7m EBITDA

# Key Performance Indicators

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

## Medium-Term Outlook

Acquisitions are expected to make a meaningful contribution to gross profit in addition to organic growth

### Financial

#### Key Performance Indicators

#### Why we measure it

#### 2020 Performance

##### Gross Profit (€m)

€217.3

217.3 180.6



Gross profit is viewed by the Board as the best measure of top-line performance. It allows management to assess the performance of the business and is a key profit measure in the assessment of divisional performance.

Gross profit has increased by 20.3%, driven by strong organic gross profit growth of 6.7% in combination with the full year impact of 2019 acquisitions and the contribution from 2020 acquisitions. This performance includes growth across all three divisions.

##### EBITDA (€m)

€66.7

66.7 58.6



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.

Continued strong EBITDA performance increasing by 13.9% to €66.7m. Growth in EBITDA is driven by the expansion into higher margin businesses both organically and through acquisitions, despite Covid-19 challenges. We remain on track to achieve our strategic objective of doubling 2018 pro-forma EBITDA within 5 years of IPO.

##### Free Cash Flow Conversion

111.0%

111.0 85.7



Free cash flow conversion represents the funds generated from the Group's ongoing operations. These funds are available for reinvestment, and for future acquisitions as part of the Group's growth strategy. A strong level of free cash flow conversion is key to maintaining a strong, liquid balance sheet.

Free cash flow conversion of 111.0%, reflects favourable timings relating to creditor terms, On Demand contracts and Brexit related stock positions. A strong performance reflects tight working capital management and demonstrates strong growth delivered from cash reinvestment.

##### Return on Capital Employed

18.9%

18.9 17.3



This measure allows management to monitor business performance, review potential investment opportunities and the allocation of internal resources.

The Group's ROCE for 2020 was 18.9%, reflecting the impact of the Group's successful integration of acquisitions and strategic global expansion.

##### Adjusted Earnings per Share (cent)

12.6

12.6 14.3



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.

The Group's Adjusted EPS for 2020 was 12.6 cent. Underlying earnings have increased by 25.1% from €26.3m in 2019 to €32.9m in 2020 driving growth. This is offset by the full year impact in 2020 of the increase in the number of shares in issue following the Group's IPO in July 2019.

## Non-Financial

### Key Performance Indicators

#### Number of Exclusive Access Programmes

61



### Why we measure it



A key strategic priority of Product Access is the successful operation of exclusive access programmes (EAPs), enabling the connection of the manufacturer to the patient. The number of these programmes in operation during the year is a key metric in measuring progress against this priority, as well as the strength of our manufacturer relationships.

### 2020 Performance



During 2020 the number of exclusive access programmes in progress or completed by the Group grew to 61, with Covid-19 having minimal impact on world-wide EAPs. The acquisition of Durbin in 2019 continues to enable synergistic growth across the Product Access division and provides a unique value proposition of technical and global market expertise to manufacturers. The acquisitions of Innerstrength and RRD in 2020 further accelerates our ability to deliver growth on a global basis and strengthens our business proposition by driving a more integrated offering for our manufacturer clients.

#### Healthcare Professional Interactions

600k+



In Commercial & Clinical, interactions with healthcare professionals form an integral part in connecting the manufacturer to the patient and the success of the business.

Covid-19 lockdown measures and restrictions have resulted in a significant proportion of interactions with healthcare professionals taking place digitally rather than through more traditional methods. This has highlighted the importance of Unipharm's investment in digital solutions, allowing the organisation to respond effectively to evolving circumstances, further cementing our relationship with key healthcare stakeholders, and enabling the delivery of strong organic growth across the business.

#### Symbol Group Pharmacy Numbers

346



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

The acquisition of the Hickey's Pharmacy Group together with the addition of new members joining our symbol groups has created a market leading offering of 346 pharmacies. This growth in pharmacy numbers demonstrates the strength of our market presence and the key role we play in the national health infrastructure. We support our pharmacies through our best in class supply chain E-commerce platform which enables a tailored solution to be provided to each group member.

# Risk Management

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



## Covid-19

Monitoring the spread of Covid-19 and its implications as it continues to evolve and change

### Risk Management and Internal Control

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

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

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

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

### Risk Management Framework

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

### Risk Register Process

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

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

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

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

### 2020 Highlights

The Group continues to ensure that the risk management framework is integrated in the day-to-day activities across the business. During the year ended 31 December 2020, the Group carried out the following:

- » Review of the risk management process in operation across the business resulting in refined risk assessment methods;
- » Review of the Group Risk Register producing an updated consolidated list of the key risks facing the Group at this time; and
- » Enhanced focus on key risk areas in 2020 including Brexit and Covid-19 related risks.

### Emerging Risks

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

Having completed the overall risk assessment process for the year, the Group has determined that the risk associated with the loss of competitive position should be separately identified as a principal risk. This risk was previously identified on the Group Risk Register and is now recognised as a principal risk. The risk associated with inventory losses and provisions is no longer separately identified as a principal risk but remains on the Group's Risk Register. Enhanced focus has been brought to key risk areas in 2020, including Brexit and Covid-19. We continue to monitor these key areas, and the impact they may have on the Group.

### Covid-19

Throughout 2020, the Group has continued to monitor and respond appropriately to the continued threat and risks posed by the Covid-19 pandemic. The measures the Group has undertaken to respond to the challenges posed by the pandemic has resulted in change across its business for staff, customers and the community in which it operates and serves.

We have outlined the main risks impacting the Group as a result of the pandemic. These risks are based on current circumstances, including the impact to our colleagues, health and safety and business continuity. As the nature of the pandemic continues to develop and change, Unipharm remains committed to meeting its customers needs. The safety and wellbeing of its key stakeholders and the wider community remain a top priority.

Unipharm has continued to play a significant role in the healthcare infrastructure during the pandemic. The nature of the products and services offered means that there is a continued demand for pharmacomedical products.

The resilience and dedication of our teams ensured the successful continuity of the supply and distribution of medicines, medical devices, and related services

to the healthcare sector. The health, safety and wellbeing of our teams has remained a key priority during the pandemic. Regular communication continues to be shared with all colleagues advising them on the necessary precautions being taken by the business. Throughout the business, several measures have been implemented to protect our teams including remote working where possible, use of appropriate personal protective equipment and increased sanitisation and screening measures.

### Principal Financial and Reporting Risks and Uncertainties

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

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

## Risk Management continued

The Group has implemented a ‘three lines of defence’ approach to ensure that risks are effectively managed across the Group



## Key Principal Risks and Uncertainties

Link to Strategic Initiatives Key	Strategic Initiatives Key to Trending
Continued Client Growth	Stable ↔
Focused Market Leadership	Increasing ↑
Scaling Through Digital	Decreasing ↓

The key principal risks and uncertainties for the year ended 31 December 2020 are summarised below.

Strategic Risks			
Risk	Impact	Mitigation	Trending
<b>Brexit</b>	<p>The UK left the EU in 2020, which poses several risks for the Group due to uncertainty and complexities as to the future fiscal and regulatory landscape in the UK. This may have a negative impact on supply and trade.</p> <p>Brexit also has the potential to create market uncertainty and currency fluctuations which could impact the translation of our UK operations into the Group's reporting currency.</p>	<p>A Brexit plan is in place to manage the risks across the Group. The Group has worked with its customers and suppliers to prepare and minimise the impact of any related disruption on the business, customers and patients. As a result, the Group increased its stock holding to protect against potential supply chain issues.</p> <p>The Group is continuing to expand its operations in Europe and the US creating geographical diversity. The Group monitors currency fluctuations for subsidiaries that operate in countries outside of the EU.</p> <p>Brexit also presents opportunities in Commercial &amp; Clinical for outsourced services and in Product Access for specialist procurement services.</p>	↔
<b>Acquisitions</b>	<p>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.</p>	<p>All potential acquisitions are assessed to measure their strategic fit and financial return. Specialist advisors are appointed to provide robust and thorough due diligence.</p> <p>Experienced management and project teams ensure integration is managed effectively to achieve identified benefits and minimise potential risks. The Group carries out a Goodwill Impairment Assessment annually, or more frequently if required, to ensure an appropriate carrying value.</p>	↔

## Risk Management continued

Strategic Risks continued			
Risk	Impact	Mitigation	Trending
	The global macroeconomic, regulatory, political and legal environment may impact the markets in which we operate and in turn our client and supplier base. This may adversely affect the financial and operational results of the Group.	The Group closely monitors global political and economic conditions and responds quickly to any changes in circumstances or events.  The Group has increased its geographical footprint to now include Ireland, the UK, the US, Benelux, and the Nordics, thus decreasing the reliance on one geographic market.	↔
	The success of the Group is directly correlated to the effectiveness and talent of its people, including Directors, senior management, and personnel across all divisions.  If the Group fails to attract, retain and develop the skills and expertise of key individuals, this may adversely impact the Group's performance.	Succession planning and talent management is implemented across the Group ensuring that the appropriate skills, knowledge and diversity are in place to ensure the future success of the Group. The Group looks to appropriately incentivise teams.  The recent appointment of our new Chief People Officer will further support the development of our teams across our growing global platform.	↔
	Unipharm plc is a publicly listed company and must communicate to the market and stakeholders regularly with updates on financial performance and key metrics.  Failure to deliver in line with expectations may result in reputational damage impacting the Group's ability to achieve strategic targets.	The Group has financial reporting structures and timelines in place to ensure accurate and timely reporting. The Board reviews the financial and operating performance, together with the implementation of the strategic plan.  The Group Investor Relations team actively engage with the investment community. The team ensure a timely and accurate communication of information to the market.  A positive corporate culture reinforces ethically responsible behaviour in the business.	↔
	Changes in the competitive environment in which the Group operates may occur as a result of new market entrants, loss or material change in the terms of key customers or key suppliers, new technologies or regulatory changes.  Failure of the Group to respond to any of these may result in the loss of its competitive edge and market share, which may put pressure on profitability and margins.	The Group continues to monitor market trends and demands to maintain its competitive edge. Individual business management teams manage the supplier and customer relationship and keep informed of any changes in their business strategies. Value-add and unique services are offered to enhance the relationship and promote customer loyalty.  Strategic acquisitions enhance the commercial relationships within the pharmaco-medical market and provide a wider and more diverse service offering, protecting the competitive position.	↔

## Unipharm continues to play a critical role in the healthcare infrastructure

Operational Risks			
Risk	Impact	Mitigation	Trending
	Covid-19 and its implications continue to evolve and change. The pandemic is causing financial, economic, and social disruptions globally. The risks outlined below are based on current knowledge and projections of the circumstances:  » Risk to product availability due to potential disruption to supply chains or shipping routes;  » Risk to the health, safety, and wellbeing of our teams from the impact of ongoing outbreaks of Covid-19;  » Operational impact due to unavailability of the teams caused by measures taken by either the Group or Government to contain an outbreak; and  » The Group recognises the wider risk of a change in demand and lower general economic activity in the countries where it operates in the event of recurring outbreaks of the virus.	Unipharm continues to play a critical role in the healthcare infrastructure. The warehouse capacity created across multiple locations, together with exclusive distribution agreements, and our strong manufacturer relationships, enables the Group to ensure continuity of services to the healthcare sector and to meet the needs of customers in the event of any disruption to normal supply chain routes.  The Group continues to follow Government guidance in each country it operates in, including travel restrictions and self-isolation guidance. The Group has implemented several measures to protect our teams including remote working where possible, segregation and zoning, use of appropriate protective equipment and increased sanitisation and screening measures. Regular communications are sent to all colleagues advising them of necessary precautions and are updated as necessary.  Business continuity and contingency plans were put in place at the start of the pandemic, and continue to evolve as our knowledge and experience of working in the pandemic increases.	↔

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

Unipharm have continuously monitored the developing situation that the pandemic has created and responded dynamically throughout. The Group will continue in their approach to protect its key stakeholders and the wider community as the pandemic continues.

## Risk Management continued

Operational Risks continued			
Risk	Impact	Mitigation	Trending
<b>IT systems</b>  	Digital capabilities are a specific strategic offering of Unipharm, and the alignment of our IT strategy with the business strategy is essential.	IT strategy is a key factor in the Group's strategic planning process, ensuring the development of IT systems and processes remains aligned with the Group objectives.	↔
	The Group is reliant on the effectiveness of its IT systems and network. Any interruption or downtime may have a negative impact on the Group's operations, financial conditions, and competitive position.	The Group actively monitors the performance and robustness of IT systems in place. The in-house IT team works in tandem with external providers to ensure all business-critical processes are safeguarded.	
		A Business Continuity Disaster Plan is in place to ensure the uninterrupted provision of services and to enable the restoration of key systems if necessary.	
<b>Cybercrime</b>  	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 Group have IT security processes in place to minimise the occurrence of cyber-attacks.	↔
		Continuous user awareness is a key measure used in helping to protect against the threat of a cyber-attack. External audit and penetration testing is also carried out to identify vulnerable areas and put in place mitigating controls.	
		IT infrastructure and controls have been continuously reviewed and strengthened to respond to the additional requirements arising from Covid-19.	
<b>Business interruption</b>  	The Group may be unable to provide a service to customers due to external factors affecting its operations such as, natural disasters, environmental hazards, or industrial disputes, resulting in potential lost sales and the loss of customer loyalty.	A Business Continuity Disaster recovery plan is in place and is updated and reviewed continuously to mitigate the risks to operational continuity.	↔

Operational Risks continued			
Risk	Impact	Mitigation	Trending
<b>Health &amp; safety</b>  	Unipharm distributes pharmaceuticals and medical devices to pharmacies, hospitals, and patients.	Dedicated quality functions are in operation across the Group ensuring adherence and compliance with good distribution practice, pharmacovigilance, and regulatory requirements.	↔
	Failure to implement and follow proper health & safety procedures in the distribution and administration of these products and the provision of proper handling information may have adverse effects on employees or patients.	A robust health & safety framework is in place to ensure effective health & safety processes are in operation.	
	The Covid-19 pandemic presents an additional health & safety risk to our teams and the wider community.	In line with Covid-19 guidelines, additional PPE has been provided, restricted site access, sanitising stations and social distance measures have been put in place across all sites to protect our teams and community from the impact of Covid-19. All measures have been taken to ensure the safety of all our stakeholders at this time.	
<b>Laws, regulations &amp; compliance</b>   	Unipharm operates in a highly regulated environment and as such is subject to both local and international laws and regulations in the jurisdictions it operates in.	The Board has overall responsibility for the corporate governance environment within the Group. A strong corporate governance culture exists with emphasis on continuous improvement.	↔
	Failure to operate under any of these stringent laws and regulations could result in financial penalties, reputational damage, and risk to business operations.	The Group General Counsel and Company Secretary has responsibility for the oversight of compliance across the Group. The Group also has an extensive quality and regulatory team who ensure compliance with all applicable regulations relating to our service offerings.	
		In the area of GDPR, the Group has appointed a Group Data Protection Officer and Data Protection Officers for each division.	
		In addition, the Group ensures that professional appropriately qualified personnel are employed in positions of responsibility.	
		Education and internal training are provided on updates to laws and regulations as appropriate.	

Our new banking facility permits drawdown across multiple currencies which can create a natural hedge

#### 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.

The Group's activities are primarily conducted in the local currency of the operation, which results in low levels of transactional risk. The foreign currency risk has increased due to the recent acquisitions in jurisdictions outside of the Eurozone.



The Group reduces its exposure to currency fluctuation by matching foreign currency payments and receipts across business units. Our new banking facility permits drawdown across multiple currencies which can create a natural hedge.

##### Treasury



The Group is exposed to liquidity, interest rate and credit risks.



The Group Treasury Policy sets out how these risks are managed. The policy is reviewed and approved by the Audit, Risk and Compliance Committee.



Cash forecasting and effective management reports are in place to monitor and minimise the financial risk. The new facility agreement provides sufficient headroom for the Group in terms of liquidity.

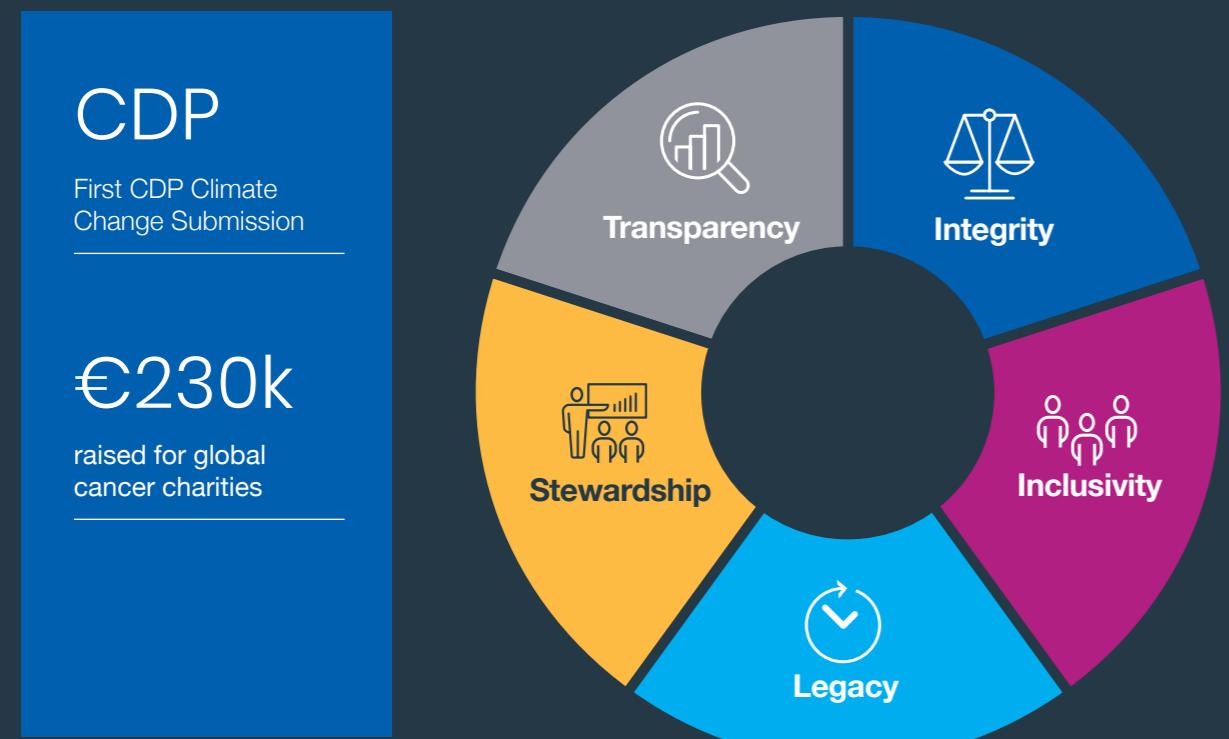
The Group continues to ensure that the risk management framework is integrated in the day-to-day activities



# Sustainability and Governance Report

## 2020 Sustainability Highlights

- » First CDP Climate Change submission
- » New Group-wide Sustainability Policy
- » Establishment of our Sustainability Council
- » Materiality assessment aligned to SASB and GRI
- » Remuneration linked to sustainability targets for the first time
- » Sustainability linked banking facility
- » Group-wide Relay for Hope Event
- » Appointment of a new Chief People Officer and a designated Non-Executive Director responsible for workforce engagement
- » Corporate Governance enhancements



# CEO Sustainability Statement

“ 2020 marks my inaugural sustainability statement in our Annual Report and a significant step for Unipharm in how we coordinate, measure, monitor and report on our sustainability efforts. ”

As a healthcare services provider, our business is rooted in serving the community, in looking after people, in health & safety, wellness, regulatory compliance and innovation. The Covid-19 crisis has highlighted the integral part our business plays in the community in ensuring essential medicines and equipment reach patients, through both retail pharmacy and hospital channels. Our Product Access teams were also involved in sourcing several difficult to access medicines for treatments relating to Covid-19.

Continuous investment in our digital platforms and our digitally focused acquisitions of Innerstrength and Diligent Health Solutions during 2020 all add to our ability to provide innovative and sustainable solutions for manufacturers, patients and healthcare providers.

As we continue to grow as an organisation, the strategic importance of being conscious not only of our markets and our customers but of our environment and communities is more important than ever.

### Our 2020 Journey

During 2020, we engaged the services of external consultants to assist us in formalising our sustainability journey and to give us the tools to view our business in the eyes of our wider stakeholders. As part of this process our senior management team carried out a first phase materiality assessment to identify the areas that we consider to be of most relevance to our business and our stakeholders. In addition, we adopted a new Group-wide Sustainability Policy putting the principles of Integrity, Inclusivity, Legacy, Stewardship and Transparency, at the heart of what we do and with a commitment in all aspects of our business to manage and continuously improve our environmental and social responsibilities effectively, through all our collective actions.

We appointed a Sustainability Council, comprised of colleagues from a wide range of functions across each of our divisions, to progress our sustainability agenda. The Council reports directly to the Executive team. Through the Council we will set and monitor our sustainability targets, plan, and

review our performance and drive our sustainability agenda. Our aim is to keep sustainability frameworks and reporting in focus across everything that we do and through the passion of our Sustainability Council, to set meaningful, ambitious, and achievable targets so that we can demonstrate, in an objective fashion, our passion and our progress in this key area.

As part of our review of how we report on sustainability in the business, we looked at each of our four Sustainability and Governance pillars and in line with best practice we have added a fifth pillar – Business Solutions & Innovation. This is an area I believe our business already excels in and is at the heart of our business strategy and ethos. We pride ourselves on our entrepreneurial, ambitious and innovative workforce who strive on a daily basis to find innovative solutions. Innerstrength, acquired by the Group in March 2020, whose business is founded on using technology to improve patient outcomes, demonstrates this passion.

## 2020 saw us take our first step into climate impact reporting

### Climate Reporting

2020 saw us take our first step into climate impact reporting with our first CDP Climate Change submission in respect of our businesses on the island of Ireland. In 2021, we completed a Group-wide carbon footprinting exercise, and we will complete a full CDP response across our entire business later this year. In parallel with the CDP reporting process, it is our intention to disclose climate risk and opportunity implications for our business in alignment with the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations.

### Targets & Goals

Our Sustainability Council are focused on setting meaningful targets across each of our areas of materiality. In 2021, the Council will work across all business functions to review performance and set targets for the future, aligned to our sustainability pillars and materiality assessment.

The introduction of an ESG linked banking facility together with the inclusion of sustainability remuneration targets for senior management ensures focus to achieve the targets we set for the business.

We are delighted to welcome our new Chief People Officer in 2021, Lorraine Kenny who will play an integral part in the development of our culture and values across the Group. Jim Gaul, appointed to the Board in January 2021, has been designated as our Non-Executive Director with responsibility for workforce engagement which will ensure that the views and experiences of our wider workforce have a formal place at our Board table.

We intend to increase the profile of our Sustainability Council throughout the business by providing awareness training and information sessions so our teams across the Group have full visibility on the initiatives being implemented.

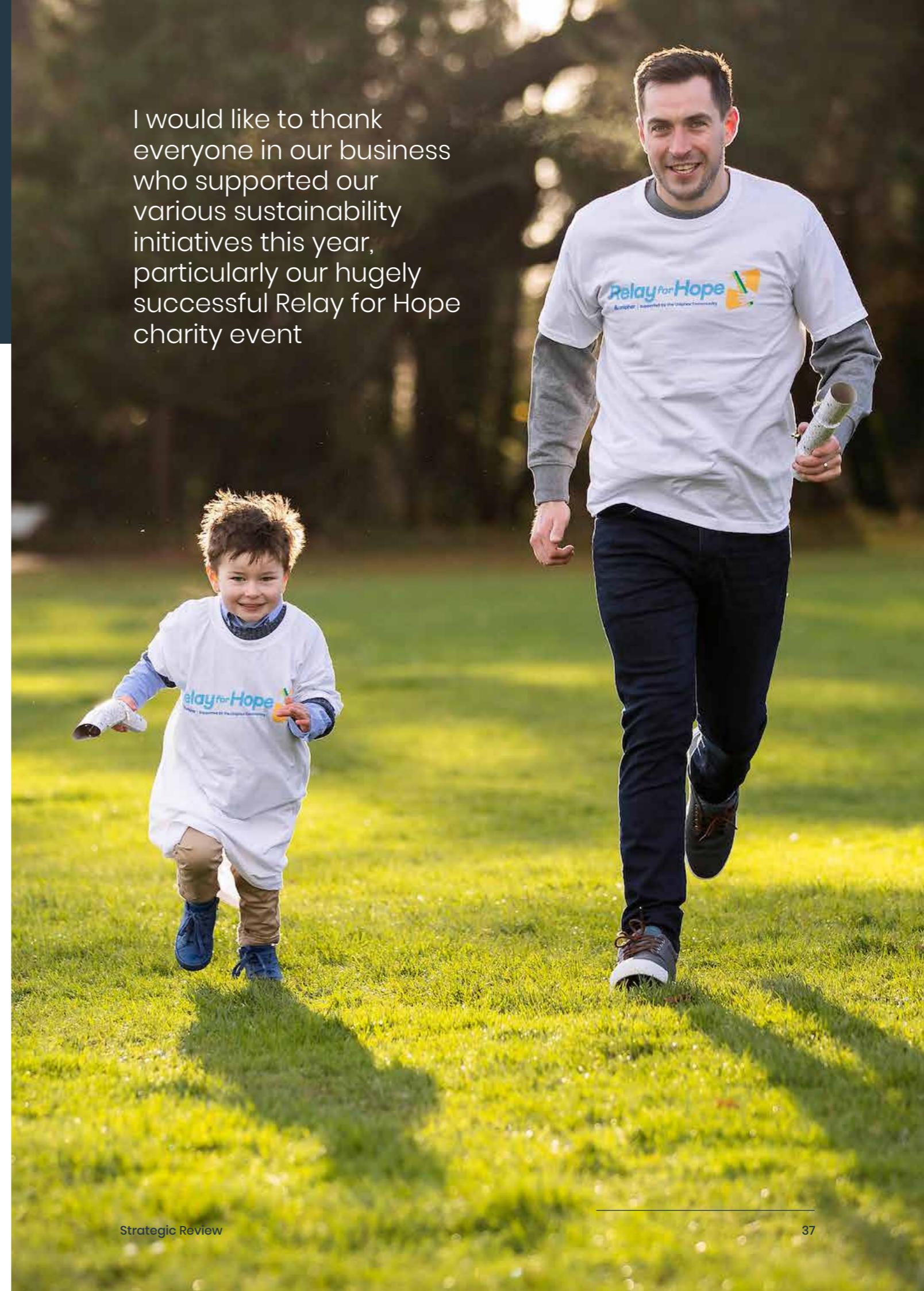
We also intend to engage with our wider stakeholder base on the topic of materiality for our business and to ensure that these insights are incorporated into our corporate strategy and action plan.

I would like to thank everyone in our business who supported our various sustainability initiatives this year, particularly our hugely successful Relay for Hope charity event. In a year of social and economic turmoil in the world, the spirit, dedication and resilience of our teams has shone through.



**Gerard Rabbette**  
Chief Executive Officer

I would like to thank everyone in our business who supported our various sustainability initiatives this year, particularly our hugely successful Relay for Hope charity event



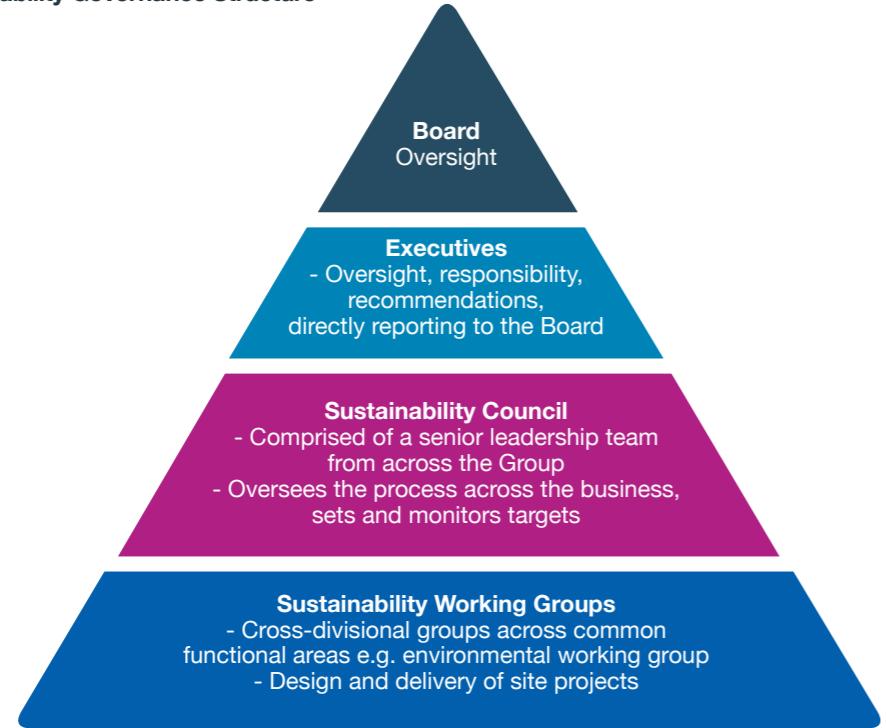
## Governance

The Sustainability Council was set up in 2020 to drive the sustainability agenda across the Group. It has representatives from senior leadership across all our business units and key functional areas. The Council reports to the Executive who report in turn to the Board. The Chair of the Council is Aisling McCarthy,

General Counsel & Company Secretary of the Group. The responsibility of the Council is to define and oversee the implementation of the sustainability policy and strategy of the Group. Key to this is setting targets at a Group and individual business unit level and engaging internal and external stakeholders

with a view to managing, monitoring and reporting on the delivery against those targets to the Executive team, and our wider stakeholders. The Council also oversees all sustainability reporting, and will oversee the appropriate resourcing of sustainability initiatives to ensure their successful delivery.

### Our Sustainability Governance Structure



## Sustainable Development Goals

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



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

## Pillars & Materiality

Unipharm have identified five strategic pillars that define our approach to sustainability.

During 2020, we conducted a first phase materiality exercise with members of our senior leadership team. The following are those areas deemed most critical for Unipharm and those where we are currently measuring KPIs or intend to do so in the future:



### People & Workplace

### Community Involvement

### Environment & Sustainability

### Governance, Quality & Compliance

### Business Solutions & Innovation

<b>What this pillar means to us</b>	Our people are our most important asset and we are committed to making Unipharm a fulfilling and inclusive place to work.	Supporting employees to actively participate in the local communities where we are based is a longstanding objective for the Group and is achieved through serving the community and supporting good causes.	As the business grows and our geographical footprint expands, we remain committed to managing our environmental responsibilities effectively.	Operating in healthcare markets that are highly regulated and demand high quality and compliance standards, drives our quality focus and culture of continuous improvement. Ensuring the highest standards of governance, quality and compliance is fundamental to our business.	We believe a positive difference will be achieved through collaboratively developing innovative business solutions across all our divisions resulting in a more sustainable business and better outcomes for our stakeholders.
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<b>Relevant SDGs</b>	3 GOOD HEALTH AND WELL-BEING  8 DECENT WORK AND ECONOMIC GROWTH  10 REDUCED INEQUALITIES 	3 GOOD HEALTH AND WELL-BEING  10 REDUCED INEQUALITIES  11 SUSTAINABLE CITIES AND COMMUNITIES 	11 SUSTAINABLE CITIES AND COMMUNITIES  12 RESPONSIBLE CONSUMPTION AND PRODUCTION  13 CLIMATE ACTION 	3 GOOD HEALTH AND WELL-BEING  9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  10 REDUCED INEQUALITIES 	8 DECENT WORK AND ECONOMIC GROWTH  9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  12 RESPONSIBLE CONSUMPTION AND PRODUCTION 
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<b>Materiality</b>	<ul style="list-style-type: none"> <li>» Employee Health &amp; Safety</li> <li>» Diversity &amp; Inclusion Practices</li> <li>» Employee Wellbeing</li> <li>» Employee Training</li> <li>» Employee Labour Practices</li> </ul>	<ul style="list-style-type: none"> <li>» Active Community Support</li> <li>» Charity &amp; Fundraising</li> <li>» Employee Privacy</li> <li>» Customer Welfare</li> </ul>	<ul style="list-style-type: none"> <li>» Energy Management</li> <li>» Greenhouse Gas Emissions</li> <li>» Waste &amp; Hazardous Waste Management</li> <li>» Pollution Prevention</li> <li>» Sustainable Transport &amp; Logistics</li> </ul>	<ul style="list-style-type: none"> <li>» Product Quality &amp; Patient Safety</li> <li>» Business Ethics</li> <li>» Systemic Risk Management</li> <li>» Critical Incident Risk Management</li> <li>» Legal &amp; Regulatory Requirements</li> <li>» Selling Practices &amp; Product Labelling</li> </ul>	<ul style="list-style-type: none"> <li>» Business Model Resilience</li> <li>» Innovation</li> <li>» Supply Chain Management</li> </ul>
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## People & Workplace

### Diversity & Inclusion

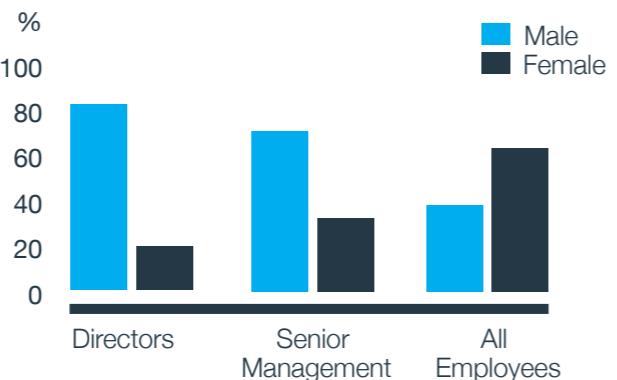
At Uniphar, our people are at the core of what we do. We benefit from the increasingly global nature of our business which brings together different ideas, experiences and capabilities from across the globe. We aim to create a work environment in which our people can reach their full potential regardless of gender, age, disability, ethnicity, or sexual orientation.

Uniphar are committed to gender diversity and equal pay and have strong female leadership across the Group. Two out of eleven of our Board members are female which will represent 20% of the Board on retirement of Padraic Staunton from the Board in May 2021. The Board remain committed to keeping diversity and, in particular, gender diversity as a key consideration in succession planning.

Uniphar is also proud of the strong female representation across senior management and the entire workforce. As at 31 December 2020, women accounted for 30% of senior management and 62% of total employees, demonstrating a high level of diversity across the Group.



Uniphar employees were delighted to attend and sponsor the start of the Women in Leadership series again for 2020, which focuses on developing leaders, empowering women and enabling women to thrive.



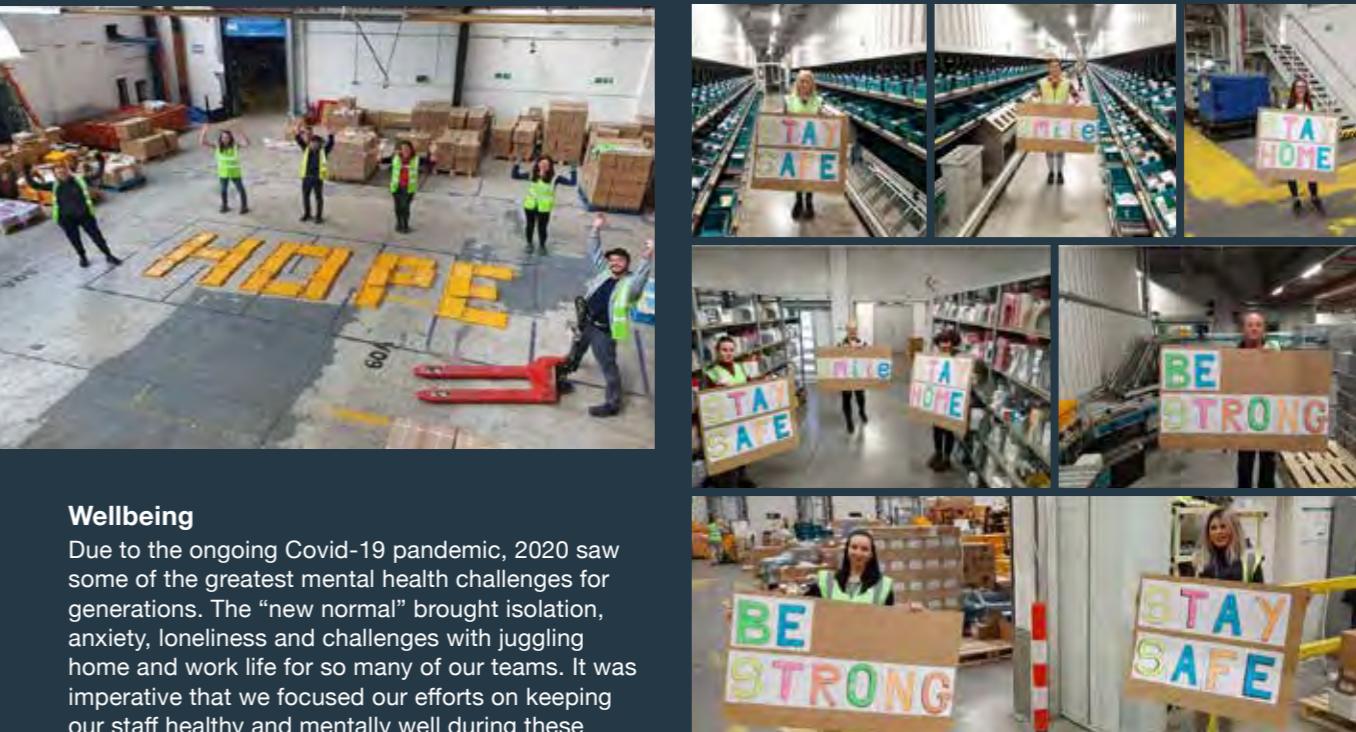
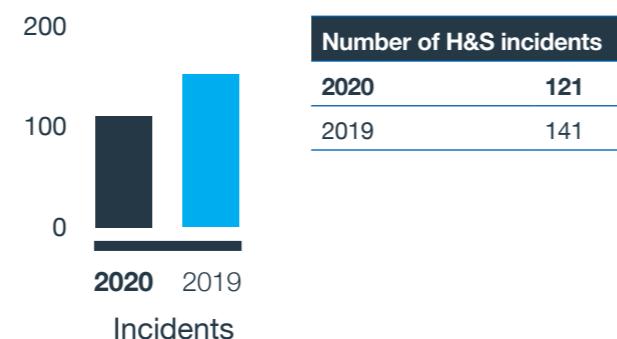
### Health & Safety

At Uniphar, the health & safety (H&S) and the wellbeing of our staff is paramount. With large operational facilities in various locations, it is essential we adhere to the highest standards of health & safety throughout the organisation, ensuring best practice is adhered to at all times.

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

The number of reported health & safety incidents saw a decrease of 14% from 2019 to 2020 with motor vehicle incidents accounting for 48% of all recorded incidents across the Group in 2020.

### Total number of Incidents



### Wellbeing

Due to the ongoing Covid-19 pandemic, 2020 saw some of the greatest mental health challenges for generations. The “new normal” brought isolation, anxiety, loneliness and challenges with juggling home and work life for so many of our teams. It was imperative that we focused our efforts on keeping our staff healthy and mentally well during these challenging times.

Across the Group our HR teams implemented initiatives centred around connectivity and ensuring that people felt connected while keeping apart.

During the year, the Group ran a variety of virtual wellness initiatives and events, including weekly good news round ups, daily HR check-in calls, zoom quizzes, virtual choirs, online challenges, shared lockdown diaries, photo competitions, online yoga and mindfulness sessions.

We made annual flu vaccinations available to employees free of charge and focused on health issues celebrating Breast Cancer Awareness Day and raising mental health and suicide prevention awareness.

For World Mental Health Day 2020 we held a Group-wide webinar providing information to our employees on how to manage “The New Normal” environment, as well as the important role of diet, lifestyle and sleep.

Uniphar teams demonstrated great positivity and resilience in the face of adversity during 2020, and we recognise how essential our people are in supporting the sustainable development of our business.

### Training & Development

Uniphar are committed to supporting and investing in the professional development of our employees. The Group provides a range of career development opportunities which enable our employees to reach their full potential and grow within our business. We also continue to support our employees through further education and professional exams.



The employees and their families in Star and Outico from the UK, Ireland and the Netherlands formed a virtual choir and performed a rendition of “Lean on Me” during lockdown

**“When I is replaced by We  
- Illness becomes Wellness”**

## Community Involvement

### Uniphar's Charity Partners

2020 saw the first Group-wide charity event in our hugely successful Relay for Hope event.

This virtual event took place from December 4th–6th, to support cancer charities around the globe and to remember those who have lost their lives to the disease. The event saw Uniphar employees run, walk and cycle to clock-up kilometres for great causes. The event raised a phenomenal €230,000 for cancer charities in every country that Uniphar has a presence, with employees clocking up a breath-taking 27,000kms over the course of the weekend. This event also united the business in a common goal and brought a great spirit of fun and competitiveness across the whole Group.



**€230,000**  
raised for global  
cancer charities  
over 3 days



### Active Community Support

Supporting our communities is at the core of what we do. Across each of our three divisions, Uniphar provides vital medicines, the highest quality medical devices and access to life saving drugs both nationally and across the globe.

During 2020, through the commitment, hard work and adaptability of our Supply Chain & Retail teams, we ensured that pharmacies and hospitals across Ireland were supplied with the medicines they needed for their patients throughout the pandemic. In the Commercial & Clinical division the Pharma business unit mobilised teams for essential Covid-related projects, with the MedTech business unit ensuring hospitals had essential equipment needed to treat Covid-19 patients.

Our Product Access division continued to source and supply unlicensed medicines to the UK, Irish and global markets during the pandemic and worked with healthcare bodies to source several difficult to access medicines for treatments relating to Covid-19. In addition to supporting communities through our business operations, the Group also ran a number of initiatives in local communities.

In 2020, Uniphar selected Jobstown Assisting Drug Dependency (JADD) as one of our local charity partners.

The Group worked with FIT Limited, an ICT talent pipeline, that develops and promotes technology-based programmes and career development opportunities for job seekers who have become detached from the labour market.



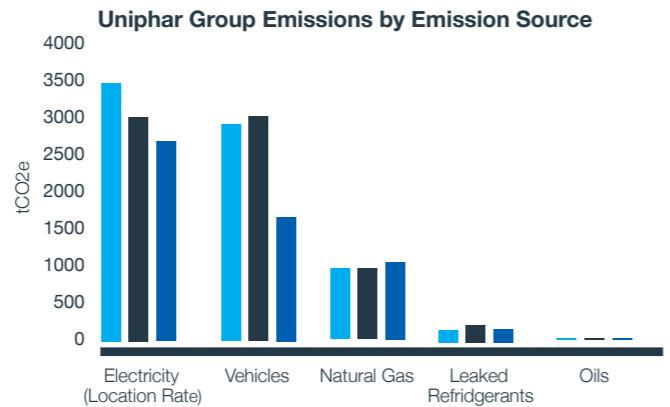
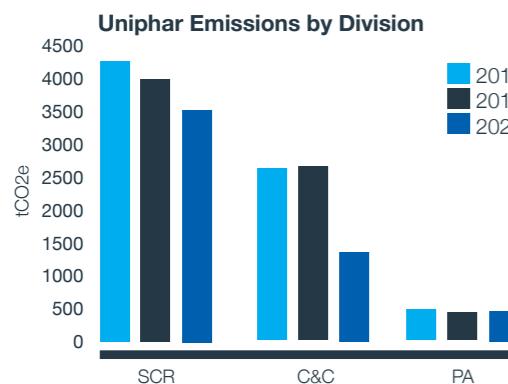
Members of our Commercial & Clinical Medtech team supporting the Frontline Heroes Challenge

### Supporting our frontline staff

In a show of support for our hospital workers during Covid-19, the Group teamed up with one of our suppliers to provide barrier creams and dressings to help provide facial protection for hospital staff wearing PPE for long periods of time. In conjunction with our suppliers the Group donated supplies to numerous HSE locations throughout Ireland at the height of the pandemic.

During the year, goodie bags were also donated to hospital staff in recognition of their commitment and hard work on the frontline throughout the pandemic.

## Environment & Sustainability



### Energy Management

At Uniphar, we understand that our activities can have a lasting impact and we believe in protecting our environment for the benefit of future generations.

2020 saw Uniphar increase our focus on tracking and reducing our business's impact on the environment. We engaged external consultants who provided advice and guidance on how we can take further steps towards achieving our sustainable development goals (SDGs) of Responsible Consumption and Climate Action.

As part of our sustainability agenda, we performed a Group-wide carbon foot-printing exercise and tracked Scope 1 and Scope 2 carbon emissions across the Group for 2018, 2019 and 2020, the results of this exercise are set out above (excluding entities acquired during 2020).

Group Intensity Measure	2018	2019	2020
tCO2e/ Million € Revenue	4.74	4.09	2.97

We are conscious that a significant portion of our carbon footprint arises through outsourced activities such as logistics and through our supply chain and we are committed to working with our supply chain partners in this area.

### CDP & Carbon Emissions Reporting

The Carbon Disclosure Project (CDP) provides a globally recognised disclosure system that enables companies to assess, disclose and manage their environmental impacts. In 2020, Uniphar submitted its first response to CDP disclosing emissions and other environmental data in respect of our business on the island of Ireland.

We gathered Scope 1 and Scope 2 greenhouse gas emissions data from our different businesses and it is our aim to expand the geographies covered by the submission in 2021 to include all Group businesses (excluding new acquisitions).



### Waste

Across all our sites we are continuously exploring ways to reduce, reuse and recycle. We have been a member of Repak since 1999 and we make considerable efforts across the business to reduce plastic waste. Our distribution facilities see significant percentages of their waste recycled and diverted from landfill with landfill diversion rates varying between 75% and 95% of waste generated across our Irish distribution facilities.

### Looking to the future

We have appointed environmental champions to our Sustainability Council to progress the Group's sustainability agenda for 2021 and beyond. Our aim is to improve the measurement and reporting processes on our consumption and set long-term targets that are aimed at protecting the environment.

2020 marked the first step in our climate reporting journey and we look forward to progressing our sustainability agenda and reducing our environmental impact.



## Governance, Quality & Compliance

The Group seeks continuous improvement in the areas of Governance, Quality & Compliance. The governance of our business is dealt with in extensive detail in the Corporate Governance section of this report on pages 62 to 70.

### Product Quality & Patient Safety

The healthcare industry is a highly regulated industry and this regulation is essential to protect the health & safety of people who use the products and services we supply. The Group works hard to ensure that the products we supply reach the patient in perfect condition and that we provide all services in an ethical and compliant manner.

Uniphar has in place a robust quality management system (QMS), underpinned by the core GxP regulatory requirements, which also ensures alignment and ongoing certification with ISO 9001 2015. This allows us to comply with the many regulatory regimes, including importation, storage, distribution of products in accordance with EU GDP regulations as well as the promotion of and engagement with pharmaceutical and medical device manufacturers in an ethical and compliant manner.

The Group's QMS is based on risk assessment methodologies, deviations, corrective actions and change controls. 2020 has seen the benefits of the project commenced in 2019 to harmonise our approach to quality across all our locations with the roll-out of our electronic QMS across all divisions and business units. This investment in technology supports the quality centric approach of the Group.

### The Quality Culture at Uniphar

Uniphar is committed to successful collaboration with all our customers, partners and stakeholders to ensure their regulatory expectations and needs are met.

Through extensive training the Group places a focus on a quality culture and a strong understanding of quality risk management which allows us to meet or exceed the requirements and expectations of our customers and partners.

### Risk Management

The Group has a robust risk management framework in place which provides the structure for managing the principal risks of the business. Details of this risk management framework are detailed on pages 24 to 32.

In addition, the quality and regulatory personnel across the Group perform regular risk assessments and have robust validation processes in place.

### Regulatory Expertise

The Group appreciates the importance of regulatory expertise in navigating the ever-changing regulatory environment in which we operate. We pride ourselves on the depth of expertise in this field across the Group and acquisitions such as Diligent Health Solutions and RRD International serve to greatly enhance our regulatory know-how and capabilities.

### Business Ethics

Uniphar is committed to embodying and promoting a corporate culture that is based on sound ethical values and behaviours and using it as an asset and a source of competitive advantage within its business. The Group has a whistleblower policy in place establishing a structure where behaviours which depart from this ethical culture can be reported whilst protecting the rights of the whistleblower.

### Anti-bribery & Corruption

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

### Human Rights

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

### GDPR & Customer Privacy

During 2020, Uniphar implemented an enhanced GDPR framework across the Group, including the appointment of designated Data Protection Officers within each division.

Uniphar meets the accountability principle of the GDPR through the following activities:

- » Group Data Protection Officer and designated Divisional Data Protection Officers;
- » Data Protection leadership and oversight;
- » Response procedures for handling subject access requests, breaches and internal non-compliance;
- » Monitoring and verification of internal compliance with data protection regulations;
- » Staff training and awareness;
- » Transparent communication of privacy policies to data subjects;
- » Implementation of Data Protection policies and procedures; and
- » Risk assessments of high-risk processing activities.

The Group has a Privacy Policy which is available on the Group's website, [www.uniphar.ie](http://www.uniphar.ie), and a Data Protection Policy which is available to the workforce.



An innovative culture is seen in all areas of the business from implementing improvements in existing systems, evaluating new acquisition opportunities and enhancing our digital capabilities

## Business Solutions & Innovation

During 2020, as part of our materiality assessment, the Group identified a fifth pillar of sustainability – Business Solutions & Innovation.

This is an area the Group is particularly passionate about and an area that our stakeholders will recognise as synonymous with how Unipharm does business.

### **Business Resilience**

Business resilience was a topic that was thrust into the spotlight across all industries in the wake of Covid-19. As a Group we are extremely proud of how the business has performed in these challenging times and diversity in product portfolios and services offerings was key to this.

Whilst the healthcare industry remained essential throughout the pandemic, the Covid-19 crisis

also presented huge challenges to those working in the healthcare sector. The strength, depth and resilience of our teams, coupled with our investment in digital platforms and systems, meant that the Group was well positioned to face these challenges and to continue to deliver growth.

We believe the ability of our senior managers to adapt traditional business models, product portfolios and service offerings to continue to deliver growth in these challenging times demonstrates true business resilience.

### **Innovation**

Innovation is at the heart of Unipharm. The Group is constantly looking to improve how we operate, to enhance efficiencies and to be best in class in all that we do. This innovative culture is seen in all areas of the business from

implementing improvements in existing systems, evaluating new acquisition opportunities and enhancing our digital capabilities.

The strategic acquisitions in 2020 of both Innerstrength and Diligent Health Solutions further support our innovative culture. Innerstrength is a software development business whose products are designed to improve patient outcomes, while Diligent Health Solutions provides digital communication solutions in an era where digital communication is proving more essential than ever and supports our multichannel capabilities and service offerings to our customers enabling them to adapt to changing times.

# Performance Review

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INNERSTRENGTH  
HEALTH

# Financial Review



“ The Group delivered a strong financial performance in 2020, at both a gross profit & EBITDA level, with strong free cash flow conversion resulting in lower than projected net debt. ”

## 2020 Financial Highlights

Gross Profit €217.3m (2019: €180.6m)	EBITDA €66.7m (2019: €58.6m)	ROCE 18.9% (2019: 17.3%)
Organic Gross Profit Growth 6.7% (2019: 7.1%)	Net bank (debt)/cash €34.4m (2019: €26.6m)	Basic EPS 10.6 cent (2019: 11.5 cent)

### Revenue

Revenue growth of 9.5% was achieved through a combination of strong organic growth, particularly driven by the strong performance of Product Access and Commercial & Clinical, together with the full year impact of the 2019 acquisitions.

### Summary financial performance

Year ended 31 December	2020 €'000	2019 €'000	Reported	Growth Constant currency
<b>IFRS measures</b>				
<b>Revenue</b>	<b>1,823,854</b>	1,665,283	9.5%	9.7%
<b>Gross profit</b>	<b>217,252</b>	180,602	20.3%	20.6%
<b>Operating profit</b>	<b>39,944</b>	28,207	41.6%	42.2%
<b>Basic EPS (cent)</b>	<b>10.6</b>	11.5		
<b>Alternative performance measures</b>				
<b>Gross profit margin</b>	<b>11.9%</b>	10.8%		
<b>EBITDA</b>	<b>66,713</b>	58,555	13.9%	14.3%
<b>Adjusted EPS (cent)</b>	<b>12.6</b>	14.3		
<b>Net bank (debt)/cash</b>	<b>(34,419)</b>	26,622		
<b>Return on capital employed</b>	<b>18.9%</b>	17.3%		

### Gross profit

The increase in revenues, coupled with the growth in our gross profit margin from 10.8% to 11.9%, due to improvements in our revenue mix, contributed to 20.3% overall growth in gross profit during the period including 6.7% organic gross profit growth. The improvement is primarily driven by the strategy of expanding into higher growth, higher margin sectors and businesses, with the acquisitions completed during 2019 and 2020 delivering on that strategy. Gross profit generated from outside of Ireland increased by more than 50% in the year, with the expansion of the pan-European footprint in Commercial & Clinical, growth in Product Access driven by the integration of Durbin and also the full year impact of prior year acquisitions.

### Divisional gross profit

Year ended 31 December	2020 €'000	2019 €'000	Reported	Growth Constant currency
Commercial & Clinical	92,193	76,754	20.1%	20.6%
Product Access	30,423	17,199	76.9%	78.5%
Supply Chain & Retail	94,636	86,649	9.2%	9.2%

### EBITDA

Year on year, EBITDA has increased by €8.2m (13.9%) to €66.7m, reflecting the increase in gross profit, partially offset by an increase of 23.3% in operating costs in the year which is primarily driven by the full year impact of the 2019 acquisitions.

### Exceptional Items

Exceptional costs incurred during the year of €4.8m are primarily due to acquisition related costs, with these costs partially offset by the net release of deferred contingent consideration, following a review of the expected performance against earn-out targets and contractual obligations. See note 4 in the financial statements for further details.

### Earnings per share

Basic earnings per share at 10.6 cent, decreased from 11.5 cent in 2019. The increase in underlying earnings, was offset by an increase in the weighted average number of shares when compared to 2019.

## Financial Review continued

### Strong financial indicators

18.9% 111.0% 12.6 (cent)

ROCE Free Cash Flow Conversion Adjusted EPS

The weighted average number of shares in 2020 was 262,436,000 compared to 183,546,000 in 2019, following our successful IPO in July 2019. The full year dilutionary impact of the IPO on the weighted average number of shares came through in 2020. For further details see note 8 in the financial statements.

The Group's adjusted earnings per share for 2020 was 12.6 cent (2019: 14.3 cent). Underlying earnings have increased by 25.1% from €26.3m in 2019 to €32.9m in 2020 driving growth. This is offset by an increase in the weighted average number of shares in issue during the year as a result of the IPO.

On a like for like basis, adjusted earnings per share increased from 10.0 cent to 12.6 cent which reflects the strong performance in the year. This is calculated using the 2020 weighted average number of shares in both years, to provide a more meaningful comparison.

#### Cash flow and net bank debt

2020 delivered a strong cash performance, driven by free cash flow conversion of 111.0%, with the Group's net bank debt position being €34.4m (2019: net bank cash €26.6m).

Year ended 31 December	2020 €'000	2019 €'000
Net cash inflow from operating activities	65,978	106,997
Net cash outflow from investing activities	(110,326)	(45,644)
Net cash (outflow)/inflow from financing activities	(8,715)	42,148
Foreign currency translation movement	(567)	-
<b>(Decrease)/Increase in cash and cash equivalents in the year</b>	<b>(53,630)</b>	<b>103,501</b>
 Movement in restricted cash	 955	 (210)
Cash flow from movement in borrowings	(8,366)	76,211
<b>Movement in net bank (debt)/cash</b>	<b>(61,041)</b>	<b>179,502</b>

The Group has remained focused on strong working capital management, and this is reflected in the cash generated from our operating activities of €66.0m. Free cash flow conversion in 2020 of 111.0% includes one off timing impacts which are expected to unwind in early 2021. The Group's medium-term free cash flow conversion target is 60-70%.

The net cash outflow from investing activities principally consisted of acquisitions completed during the year of €57.4m, deferred and deferred contingent consideration of €35.3m, and capital investment of €15.7m which included a strategic investment in a new large-scale distribution centre in Annacotty, Co. Limerick, which is due to come into operation in early 2021. The Group completed four acquisitions (Hickey's Pharmacy Group, RRD International, Diligent Health Solutions and Innerstrength), as part of our strategy to build on our platform for Commercial & Clinical and Product Access and increase our retail pharmacy footprint in Supply Chain & Retail.

The net cash outflow from financing activities of €8.7m was principally due to the repayment of the facility termination fee, principal lease payments and the payment of dividends, partially offset by the proceeds from borrowings.

#### New bank facility

In July 2020, the Group completed a planned refinance of our banking facilities with our existing syndicated banking partners. The new five-year banking facility (with the option to extend by a further two years) almost doubles the Group's available facilities and sees the Group move from a term loan facility to a revolving credit facility of €150.0m and a €90.0m uncommitted accordion facility. The new facility provides a strong platform to support the Group's growth strategy.

#### Taxation

The increased tax charge of €0.2m to €5.7m in 2020 is reflective of the tax associated with both organic and acquisition related profit growth. The effective tax rate year on year has decreased from 17.4% to 14.9% on account of the impact of respective under and over provisions relating to prior years. Excluding these prior year provision adjustments, the effective tax rate increased by 0.7% to 17.2%, reflecting increased trading in tax jurisdictions outside of Ireland. The effective tax rate is calculated as the income tax charge for the year as a percentage of the profit before tax and exceptional items.

#### Foreign exchange

The Group's expansion into new geographies, and the continued growth in existing geographies operating outside of the 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 9.7% (vs 9.5% reported growth), gross profit increased 20.6% (vs reported growth 20.3%) and operating profit increased by 42.2% (vs 41.6% reported growth). The re-translation of non-Euro subsidiaries to Euro has resulted in a decrease in our operating results for 2020.

	2020 Average	2019 Average
GBP	0.88888	0.87756
US Dollar	1.14009	1.11949
Swedish Krona	10.48146	10.58475

#### Return on capital employed (ROCE)

The Group's ROCE has increased in 2020, reaching 18.9% up from 17.3%, reflecting both the increase in profit in the year driven by organic growth and the strong performance from our 2019 acquisitions, in particular Durbin, as well as the Group's strong cash performance driven by continued tight working capital management. The investment made during 2020, both from a capital and acquisitions perspective, will deliver further benefits and growth in the coming years.

Details on how this was calculated are included in the APMs section on page 189 to 193.

#### Dividends

At the time of the IPO, the Board committed to adopting a progressive dividend policy to reflect the expectation of future cash flow generation and the long-term earnings potential of the Group. Due to the Covid-19 uncertainty the Group did not pay an interim dividend however following the positive results for the year, the Board are proposing a final dividend of €4.2m. Subject to shareholder approval at the AGM, it is proposed to pay the dividend on 17 May 2021 to ordinary shareholders on the Company's register on 23 April 2021.

#### Non-recourse financing arrangement

In July 2020, the Group increased the non-recourse financing arrangement to €80.0m from €68.0m, which was the value of the initial arrangement in December 2019. Under the terms of this non-recourse agreement, the Group has transferred substantially all credit risk and control of certain trade receivables mainly within Supply Chain & Retail, unlocking the cashflow value for further reinvestment. For further detail see note 32 in the financial statements.



Tim Dolphin  
Chief Financial Officer



# Commercial & Clinical

“Expertise and flexibility enabled our teams to deliver a strong performance by meeting the needs of our manufacturer clients and healthcare customers during the challenge of the pandemic.”



We continued our expansion of our Commercial & Clinical division, both geographically and through our client base in 2020. With a workforce of over 1,200, a well invested multi-channel platform and an ability to serve 13 countries, we were able to deliver flexible solutions ensuring our healthcare customers continued to get access to the information and products as required.

Clinically trained teams, therapeutic focus and our digitally enabled offering are our differentiators. With a continued investment in quality recruitment, operational excellence and business development we saw several new client wins across multiple geographies. Despite Covid-19 having an impact on all markets in which the Commercial & Clinical division operates, our expertise and flexibility delivered 9.6% organic gross profit growth across our Commercial & Clinical division, exceeding our expectations, and emphasising our role as a trusted partner to our clients and customers across Europe. While lockdowns saw the cancellation of many elective procedures across Europe and the increased activity across our health systems challenged the traditional face to face interactions with stakeholders, by combining

clinically trained teams, strong manufacturer relationships and established supply chain infrastructure we were able to source, supply and educate our customers on products within our critical care portfolio.

## MedTech

Our focus going into 2020 was the growth of our client base, with the ability to leverage these relationships across multiple geographies in Europe, adding over 15 MedTech clients over the last 12 months. Highlighting our ability to move across borders, we were appointed to represent a number of our clients in Germany and committed to enter this important market for Q1 2021. With our therapeutic expertise and our strong portfolio of physician led products we will continue to focus on the growth of our MedTech offering into key markets across Europe.

Due to the delay in certain elective procedures throughout 2020, we have seen shifts in our sales patterns across specialties. As health systems realigned to meet immediate needs during the pandemic we saw strong growth in the areas of critical care, patient monitoring and decontamination.

## Commercial & Clinical

Year ended 31 December	2020 €'000	2019 €'000	Reported	Growth Constant Currency
Revenue	269,780	204,031	32.2%	32.8%
Gross profit	92,193	76,754	20.1%	20.6%
Gross profit margin	34.2%	37.6%	(340)bps	

Focusing on innovation we signed new agencies who provide specialised equipment to carry out comprehensive decontamination of high-use clinical environments. Importantly this enabled Unipharm to assist our customers in identifying potential ways of reducing turnaround times and increasing the throughput of procedures and patients. We saw a strong return in the level of elective procedures being carried out in the second half of the year. With the pandemic still a focus we continue to monitor the situation in all our markets, ensuring we are well placed to provide ongoing solutions for both our manufacturer clients and healthcare customers.

Driving long-term success is a key focus for Unipharm, we continue to invest heavily in our people and our teams. We have made a number of additional appointments to our senior management teams across the UK and Europe to drive future growth. All teams leverage the central support services across HR, Finance, Quality and IT to deliver consistent operational excellence, while enabling local market expertise at a commercial level.

## Pharma

Our Pharma business unit provides insight-driven, multi-channel solutions for our pharmaceutical partners. Our approach enables our teams to engage with healthcare professionals in a manner which is effective in delivering clear, targeted information that helps all healthcare stakeholders.

In a regulated environment where face to face meetings have become more difficult, our Pharma business unit's digitally enabled, multi-channel account management teams have been able to add value for our clients and their targeted customers. With infrastructure, databases, and the ability to build specialist teams, our Pharma business experienced high organic gross profit growth in 2020. Success was driven by our teams' ability to renew contracts with existing clients and implement new business wins at pace. The growth of Pharma within the Commercial & Clinical division has resulted in a change in the overall divisional gross profit margin percentage. Over the last 12 months, Unipharm has built and deployed several multi-channel enabled teams across our targeted markets and continue to successfully offer existing pharmaceutical clients services across Ireland, the UK, Benelux and the Nordics.

The Covid-19 crisis has significantly accelerated the structural shift towards digitally enabled communications in the healthcare market. The acquisition of Diligent Health Solutions, with its enhanced call centre services, brings additional capabilities to our Commercial & Clinical division. Post-acquisition we have seen several cross-selling opportunities, with the additional skill sets of medical information and patient concierge services providing value to our partners. While US-based, our focus is to enable these service offerings across our Commercial & Clinical and Product Access targeted geographies.

New wins and a strong speciality focused business development pipeline demonstrate that Unipharm's fully integrated multi-channel enabled solution, underpinned by its expanded digital capabilities, is a differentiator and compelling alternative for speciality manufacturers.

## Outlook

The ability of the Commercial & Clinical division to continue to grow through the market disruption caused by the Covid-19 pandemic, shows strength inherent in Unipharm's offering. Expansion into Benelux and the Nordics has been successful and will continue to provide opportunities to grow our long-standing manufacturer partnerships into new geographies. In the medium-term, the Group is focused on identifying further Pharma and MedTech acquisitions to build out our growing platform, serving our clients across multiple geographies.

**Our Strategy**  
Read more on page 16



# Product Access

“ Achieving strong growth across the board this year, we continue to see our Product Access division deliver on its strategic potential as a driver of growth for the Group. ”



**Over the last 12 months, the business outperformed on expectations, returning 28.9% organic gross profit growth. Product Access has made significant progress towards the goal of becoming a leading player in the global managed access market.**

Providing unlicensed and speciality medicines to specific patients in specific markets around the world, both the On Demand and Exclusive Access business units performed ahead of expectations in 2020. The strength of this performance was driven by the successful integration of Durbin into the Group and the achievement of the synergies identified at the time of its acquisition in 2019. A combination of a highly skilled team, strong manufacturer relationships and digital infrastructure together with Durbin's global distribution capability has resulted in winning several key projects over the last 12 months.

The acquisition of healthcare technology company Innerstrength in March 2020, combined with the

enhanced call centre capabilities of Diligent Health Solutions, enhances Unipharm's ability to implement global patient-centric managed access programmes (MAPs). While the acquisition of RRD International, with its highly experienced clinical team, enables our organisation to design and run specific MAPs.

#### On Demand – extending global capabilities

The division's On Demand service, which provides access to unlicensed or difficult to source medicines continues to grow. Benefiting from the expertise of our global sourcing team and efficiencies delivered through our E-commerce platform, we are focused on meeting the growing global demand for unlicensed medicines.

The integration of Durbin further extends our reach and enables improved procurement and global sales network. The surge in requirements for certain medicines, brought about by the Covid-19 pandemic has resulted in increased activity in specific therapeutic areas.

#### Product Access

Year ended 31 December	Growth			
	2020 €'000	2019 €'000	Reported	Constant Currency
Revenue	187,505	132,245	41.8%	43.2%
Gross profit	30,423	17,199	76.9%	78.5%
Gross profit margin	16.2%	13.0%	320bps	

While this is positive from a business perspective, it is a situation we continue to monitor closely.

Durbin's specialism in complex and bespoke distribution has enabled Unipharm to meet the growing demand for the supply of medicines and medical devices to Non-Governmental Organisations (NGOs). Aligned with our sustainability objectives, we have increased focus on shaping the divisional capabilities to help meet patient needs, where supply chains can be complex and situations on the ground difficult. We have received positive support from our manufacturer clients and have negotiated several procurement contracts to deliver products directly from the manufacturer to NGOs.

#### Exclusive Access – patient-centric offering

During 2020, the Exclusive Access business achieved significant organic gross profit growth, contributing to the overall strong divisional performance. Continued growth is due to the large number of new programme wins over the last 18 months, with 15 new exclusive access programmes won in 2020. Increased scale has created several new business opportunities in specific therapeutic areas with key programmes being extended into new geographies. The impact of Covid-19 has resulted in the postponement of the reimbursement processes on certain products, extending programme durations beyond forecasted timelines.

Targeting primarily the post-licence, pre-reimbursement phase of the product lifecycle, the combination of Unipharm's long standing reputation with manufacturers and Durbin's global distribution capability has proved attractive to the manufacturers of speciality medicines. The integration of Innerstrength's web-based technology, which facilitates patient education and treatment adherence, has enhanced the development of the Group's new patient support portal 'uniphi'. Continued investment in our digital infrastructure helps manufacturers capture real world data to assist them with local reimbursement processes.

Long-term success in Exclusive Access will be achieved through our capacity to deliver services globally. The acquisition of Durbin provided Unipharm with the distribution capability to deliver to over 160 countries across the world. Our enhanced communication capability through the combined acquisition of Diligent Health Solutions and Innerstrength has allowed us to implement virtual interactions with healthcare stakeholders internationally, enabling Unipharm to deliver our patient-centric programmes for our manufacturer clients worldwide.

**Focused on providing unlicensed and speciality medicines to specific patients around the world, both the On Demand and Exclusive Access business units exceeded expectations in 2020.**

#### Outlook

We continue to build the platform supporting the growth of Product Access. With our recent acquisitions we have enhanced Unipharm's existing offering to manufacturer clients. With increased investment in place, supported by a strong management team, we see continued double-digit organic gross profit growth across the division.

**Our Strategy**  
Read more on page 16



# Supply Chain & Retail

“ A strong performance delivered in 2020, underlining Unipharm's essential role as a key part of the national health infrastructure. ”



**The Supply Chain & Retail division has had a strong year, despite the significant pressure put on the pharmaceutical supply chain, both in Ireland and globally, as a result of the Covid-19 pandemic.**

The normal patterns of demand were disrupted during the year, but despite this, the pharmaceutical supply chain from pre-wholesale through to wholesale and pharmacy remained robust, and Unipharm continued to fulfil its role as a key part of the national health infrastructure in Ireland.

Despite the pandemic, we continued to work on our strategic objectives around providing our retail pharmacy customers with additional services to support their profitability and moving with them towards a 'one-pipe supply'.

In Q4 2020, we acquired the Hickey's Pharmacy Group, one of the top five retail pharmacy brands in the Irish market. The acquisition brings to 346 the number of pharmacies owned, franchised, or supported by Unipharm, giving us real scale in the Irish market.

## Pre-Wholesale - delivers a strong performance

The Pre-Wholesale business delivered a strong performance again this year, despite the pressures of both Brexit and the Covid-19 pandemic.

The combination of our warehouse capacity and the efficiency of our supply chain operations enabled us to get product to customers and patients in even the most trying of conditions.

In the early stages of the pandemic, the Pre-Wholesale team supported our manufacturers to ensure continuity of supply of specific products identified for the treatment of Covid-19. We continue to support our manufacturers with their changing requirements as the pandemic landscape continues to evolve.

Brexit remained a significant factor as manufacturers finalised preparations for the end of the transition period on 31 December 2020 and the final withdrawal of the UK from the EU. In preparation, we supported our manufacturers requirement to hold additional stock to mitigate against any disruption of supply to customers and patients.

The collaborative planning of our team underpinned our effective response to these two unprecedented situations which has strengthened our relationships with our manufacturers and customers alike.

## Supply Chain & Retail

Year ended 31 December	Growth			
	2020 €'000	2019 €'000	Reported	Constant Currency
Revenue	<b>1,366,569</b>	1,329,007	2.8%	2.8%
Gross profit	<b>94,636</b>	86,649	9.2%	9.2%
Gross profit margin	<b>6.9%</b>	6.5%	40bps	

### Wholesale – solid performance in demanding conditions

The patterns of demand in 2020 were not typical, with many of the usual seasonal peaks and troughs made redundant by the impact of the Covid-19 virus. At the start of the pandemic there was a huge spike in demand as the public reacted to the first lockdown. For a period of three weeks, the number of products picked and packed everyday reached double the normal levels. Our warehouse teams worked around the clock to meet that demand and demonstrated just how robust our distribution operation is.

Our overriding aim throughout 2020 has been to keep our colleagues safe and ensure that we could continue to do the essential work of distributing medicines to every hospital and pharmacy in the country. All teams that can work from home have been doing so since mid-March 2020 and we expect this to continue. We continue to work closely with the HSE and other key stakeholders to secure national supply and maintain near normal service levels to hospitals and pharmacies.

Our strong operational performance during the pandemic has led to new business, as retail pharmacy customers recognise not just the value of our offering, but the reliability of our service. During the year, we invested c.€10m in a new large-scale distribution centre in Annacotty, Co. Limerick, which is due to come into operation in early 2021. When it is fully operational, it will give us an additional 30% capacity which will both ensure we have the headroom to continue to manage peaks of activity as well as allowing us scope for growth.

### Retail Pharmacy – delivering growth to our customers and partners

2020 has been an extremely challenging year for all retail pharmacies. As the most accessible source of health advice throughout the pandemic, retail pharmacy teams have done an exceptional job and have made significant changes to how they work to help manage the extra pressure. We have been working hard to support our community pharmacy customers and our own retail pharmacy network.

Our symbol group offering delivers significant value to our stakeholders and enables us to leverage our digital platforms, drive efficiency and deliver services through community pharmacies.

The emphasis on 2020 has been on supporting pharmacies to make the most of digital technology in their businesses. One of the side effects of the Covid-19 crisis has been an acceleration in the sector's adoption of digital technologies, with most GP surgeries moving to E-prescribing almost overnight and many customers moving from store to online shopping, retail pharmacies have had to adapt quickly.

Although our community pharmacy customers had the ability to order online for a number of years, we further enhanced this offering with a new upgraded version of Marketplace, which is our E-commerce hub that allows our community pharmacy customers to find the products they need at the best price available.

We have been working with our symbol group customers to develop and enhance the Life

and Allcare consumer websites and both brands have developed patient apps, which allow pharmacists to communicate with their patients and strengthen the clinical, as well as the commercial, link between customer/patient and their local Life or Allcare pharmacy.

The earnings accretive acquisition of the Hickey's Pharmacy Group further strengthens our vertical integration from manufacturer directly to consumers. A strategic acquisition for Unipharm, it provides a strong brand to complement our established Life and Allcare pharmacies, with successful stores in key suburban locations.

### Outlook

Looking forward, it is almost certain that some changes that occurred in the market as a result of Covid-19 will continue long after the pandemic is under control. A key focus for 2021 will be the integration of the Hickey's Pharmacy Group and the realisation of the synergies in the acquisition. We see the move to digital platforms increasing across the sector and we are continuing our investment in digital, both within our own business and in support of our symbol group and other customers. We expect further growth in own brand products and the consumer business, as our symbol and support membership grows. Our investment in our Limerick facility will give us a second hi-tech distribution centre in Ireland and provide the operational capacity to allow us to continue to grow market share across the division.

# Governance



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## Company Information

as at 31 December 2020

### Board of Directors

M. Pratt (Chairman)  
G. Rabbette (Chief Executive Officer)  
T. Dolphin (Chief Financial Officer)  
P. Dempsey (Chief Commercial Officer)  
J. Berkowitz  
P. Hogan  
M. McConn (Resigned 26 January 2021)  
G. Penny  
P. Staunton  
S. Webb

### Company Secretary and Registered Office

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

### Registered Number

224324

### Auditors

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

### Legal Adviser

William Fry  
2 Grand Canal Square  
Dublin 2  
D02 A342

### Nomad and Euronext Growth Advisor

Davy  
Davy House  
49 Dawson Street  
Dublin 2  
D02 PY05

### Registrar

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

### Principal Bankers

Bank of Ireland  
Allied Irish Banks  
Ulster Bank Ireland

### Brokers

Davy  
Davy House  
49 Dawson Street  
Dublin 2  
D02 PY05

RBC Capital Markets  
Thames Court  
One Queenhithe  
London  
EC4V 3DQ

Stifel Nicolaus Europe Limited  
150 Cheapside  
London  
EC2V 6ET

### Investor Relations

B. O'Shaughnessy  
Unipharm plc  
4045 Kingswood Road  
Citywest Business Park  
Co. Dublin  
D24 V06K

### Website

Further information on Unipharm plc is available on the Group's website: [www.unipharm.ie](http://www.unipharm.ie)

# Board of Directors

Directors' Report  
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 <p><b>Maurice Pratt</b> Non-Executive Chairman</p> <p><b>Nationality:</b> Irish <b>Appointed:</b> July 2003 <b>Independent:</b> No</p> <p><b>Committee Memberships:</b> Nominations &amp; Governance</p> <p><b>Experience:</b> Maurice was appointed Chairman in 2009, having joined the Board as a non-executive director in July 2003. Former Chief Executive Officer of Tesco Ireland Limited and C&amp;C plc, Maurice is currently Chairman of Barretstown, European Movement Ireland, Nursing Homes Ireland, Serious Fun Children's Network and B&amp;B Ireland.</p> <p><b>Principal Skills:</b> Leadership, Strategy, International Markets, Sustainability and Governance</p>	 <p><b>Ger Rabbette</b> Chief Executive Officer</p> <p><b>Nationality:</b> Irish <b>Appointed:</b> March 2010 <b>Independent:</b> No</p> <p><b>Committee Memberships:</b> Nominations &amp; Governance</p> <p><b>Experience:</b> An industry veteran, Ger joined Unipharm from Celsio, where he was Managing Director of Movianto Ireland and Head of Celsio Manufacturing Solutions Ireland. Ger is a Chartered Accountant by training and has held a range of senior positions in the healthcare sector with Cahill May Roberts and the wider Celsio Group.</p> <p><b>Principal Skills:</b> Industry, Leadership, Strategy, Finance, International Markets, Sustainability and Governance, M&amp;A</p>	 <p><b>Sue Webb</b> Non-Executive Director</p> <p><b>Nationality:</b> English <b>Appointed:</b> June 2019 <b>Independent:</b> Yes</p> <p><b>Committee Memberships:</b> Audit, Risk &amp; Compliance Remuneration</p> <p><b>Experience:</b> Sue held a variety of sales and marketing roles for Novartis Pharmaceuticals, UK, Limited, including Country President, UK &amp; Region Head of Country Management, Europe. Previously, Sue worked for Ortho McNeil in the US and Janssen-Cilag in the UK, gaining significant experience in pricing, strategy, country re-organisation and pharmaceutical product launches.</p> <p><b>Principal Skills:</b> Industry, Leadership, Strategy, International Markets, M&amp;A</p>	 <p><b>Jim Gaul</b> Non-Executive Director</p> <p><b>Nationality:</b> Irish <b>Appointed:</b> January 2021 <b>Independent:</b> Yes</p> <p><b>Committee Memberships:</b> Audit, Risk &amp; Compliance Nominations &amp; Governance</p> <p><b>Experience:</b> Jim is a Certified Public Accountant and former Chief Financial Officer of Sanofi Ireland &amp; Mount Carmel Private Hospital. He has a strong track record in financial management and global healthcare and is a former director of Carraig Insurance and Valeant Pharmaceuticals Ireland. He is currently a non-executive director of a number of OPKO Health subsidiaries.</p> <p><b>Principal Skills:</b> Industry, Leadership, Strategy, Finance, International Markets, Sustainability and Governance</p>
 <p><b>Tim Dolphin</b> Chief Financial Officer</p> <p><b>Nationality:</b> Irish <b>Appointed:</b> July 2010 <b>Independent:</b> No</p> <p><b>Experience:</b> Tim joined Unipharm from Topaz Energy Limited where he was a member of the senior management team. Prior to this, Tim held various senior finance positions with Royal Dutch Shell plc in Ireland. He is a Chartered Accountant by training and is a director of the Pharmaceutical Distributors Federation Ireland CLG.</p> <p><b>Principal Skills:</b> Industry, Leadership, Strategy, Finance, Legal &amp; Regulatory, International Markets, M&amp;A</p>	 <p><b>Padraig Dempsey</b> Chief Commercial Officer</p> <p><b>Nationality:</b> Irish <b>Appointed:</b> March 2017 <b>Independent:</b> No</p> <p><b>Experience:</b> Padraig joined Unipharm in 2014 from UDG Healthcare plc where he held a number of senior management positions. He is the Chief Commercial Officer of the Group and was appointed to the Board in March 2017. A business and legal graduate, Padraig has significant senior management experience in the healthcare sector.</p> <p><b>Principal Skills:</b> Industry, Leadership, Strategy, Legal &amp; Regulatory, International Markets, M&amp;A</p>	 <p><b>Liz Hector</b> Non-Executive Director</p> <p><b>Nationality:</b> Irish <b>Appointed:</b> January 2021 <b>Independent:</b> Yes</p> <p><b>Committee Memberships:</b> Audit, Risk &amp; Compliance</p> <p><b>Experience:</b> Liz is a qualified pharmacist and former president of the Irish Pharmacy Union (IPU). With over thirty years' of pharmaceutical experience, and over twenty years' experience in advocacy and negotiation at both political and administrative levels of Government on behalf of the pharmacy profession, Liz has developed an in-depth understanding of the Irish, European and International Healthcare Systems.</p> <p><b>Principal Skills:</b> Industry, Leadership, Legal &amp; Regulatory, Sustainability and Governance</p>	 <p><b>Ger Penny</b> Non-Executive Director</p> <p><b>Nationality:</b> Irish <b>Appointed:</b> August 2018 <b>Independent:</b> No</p> <p><b>Experience:</b> Ger is the Chief Financial Officer of the Sisk Group, where he leads the finance and IT functions. He is also Chairman of Sisk's non-construction businesses and has recently been appointed as a director of the Irish Cancer Society. A qualified accountant and chartered director, Ger spent 12 years with Diageo plc., where he held a number of senior finance, strategy and operational roles.</p> <p><b>Principal Skills:</b> Industry, Leadership, Strategy, Finance, Sustainability and Governance</p>
 <p><b>Paul Hogan</b> Non-Executive Director</p> <p><b>Nationality:</b> Irish/American <b>Appointed:</b> June 2019 <b>Independent:</b> Yes</p> <p><b>Committee Memberships:</b> Audit, Risk &amp; Compliance Nominations &amp; Governance</p> <p><b>Experience:</b> Paul was the Chief Financial Officer at Nelipak Healthcare until early 2020, a specialist healthcare packaging business in Rhode Island, US. Paul was previously Director of Development and Chief Financial Officer of the Clondalkin Group. He trained in Audit and Business Advisory in PwC and is a Chartered Accountant by training.</p> <p><b>Principal Skills:</b> Industry, Leadership, Strategy, Finance, International Markets, M&amp;A</p>	 <p><b>Jeff Berkowitz</b> Non-Executive Director</p> <p><b>Nationality:</b> American <b>Appointed:</b> September 2020 <b>Independent:</b> Yes</p> <p><b>Committee Memberships:</b> Nominations &amp; Governance Remuneration</p> <p><b>Experience:</b> Jeff has extensive global healthcare experience, having held senior executive positions at UnitedHealth Group-Optum, Walgreens Boots Alliance Inc. and Merck &amp; Co Inc. Jeff is CEO of Real Endpoints LLC, and serves on the board of directors of H. Lundbeck A/S, Esperion Therapeutics, Inc., and Zealand Pharmaceuticals, Inc.</p> <p><b>Principal Skills:</b> Industry, Leadership, Strategy, Legal &amp; Regulatory, International Markets, Sustainability and Governance, M&amp;A</p>	 <p><b>Padraig Staunton</b> Non-Executive Director</p> <p><b>Nationality:</b> Irish <b>Appointed:</b> September 2009 <b>Independent:</b> No</p> <p><b>Experience:</b> Padraig is a retired community pharmacist having run his own community pharmacy for 35 years. He has been actively involved on many pharmacy industry committees and has served on the Council of the Pharmaceutical Society of Ireland. He also has a keen interest in the environment, climate change, as well as community and social issues and brings this perspective to Board discussions.</p> <p><b>Principal Skills:</b> Industry, Leadership, Sustainability and Governance Legal &amp; Regulatory</p>	 <p><b>Aisling McCarthy</b> General Counsel &amp; Company Secretary</p> <p><b>Nationality:</b> Irish <b>Appointed:</b> May 2019</p> <p><b>Experience:</b> Aisling joined Unipharm in May 2019 from William Fry where she spent 12 years specialising in corporate M&amp;A transactions and restructurings. She is responsible for the Group's legal, company secretarial, risk and compliance functions and also Chairs the Group's Sustainability Council.</p>

# Corporate Governance Report

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

The Company adopted the QCA Code of Corporate Governance in June 2019 in advance of the IPO. The QCA Code has become a widely recognised benchmark for corporate governance of small and mid-sized companies, particularly companies admitted to trading on AIM and Euronext Growth. The QCA Code provides the Company

with the framework to ensure that a strong level of governance is maintained, as part of building a successful and sustainable business for all of its stakeholders. It is the Board's intention to continue to enhance its corporate governance framework and transition to compliance with the UK Code.

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

During 2020 and early 2021, the Board made significant progress in achieving its target of UK Code compliance.

- » The appointment of Jeff Berkowitz, Jim Gaul and Liz Hooton saw a further increase in independence on the Board bringing the total number of independent Non-Executive Directors to five.
- » The resignation of John Holly, Mark Moran and Marie McConn, each of whom were deemed not to be independent by the Board, also increased the proportion of independent representation on the Board.
- » Changes to Board Committee compositions bringing all Committee compositions in line with UK Code recommendations.
- » Extensive changes to the remuneration policy for Executive Directors in line with the recommendations of the UK Code, to include bonus deferral, pension alignment with wider workforce, introduction of minimum shareholding requirements and post-employment shareholding requirements as well as a formal clawback policy on annual bonus.
- » Expanded the remit of the Nominations Committee to the Nominations and Governance Committee.
- » Appointment of Jim Gaul as designated Non-Executive Director responsible for workforce engagement.

It is the Board's intention to continue to enhance its corporate governance framework and transition to compliance with the UK code



### Corporate Governance Statement

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

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

### Board of Directors

At the date of signing, the board comprises of 11 Directors, three of whom are Executive Directors and eight of whom, including the Chairman, are Non-Executive Directors, reflecting a blend of different experience and backgrounds. Of the Non-Executive Directors, five of these have been deemed by the Board to be independent. Biographies of

all of the Directors are set out on pages 60 to 61.

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

### Division of Responsibilities

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

The roles of Chairman and Chief Executive Officer are not combined and there is a clear division of responsibilities between them. The Chairman's responsibility is

to lead the Board and this ensures that the Board is effective and efficient. The Chief Executive Officer is accountable to the Board for all authority delegated to the Executive team.

### Chairman

The Chairman has overall responsibility for corporate governance throughout the Group. He leads and chairs the Board, ensuring that Committees are properly structured and operate with the appropriate terms of reference. He ensures that all

Directors contribute effectively in the development of the Group's strategy and consider the inherent risk included in the implementation of the chosen strategy. The Chairman is involved in the development of strategy, and setting objectives together with the Chief Executive Officer and oversees communication between the Company and its shareholders.

### Chief Executive Officer

The Chief Executive Officer provides leadership and management of the Group, leads the development of objectives, strategies and performance standards as agreed by the Board.

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

**Directors Report**  
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He monitors, reviews and manages key risks and strategies with the Board, and ensures that the assets of the Group are maintained and safeguarded. He also takes a leading role on investor relations activities to ensure communications and the Company's standing with shareholders and financial institutions is maintained. The Board has delegated responsibility for the management of the Group, through the Chief Executive Officer, to the Executive team.

### Non-Executive Directors

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

### Company Secretary

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

**Senior Independent Director**  
In September 2020, Paul Hogan took over as Senior Independent Director from Heather Ann McSharry. This role provides a sounding board for the Chairman and serves as an intermediary for the other Directors when necessary. The Senior Independent Director is also available to shareholders if they have concerns.

### Committees

The Board is supported in its function by the Audit, Risk and Compliance Committee, the Nominations and Governance Committee and the Remuneration Committee and reports from each of these Committees are contained on pages 71 to 94.

### Schedule of Matters Reserved for the Board

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

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

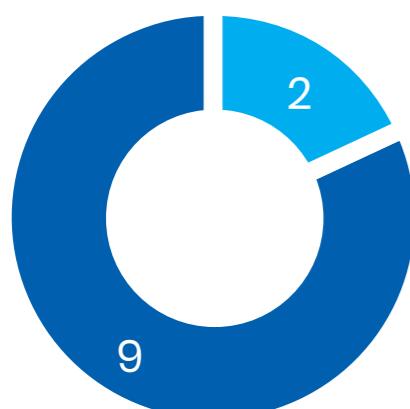
- » responsibility for the overall leadership of the Group and setting the Group's values and standards;
- » approval of the Group's purpose, strategic aims and objectives;

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

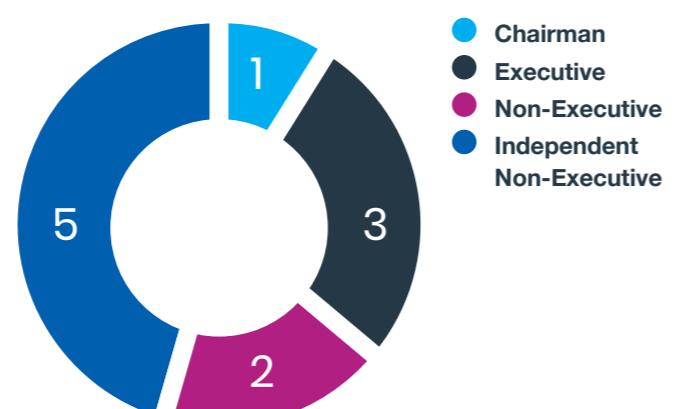
### Appointment of Directors

The Board has a formal Board Appointments Policy in place which sets out the procedure and criteria to be applied when considering the appointment of new individuals to the Board.

## Board Diversity



## Board Composition



## Corporate Governance Report continued

As part of this procedure, the Nominations and Governance Committee evaluate the balance of skills, experience, independence, diversity and knowledge currently on the Board and the formal Board evaluation procedure referred to below facilitates this assessment.

During 2020, in line with the Board Appointments Policy, the Board engaged the services of external consultants to assist with the search for additional Independent Non-Executive Directors for the Board. The skills of each of our directors are highlighted in the director biographies on pages 60 to 61.

**Re-election of Directors**  
The Articles provide that at least one third of the Company's Directors must retire annually by rotation and are then eligible for re-election in accordance with the Articles. Directors appointed to the Board during a year must submit themselves to shareholders for election at the AGM following their appointment. The Board has determined that when a Non-Executive Director has served on the Board for more than nine years, that Director will be subject to annual re-election.

The Board is cognisant that while our Chairman is the longest serving member of our Board, the UK Code allows some flexibility in relation to Chair tenure to facilitate effective succession planning and the development of a diverse board. The Board is also cognisant of the significant change to Board and Committee composition over the past 18 months. The Board believe Maurice Pratt, as Chairman has been instrumental in maintaining a sense of stability and continuity through this period of change and believe that he is best placed to continue to steer the Board through these transitional times.

### Induction, development and training

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

The Company Secretary also helps keep the Board up to date on corporate governance developments and liaises with the Nominated Adviser and Euronext Growth Adviser on areas of AIM and Euronext Growth Rules requirements.

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

In 2019, the Board engaged external advisers to carry out an independent review of the Board structure and composition. This detailed review focused on the skills and experience of each Board member and identified areas where additional experience and diversity would be appropriate to enhance the collective Board composition. During 2020, the Board continued to build on the succession planning and skills analysis work carried out in 2019 to ensure that new appointments to the Board not only contributed to the independence and diversity of the Board but also continued to enhance the skillset of the Board as a whole.

### Board Evaluation

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

In addition, during 2020 the Board engaged external experts including legal advisers, accountants, Nominated Adviser and Euronext Growth Adviser and brokers in accordance with the normal legal and financial processes associated with being a company trading on AIM and Euronext Growth.

In line with best practice, the Board intends to carry out a separate external evaluation of the Board at least once in every three years.

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

The annual performance evaluation procedure includes an evaluation of:

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

In January 2020, six months post-IPO, and following the implementation of new Board reporting formats, the Board conducted a short-form evaluation of its performance since IPO to ensure that the progress made in the period prior to and since IPO was being monitored. In November 2020, the Board conducted a full Board evaluation in line with the Annual Performance Evaluation Procedure, including individual director self-assessments led by the Chair.

The Non-Executive Directors also met with the Chair during 2020 without Executive Directors present and discussed a wide range of issues including those considered by the various standing Board Committees. In addition, the Non-Executive Directors, led by Paul Hogan as Senior Independent Director, met without the Chair present in November 2020, to review the performance of the Chair.

### Board succession planning

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

During 2020 and early 2021, the Board made significant progress in implementing the Board's succession plan. Changes included the appointment of Jeff Berkowitz, Jim Gaul and Liz Hoctor as Independent Non-Executive Directors, further enhancing the independent representation on the Board and the resignation of John Holly, Mark Moran and Marie McConn, each of whom were deemed by the Board not to meet the UK Code's independence criteria.

### Attendance at Board and Board Committee meetings in 2020

Director	Board	Audit, Risk and Compliance Committee	Nominations and Governance Committee	Remuneration Committee				
Director	A	B	A	B	A	B	A	B
<b>M. Pratt</b>	13	13	-	-	2	2	2	2
<b>G. Rabvette</b>	13	13	-	-	1	1	-	-
<b>T. Dolphin</b>	13	13	-	-	-	-	-	-
<b>P. Dempsey</b>	13	13	-	-	-	-	-	-
<b>H. McSharry</b>	11	11	-	-	1	1	-	-
<b>P. Hogan</b>	13	13	7	7	1	1	-	-
<b>J. Holly</b>	7	7	2	2	-	-	-	-
<b>M. McConn</b>	13	10	-	-	2	2	-	-
<b>M. Moran</b>	11	10	-	-	1	1	-	-
<b>G. Penny</b>	13	12	7	7	-	-	-	-
<b>P. Staunton</b>	13	13	-	-	-	-	2	2
<b>S. Webb</b>	13	12	2	2	-	-	2	2
<b>J. Berkowitz</b>	1	1	-	-	1	1	-	-

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

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

## Corporate Governance Report continued

These changes, coupled with consequent changes to the Board's Committees, are a further step towards ensuring that the Board is well placed to meet its commitment of compliance with the UK Code.

### Independence

During 2020, the Board engaged the services of independent consultants to undertake a search for additional Independent Non-Executive Director candidates to further enhance independence on the Board.

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

### Time Commitment

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

There were 13 formal meetings of the Board during 2020. Details of Directors' attendance at those meetings are set out on page 67. The Chairman sets the agenda for each meeting, in consultation with the Chief Executive Officer and the Company Secretary. Board papers are circulated to Directors in advance of meetings.

During 2020, John Holly, Mark Moran and Heather Ann McSharry each stepped down from the Board. In September 2020, Jeff Berkowitz was appointed to the Board.

### Board Committees

The Board has three permanent Committees to assist in the execution of its responsibilities. These are the Audit, Risk and Compliance Committee, the Nominations and Governance Committee and the Remuneration Committee. Ad hoc committees are formed from time to time to deal with specific matters, for example, during 2020 the Board constituted a sub-committee to consider the implications of the CREST settlement system migration on the Company and the convening of the EGM in relation thereto.

Each of the permanent Committees has terms of reference under which authority is delegated to them by the Board and a copy of the terms of reference of each Committee are available on the Company's website, [www.uniphar.ie](http://www.uniphar.ie). The Chair of each Committee reports to the Board on its deliberations, attends the AGM and is available to answer questions from shareholders.

A number of changes were made to the composition of the Committees during 2020 and early 2021 to ensure compliance with the corporate governance standards. The current membership of each Committee, details of attendance, each member's tenure, and the roles and responsibilities of each Committee are set out in the individual Committee reports on pages 71 to 94.

### Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee consists of four Non-Executive Directors: Paul Hogan, Sue Webb, Jim Gaul and Liz Hoctor. Paul Hogan is Chair of this Committee and is considered by the Board to be independent. Paul Hogan and Jim Gaul also have extensive financial experience and expertise. It can be seen from the Directors' biographical details appearing on pages 60 to 61 that the members of the Committee bring to it a wide range

of experience and expertise. The Committee met seven times during 2020. The Chief Financial Officer, and senior members of the Group Finance team, normally attend meetings of the Committee while the Chief Executive Officer attends when necessary. The external auditors attend as required and have direct access to the Committee Chair at all times. During the year, the Committee met with the external auditors without management being present.

### Nominations and Governance Committee

The Nominations and Governance Committee consists of the Chairman, the Chief Executive Officer and three Non-Executive Directors: Jeff Berkowitz, Paul Hogan and Jim Gaul. Jeff Berkowitz is Chair of this Committee and is considered by the Board to be independent. The Committee assists the Board in ensuring that the composition of the Board and its Committees is appropriate to the needs of the Group.

During 2020, the terms of reference of this Committee were expanded to include general governance matters and the Committee was renamed as the Nominations and Governance Committee.

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

### Remuneration Committee

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

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

### Communications with Shareholders

The Board recognises that understanding and meeting shareholder needs and expectations is a key business objective. Therefore, the Company has established a framework for stakeholder engagement which identifies the key stakeholders of

the Group (including shareholders), sets out mechanisms for engaging and communicating with them and details key responsibilities.

The Board are committed to engaging with the international financial community and shareholders on a regular basis. A dedicated investor relations

function is in place, focused on continuing to increase awareness of Uniphar across the international financial community. During 2020, the Company conducted more than 200 meetings and conferences calls across 133 existing and prospective investors. A summary of key conferences is included below (not exhaustive):

Date	Activity
January 2020	Davy Investor Conference, New York & Boston
March 2020	2019 Preliminary Results & Roadshow (virtual)
May 2020	AGM (virtual)
May 2020	Stifel Roadshow (virtual)
May 2020	Hauck & Aufhauser Roadshow (virtual)
September 2020	Interim Results & Roadshow (virtual)
September 2020	Hauck & Aufhauser "Stock Pickers" Conference (virtual)
October 2020	Berenberg Conference & Fireside Chat (virtual)
November 2020	Goodbody Conference (virtual)
November 2020	Jefferies Conference (virtual)

The Group's focus on investor relations and the growing interest from equity market participants is evidenced via the growing pool of independent equity analysts providing research coverage on the Group. Engaging with the analyst community is a key part of how Uniphar communicates with the capital markets. During the year, Uniphar carried out over 30 calls with analysts providing market updates and ongoing company education while also supporting the initiation of three new equity analysts. Five independent research analysts now provide equity research on the Group.

Additionally, shareholders are kept up to date on matters of a material substance and/or a regulatory nature, including M&A activity where relevant, via announcements made through the regulatory news service. On a day-to-day basis, the Group welcomes ad-hoc queries directly via telephone, post or email and up to date details and a host of shareholder tools are available on the Group's website, [www.uniphar.ie](http://www.uniphar.ie).

The investment community is increasingly interested in the Group's Environmental, Social and Governance initiatives, a summary of which can be found in the Group's Sustainability and Governance Report on pages 34 to 46.

The Group has an investor relations policy in place to:

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

The Board is kept up to date with the views of the shareholders through regular updates from the investor relations team following engagement with shareholders. The Board also receives briefings from the Group's brokers on topics such as market

perception, investor feedback, the development of our share register as well as regulatory topics.

The Board views the Annual Report as well as its interim results as key communication channels through which progress in meeting the Group's objectives and updating its strategic targets can be given to all shareholders.

The Company's AGM is an opportunity for shareholders to meet with the Chairman and other members of the Board. The meeting is open to all shareholders, giving them the opportunity to ask questions and raise issues during the meeting or more informally following the meeting. The results of the Company's AGM are announced via the regulatory news service. Whilst restrictions in relation to Covid-19 in 2020 meant that the Company's AGM could not take place in person, the AGM was held via conference call and shareholders were given the opportunity to vote and raise questions in advance.

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

In January 2021, the Company also issued notice to its shareholders of an EGM which took place in February 2021 to approve the migration of the Company's securities from CREST to Euroclear Bank Belgium. Due to Covid-19 restrictions, attendance at that meeting was limited to those required to make up the quorum necessary to pass the resolutions. Shareholders were encouraged to vote by proxy and raise questions in advance of the meeting. Like the 2020 AGM, the February EGM was held via a conference call facility which provided shareholders with an opportunity to listen to the events of the meeting. The migration of the Company's securities to Euroclear Bank Belgium was approved at the EGM and has a number of consequences for shareholders. A full explanation of the migration process and its implications for shareholders are contained in the circular issued with the Notice of EGM which can be found on the Company's website at [www.uniphar.ie](http://www.uniphar.ie).

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

#### Workforce Engagement

In January 2021, Jim Gaul was appointed to the Board as our designated Non-Executive Director responsible for workforce engagement. We believe that having a designated workforce engagement role at Board level, coupled with the appointment of Lorraine Kenny, our new Chief People Officer, marks an era of more formal engagement with our workforce and increased representation of the views of our workforce at senior management and Board level.

#### Internal control and risk management

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

The Group's Risk Management Policy is designed to provide the framework to identify, assess, monitor and manage the risks associated with the Group's business. During 2020, the Group conducted an extensive review of the Group's Risk Register including a bottom-up reporting exercise to ensure that the Group

Risk Register accurately reflects all material risks across all areas of the Group's business. Further details in relation to the Group's risk management framework are set out on pages 24 to 32.

#### Culture

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

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

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

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

The appointment of Lorraine Kenny, a highly experienced HR professional, to the role of Chief People Officer is a significant step in driving the focus on culture across our continuously growing Group.

# Audit, Risk & Compliance Committee Report



“ As chairman of the Audit, Risk and Compliance Committee, I am pleased to present the report for the Committee for the year ended 31 December 2020. ”

#### Membership

The members of the Committee are set out in the table below, along with the date of each members' appointment, and details of their attendance at Committee meetings during the year. During 2020, John Holly retired from the Board and the Committee and Sue Webb was appointed to the Committee. In January 2021, on their appointment to the Board, Jim Gaul and Liz Hoctor were both appointed to the Committee and Ger Penny resigned from the Committee. The Committee member's biographies are set out on pages 60 to 61.

The Committee is appointed by the Board and the terms of reference of the Committee state that the composition should comprise of a

minimum of three Independent Non-Executive Directors, to the extent possible. Following changes to the composition of the Committee in January 2021, the Committee now consists of four Independent Non-Executive Directors and therefore meets this independence criteria. The members of the Committee bring to it a wide range of experience and expertise including, in the case of Paul Hogan and Jim Gaul, significant financial experience and knowledge of financial reporting principles.

#### Role of the Committee

The Committee is responsible for ensuring that the financial performance of the Group is accurately reported.

The Committee's role includes:

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

A copy of the terms of reference of the Committee is available on the Group's website, [www.uniphar.ie](http://www.uniphar.ie).

Committee Member	Position	Appointed	Resignation	Attendance
Paul Hogan	Committee Chair (Independent)	June 2019	N/A	7 / 7
Sue Webb	Independent Non-Executive Director	Sept 2020	N/A	2 / 2
Ger Penny	Non-Executive Director	June 2019	Jan 2021	7 / 7
John Holly	Non-Executive Director	Sept 2010	May 2020	2 / 2
Jim Gaul*	Independent Non-Executive Director	Jan 2021	N/A	0/0
Liz Hoctor*	Independent Non-Executive Director	Jan 2021	N/A	0/0

\*Jim Gaul and Liz Hoctor were appointed to the Committee after the end of the relevant reporting year.

## Audit, Risk & Compliance Report continued

### **Audit, Risk and Compliance Committee Activities**

#### **Financial reporting**

Review of the annual and interim reports and related statements

Consider accounting policies and the impact of new accounting standards

Review of the Annual Report, and confirm if it is fair, balanced and understandable

Consider key audit and accounting issues and judgements

Review principal risks and uncertainties

Review goodwill impairment assessments

Review the accounting for significant acquisitions

Approve going concern and viability statements

#### **Governance**

Corporate governance update

Risk management review

Directors' Compliance Statement policy and procedures

#### **Internal audit and risk management controls**

Approve and review the internal audit plan and resources

Review of internal audit reports and monitor progress on open actions

Assessment of the principal risks and effectiveness of internal control systems

#### **External auditors**

Review the independence, objectivity, performance and effectiveness

Approval of the audit engagement letter and audit fees

Approval of the audit plan and identification of significant risks

### **Meetings of the Committee**

The Committee met seven times during 2020. The Chief Financial Officer and senior members of the Group Finance team attend meetings of the Committee while the Chief Executive Officer attends when necessary. The external auditors attend as required and have direct access to the Committee Chair at all times.

During the year, the Committee met with the external auditors without management being present.

### **Financial Reporting and Key Areas of Focus**

The Committee has an important oversight role in providing the Board with assurance as to the propriety of the financial reporting process. As part of this role, the Committee considers significant

accounting policies and any changes made to them together with material judgements and estimates. During the year, the Committee reviewed the clarity and integrity of the disclosures in the financial statements and completed an in-depth review of the goodwill impairment assessment, going concern assessment and acquisition accounting. These reviews included discussions with both senior management and the external auditor.

The Committee reviewed the Annual Report and confirmed to the Board that, in its view, it was fair, balanced and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

### **Goodwill Impairment Assessment**

The Committee considered the carrying value of goodwill in the 2020 financial statements together with the recoverability of the carrying value through future cash flows. For the purposes of its annual impairment testing process, the Group assesses the recoverable amount of each of the Group's cash generating units (CGUs) based on the calculation of the value-in-use. The Committee reviewed the goodwill impairment methodology and specifically assessed the key assumptions used to estimate the recoverable amount of each CGU, including future cash flows and discount rates applied in the calculation of the value in use, along with the sensitivity analysis performed.

The Committee found the methodology to be robust and the results of the assessment, together with the disclosures in note 10, to be appropriate. The goodwill impairment test was of particular focus by the external auditors who provided a detailed assessment of their analysis to the Committee.

### **Acquisition Accounting**

During 2020, the Group completed four acquisitions with a strong strategic fit and also the acquisition of two independent community pharmacies. For each of these acquisitions, the Committee discussed with management and the external auditors the accounting treatment of the consideration paid, the costs incurred for each transaction and the related judgements. The Committee is satisfied that the accounting treatment is appropriate.

### **Going Concern Assessment**

As part of the process of preparing the Going Concern Statement, a thorough review is carried out on the Group's forecasts, projections and available banking facilities, taking account of possible changes in trading performance and the principal risks and uncertainties facing the Group. The Committee reviewed the going concern assessment and are satisfied that the results are appropriate.

### **Risk Management**

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

During the year, the Committee reviewed the process followed by the Group to identify and manage risk and to determine the principal risks faced by the Group. The Committee is satisfied that the risk management process is robust. Further details on the Group's risk

management are contained on pages 24 to 32.

### **Internal Audit**

The Committee is responsible for monitoring and reviewing the operation and effectiveness of the Internal Audit function including its focus, plans, activities and resources.

The Committee reviewed and approved the internal audit plan for the year having considered the adequacy of the team's size and expertise within the function. During the year, the Committee received regular reports from the Head of Internal Audit summarising findings from the work of Internal Audit and the responses from management to address these findings. The Committee monitors progress on the implementation of the action plans on significant findings to ensure these are completed satisfactorily.

### **External Auditor**

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

### **Independence and Objectivity of External Auditor**

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

The Committee has determined that for taxation services which are permissible under the relevant auditor independence rules that such services may be procured by the Group from our auditors. The Committee has also determined that the auditor, subject to appropriate safeguards on their independence, may be engaged to provide permitted financial due diligence services.

During 2020, as presented in the financial statements, the level of non-audit fees received by PwC was €1.2m. The non-audit services performed by PwC during the year largely related to advisory work in connection with due diligence and tax advice on acquisitions completed during the year.

The Committee performed a review of the audit and non-audit services provided by the external auditor and the fees charged for those services in respect of the year ended 31 December 2020. Following this review and the confirmation in writing received from the Group's external auditor re-affirming its independence and objectivity, the Committee is satisfied as to PwC's independence and objectivity.

As a listed entity, the external auditor is required to rotate the audit partner responsible for the Group audit every five years.

The current audit partner has completed his first year, following the rotation of the previous audit partner who had completed a full term.

### **Effectiveness**

The Committee is also responsible for assessing the effectiveness of the external audit process and for communicating the results of this assessment to the Board. In doing so the Audit, Risk and Compliance Committee considers the quality of service, the quality of the reports produced by the external auditor, feedback from the finance team and meetings held with the external auditor.

The external audit plan for the year ended 31 December 2020 was presented by PwC to the Committee at its meeting in October 2020. The Committee reviewed and appropriately challenged the external auditor before agreeing the proposed audit scope and approach. PwC subsequently presented a detailed report of their audit findings to the Committee at its meeting in February 2021.

The Committee has an important oversight role in providing the Board with assurance as to the propriety of the financial reporting process

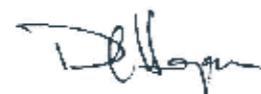
Independent  
Auditors' Report  
Read more on page 104

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

#### Areas of Focus for 2021

Looking ahead to 2021, the Committee will continue to provide oversight on areas of key judgements, in addition to focusing on the financial reporting process, internal controls and risk management.

On behalf of the Committee



**Paul Hogan**  
Chair of the Audit, Risk and  
Compliance Committee

## Nominations & Governance Committee Report



On behalf of the Committee I am pleased to present the report of the Committee for the year ended 31 December 2020, which provides a summary of the Committee's role and responsibilities, and how the Committee discharged these during 2020.”

I succeeded Heather Ann McSharry as Chair of the Nominations and Governance Committee on my appointment to the Board in September 2020.

#### Membership

The members of the Committee are set out in the table on page 76, along with the date of appointment of each member and details of

their attendance at Committee meetings during the year.

2020 and early 2021 saw significant change to the composition of the Committee. In September 2020, Mark Moran and Heather Ann McSharry stepped down from the Board and I was appointed to the Board and as Chair of the Committee.

At that time Ger Rabbette and Paul Hogan were also appointed to the Committee. In January 2021, Jim Gaul was appointed to the Committee on his appointment to the Board and Marie McConn resigned from the Committee on her resignation from the Board. Biographies of each Committee member are set out on pages 60 and 61.

During 2020 and early 2021, the Committee recommended and the Board approved a number of significant changes to further enhance the corporate governance framework of the Group:

- » The appointment of Jeff Berkowitz, Jim Gaul and Liz Hector bringing the total number of Independent Non-Executive Directors to five.
- » Changes to Board Committee compositions bringing all Committee compositions in line with UK Code recommendations.
- » Expanded the remit of the Nominations Committee to the Nominations and Governance Committee.
- » Designation of Jim Gaul as Non-Executive Director responsible for workforce engagement.

## Nominations & Governance Committee Report continued

Committee Member	Position	Appointed	Resignation	Attendance
<b>Jeff Berkowitz</b>	Committee Chair (Independent)	Sept 2020	N/A	1/1
<b>Maurice Pratt</b>	Non-Executive Chairman	Oct 2009	N/A	2/2
<b>Ger Rabbette</b>	Chief Executive Officer	Sept 2020	N/A	1/1
<b>Paul Hogan</b>	Independent Non-Executive Director	Sept 2020	N/A	1/1
<b>Marie McConn</b>	Non-Executive Director	Oct 2009	Jan 2021	2/2
<b>Heather Ann McSharry</b>	Committee Chair (Independent)	June 2019	Sept 2020	1/1
<b>Mark Moran</b>	Non-Executive Director	May 2019	Sept 2020	1/1
<b>Jim Gaul</b>	Independent Non-Executive Director	Jan 2021	N/A	0/0*

\* Jim Gaul was appointed to the Committee following the end of the reporting period.

The Committee is appointed by the Board and the terms of reference of the Committee state that the composition should comprise of a minimum of three Directors, the majority of whom must be Independent Non-Executive Directors. Changes made to the composition of this Committee during 2020 and early 2021 mean that this Committee now comprises a majority of Independent Non-Executive Directors.

Each appointment to the Committee is for a term of up to three years, which may be extended by up to two further three-year terms, provided the Director in question continues to meet the criteria for membership of the Committee. The terms of reference of this Committee also provide that the Chairperson of the Board shall be a member of this Committee and as such, Maurice Pratt continues his position on this Committee notwithstanding he has exceeded three consecutive terms.

Under the terms of reference, the Chair of the Committee may be either the Chair of the Board or another Independent Non-Executive Director. Following my appointment to the Board in September 2020, I was pleased to be appointed as Chair of the Committee.

### Role of the Committee

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

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

In January 2021, the terms of reference of the Committee were expanded to include oversight of general governance matters and the Committee was renamed as the Nominations and Governance Committee.

A copy of the terms of reference of the Committee is available on the Group's website, [www.uniphar.ie](http://www.uniphar.ie).

### Meetings of the Committee

The Committee met twice during 2020. The principal matters dealt

with by the Committee included the following:

- » Board succession and retirement by rotation;
- » evaluation of potential Independent Non-Executive candidates;
- » recommendation of the new Independent Non-Executive Directors for appointment to the Board and Committees;
- » resignations of the outgoing Directors;
- » composition of the Committees;
- » review of Board policies to enhance Board governance, including appointments, induction and evaluation; and
- » review of terms of reference of the Committee with a view to expanding its remit to cover governance matters.

### Board and Committee Composition

#### Elections and re-elections at AGM

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

Directors seeking re-election are subject to a performance appraisal which is overseen by the Committee.

Directors appointed to the Board during a year must submit themselves to shareholders for election at the Annual General Meeting following their appointment.

The Board has determined that when a Non-Executive Director has served on the Board for more than nine years, that Director will be subject to annual re-election.

At the Company's AGM on 26 May 2020, Maurice Pratt, Ger Rabbette and Ger Penny were re-elected by the shareholders in line with the Company's rotation policy. Heather Ann McSharry, Paul Hogan and Sue Webb were elected by the shareholders following their appointment to the Board by their fellow Board members during 2019. In addition, Marie McConn and Padraig Staunton were re-elected having served more than nine years on the Board.

### Resignations of Non-Executive Directors

During 2020, each of John Holly, Mark Moran and Heather Ann McSharry stepped down from the Board and in January 2021, Marie McConn, one of the longest serving members of the Board, also resigned from the Board and the Committee. In January 2021, Padraig Staunton also indicated his intention to retire from the Board at the Company's AGM in May 2021 which will bring the number of directors on the Board to ten.

John Holly, Mark Moran, Heather Ann McSharry and Marie McConn all contributed hugely to the Board during their respective terms and on behalf of the Committee and the Board, I would like to extend a warm thanks to each of them for their commitment and contributions to the Group over their respective terms.

### Appointment of Non-Executive Directors

In September 2020, I was appointed to the Board as an Independent Non-Executive Director and was also appointed as Chair of the Committee.

In late 2020, the Board once again engaged the services of a leading firm of organisational consultants to assist with the search for additional Independent Non-Executive Directors for the Board who possess the skills and diversity profile sought of the Board. The outcome of this process saw the appointment of Jim Gaul and Liz Hoctor as new Independent Non-Executive Directors further increasing the independent representation on the Board. On appointment Jim Gaul was designated as our Non-Executive Director responsible for workforce engagement.

### Appointment of Board Committees

During 2020, the Committee and Board completed a further review of the composition of the main Board Committees (Audit, Risk and Compliance Committee, Nominations and Governance Committee and Remuneration Committee) having regard to skills, experience, diversity and the time required of each of the Non-Executive Directors in discharging their responsibilities, as well as the recommendations of the UK Code and the terms of reference of each Committee in relation to recommending Independent representation on those committees.

Significant changes were made to the composition of those committees during 2020 and early 2021 with the result that the Audit, Risk and Compliance Committee and the Remuneration Committee now each comprise of 100% Independent Non-Executive Directors and the Nominations and Governance Committee now comprises a majority of Independent Non-Executive Directors.

Each appointment to a Board Committee is for a term of up to three years, which may be extended by up to two further three-year terms, provided the Director in question continues to meet the criteria for membership of the relevant committee. With the exception of Maurice Pratt's

tenure on the Nominations and Governance Committee as a result of his position as Chair of the Board, none of the other committee members have served on committees for longer than the tenure set out in the terms of reference.

### Boardroom Diversity

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

Two of the Non-Executive Directors on the Board are female which will represent 20% of the Board on retirement of Padraig Staunton at the Company's AGM in May this year. The Board and the Committee remain focused on enhancing diversity and female representation at Board and senior management level and the Board believe the strong female representation at senior management level as set out in the Sustainability and Governance Report on page 40 is testament to the Group's commitment to diversity and equality.

### Succession Planning

Board succession was a key focus of the Committee in 2020 and significant progress was made in implementing the Board's succession plan to move the composition of the Board and its committees closer to UK Code compliance. 2020 and early 2021 saw a number of long-serving and valued members of the Board resign and three new Independent Non-Executive Directors were appointed. Over the past 12 months, the number of Independent Non-Executive Directors on the Board increased from three to five with the number of Non-Executive Directors who were deemed not to be independent reduced from five to two.

## Nominations & Governance Committee Report continued

Of the remaining two Non-Executive Directors who are deemed not to be independent, Padraic Staunton will resign at the Company's AGM in May this year. The Committee is cognisant that whilst some further change is required to meet the requirements

of the UK Code, it is also important to recognise the significant change in Board composition in the period since IPO and the need for the Committee going forward to ensure stability and continuity within the Board and its committees.

### Length of Tenure

The length of tenure on the Board and on the three main Board Committees as at 31 December 2020 is set out below:

	Board of Directors Years	Audit, Risk and Compliance Committee Years	Remuneration Committee Years	Nominations and Governance Committee Years
<b>Executive Directors</b>				
Ger Rabbette	10.8	-	-	0.3
Tim Dolphin	10.4	-	-	-
Padraic Dempsey	3.8	-	-	-
<b>Non-Executive Directors</b>				
Maurice Pratt	17.5	-	11.2	11.2
Paul Hogan	1.5	1.5	-	0.3
Ger Penny	2.4	1.5	-	-
Marie McConn	11.3	-	-	11.3
Padraic Staunton	11.3	-	11.2	-
Sue Webb	1.5	0.3	1.5	-
Jeff Berkowitz	0.3	-	-	0.3
Jim Gaul*	-	-	-	-
Liz Hoctor*	-	-	-	-
<b>Average tenure</b>	<b>7.1</b>	<b>1.1</b>	<b>8.0</b>	<b>4.7</b>

\*Jim Gaul and Liz Hoctor were appointed to the Board following the end of the reporting year.

As noted above, 2020 and early 2021 saw a number of long serving members of the Board step down. Following Padraic Staunton's resignation from the Board at the Company's AGM in May 2021, Maurice Pratt as Chairman will be the only remaining Non-Executive Director on the Board for more than the recommended nine year period. The Board and the Committee are cognisant that the UK Code allows some flexibility in relation to Chair tenure to facilitate effective succession planning and the development of a diverse board. The Board and its Committees have seen further significant change during 2020 and so far in 2021 as

the Board continues to transition to UK Code compliance. In the interests of maintaining stability and an orderly transition at a time of significant change, the Board and the Committee believe that our current Chairman is best placed to continue to Chair the Board through this transitional phase.

### Areas of Focus for 2021

In 2021, the Committee will continue to focus on the implementation of its succession plan to ensure an effective transition to UK Code compliance. As our business continues to grow, the Committee will also focus on senior management

succession planning to ensure the Group continues to have the depth of resources required to compete effectively in all markets in which it operates.

On behalf of the Committee

**Jeff Berkowitz**  
Chair of the Nominations and  
Governance Committee

## Remuneration Committee Report



**As Chair of the Remuneration Committee, I am pleased to present the report for the Committee for the year ended 31 December 2020. ”**

I succeeded Maurice Pratt as Chair of the Committee in March 2020 and would like to take this opportunity to thank Maurice for his stewardship of the Committee, and I would also like to thank him for his support as I transitioned to the role of Chair.

The objective of this Report is to provide the shareholders with information to enable them to understand the remuneration structures in place and how they relate to the Group's financial performance.

The report also provides a summary of the Committee's roles and responsibilities and how these were discharged during 2020.

Group's financial performance during 2020 is set out in our Financial Review section of this Report at page 48.

### Performance in 2020

Despite the challenging economic climate created by Covid-19 the Group delivered a strong financial performance for 2020 at both a gross profit and EBITDA level, with a strong free cash flow conversion resulting in lower than projected net debt. The Group achieved organic gross profit growth of 6.7%. A detailed summary of the

In May 2020, the Group paid a dividend to shareholders of €2m. As a result of the Group's strong performance in 2020, it is proposed that, subject to shareholder approval at the Group's AGM in May 2021, that a final dividend of €4.2m will be paid to shareholders on the register at 23 April 2021.

During 2020, the Committee proposed the following key changes to the remuneration structure for Executive Directors, and these changes were then formally approved by the Board.

- » Introduction of the deferral of 100% of an annual bonus entitlement for a period of five years in the form of in-market share purchases.
- » Increase in the base salary of Executive Directors having regard to prevailing market rates for similar positions in companies of broadly comparable size and a number of industry specific peers.
- » Introduction of an annual bonus grid, based on financial and non-financial targets with specific sustainability targets included.
- » Reduction in pension entitlement to 7.5% of annual base salary in line with the average contributions available to the Group's wider workforce.
- » Introduction of a minimum shareholding requirement of 200% of base salary.
- » Introduction of a post-employment shareholding requirement of 200% of base salary for a period of two years.
- » Introduction of a formal clawback policy on annual bonus.

## Remuneration Committee Report continued

### Remuneration Changes in 2020

During 2020, as part of the Group's transition to compliance with the UK Code, and due to the changing environment that the Group operates in following its successful IPO in 2019, the Committee performed an extensive review of the Group's Remuneration Policy and the overall remuneration structure for Executive Directors and Non-Executive Directors. Following this review the Committee have taken the opportunity to make a step change in the alignment of the Remuneration Policy to the requirements of the UK Code and widely accepted best practice.

The changes implemented during 2020 saw a number of impacts on Executive Director remuneration, including an increase in base salary, a decrease in pension

contribution, a deferral of gross bonus entitlements and provisions relating to post-termination clawback. The Committee believes it is necessary to look at the impact of the totality of these changes on Executive Director remuneration and the context in which these changes were made – on foot of a strong financial performance with progressive shareholder return and in the context of transitioning towards UK Code compliance in the area of remuneration.

In reviewing the Remuneration Policy applicable to Executive Directors, the Committee was also cognisant of the fact that since Executive Director remuneration was last reviewed, the market capitalisation of the Group has more than doubled which brings with it increased demands on the Executive Directors whilst

also demonstrating a positive shareholder return.

The changes to Executive remuneration implemented during the year arose as a result of extensive external benchmarking carried out by our external remuneration consultants, Willis Towers Watson, and also the alignment of the Remuneration Policy with remuneration best practices as outlined in the UK Code. The average overall increase of Executive Director remuneration in 2020 was 14%, ignoring the cash impact of the bonus deferral implemented during the year, and the Committee believe that this level of increase was necessary and appropriate in the circumstances.

The below table outlines the overall context of the changes to the Remuneration Policy during 2020:

	2020	2019	% Increase
<b>Total Employee Remuneration €'000</b>	136,717*	102,420	33.5%
<b>Gross Profit €'000</b>	217,252	180,602	20.3%
<b>EBITDA €'000</b>	66,713	58,555	13.9%
<b>Dividend €'000</b>	4,200	1,993	110.7%

\*Total employee remuneration includes €209,000 of payroll costs which have been capitalised during the year.

The Committee believe that the changes implemented align the Remuneration Policy to the Group's purpose and values, and link to the successful delivery of the Group's long-term strategy and shareholder interests and reflects the Group's strong performance during the year.

The Committee has ensured that the disclosures in relation to the remuneration structures reflect best

corporate governance practices, having regard to the Group's size and the markets on which its shares are listed.

### Changes to Committee Composition

In January 2021, the Board approved a number of changes to the composition of the Committee with the resignation of long-standing members Maurice Pratt and Padraig Staunton and the

appointment of Jeff Berkowitz to the Committee. Following these changes, the composition of the Committee consists of 100% Independent Non-Executive Directors in line with the provisions of the UK Code and the terms of reference of the Committee.

Biographies of each Committee member are set out on pages 60 to 61.

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

Committee Member	Position	Appointed	Resignation	Attendance
<b>Sue Webb</b>	Committee Chair (Independent)	June 2019	N/A	2 / 2
<b>Maurice Pratt</b>	Non-Executive Chairman	Oct 2009	Jan 2021	2 / 2
<b>Padraig Staunton</b>	Non-Executive Director	Oct 2009	Jan 2021	2 / 2
<b>Jeff Berkowitz</b>	Independent Non-Executive Director	Jan 2021	N/A	0/0*

\* Jeff Berkowitz was appointed to the Committee after the end of the reporting year.

### Role of the Committee

The Committee's main duties are to:

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

### Meetings of the Committee

The Committee met twice in 2020 and each member serving on the Committee attended both meetings.

### Remuneration Policy in 2021

Following the extensive re-alignment performed in 2020, the Committee has determined that future salary increases for Executive Directors will be linked to those of the wider Group workforce. The performance metrics for the 2021 annual bonus scheme mirror those for 2020. The performance targets linked to each metric for 2021 are commercially sensitive and are therefore not disclosed. There are no other changes proposed to the Remuneration Policy for 2021.

On behalf of the Committee

*S. A. Webb.*

**Sue Webb**  
Chair of the Remuneration Committee

The Group's policy on Executive Director remuneration is to ensure that the remuneration policy promotes the achievement of the long-term strategic goals of the Group

## Consideration of conditions elsewhere in the Group

Whilst the Committee does not directly consult with employees when formulating Executive Director pay policy, the Committee does take into consideration information on pay arrangements for the wider employee population when determining the remuneration of Executive Directors. During 2020 the Committee recommended, and the Board approved, the alignment of Executive Director pension contributions with that of the wider workforce, resulting in the reduction of the pension contributions of existing Executive Directors from 20% to 7.5% effective from 1 January 2020. The appointment of Jim Gaul to the Board in January 2021 with the remit over employee

engagement will also further enhance consideration of wider workforce conditions when making Board decisions.

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

The Group's policy on Executive Director remuneration is to ensure that the remuneration policy promotes the achievement of the long-term strategic goals of the

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UK Code	Uniphar Remuneration Policy
<b>Clarity</b>	
<b>Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.</b>	<p>The annual bonus and the LTIP scheme have been designed to incentivise Executive Directors to achieve defined, stretch targets in line with the Group's growth strategy. Performance measures and targets are reviewed each year by the Committee to ensure that they continue to be clear and appropriate.</p>
<b>Simplicity</b>	
<b>Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.</b>	<p>In 2020, the Committee introduced a new grid-based bonus structure to reflect a scale of performance which has been externally benchmarked. The move to the bonus grid-system supports the Committee's aim of operating a simple remuneration structure designed to align the Executive Directors interests with those of shareholders in achieving the Group's growth strategy.</p>
<b>Risk</b>	
<b>Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.</b>	<p>The Remuneration Policy was designed to provide an appropriate level of remuneration to recruit and retain the necessary skill and talent to develop and deliver the business strategy, with the objective of delivering strong growth in a sustainable and focused way to deliver long-term value to stakeholders.</p>
<b>Predictability</b>	
<b>The range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy.</b>	<p>The Committee believe it is important for the Executive Directors and senior management, that a significant proportion of the remuneration package is performance related. The potential value and composition of Executive Directors remuneration packages at below threshold, at threshold, at budget and maximum scenarios are outlined on page 92.</p>
<b>Proportionality</b>	
<b>The link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance.</b>	<p>Payments of the annual bonus requires the delivery against ambitious strategic targets for the Group. The performance measures are directly aligned to the Group's strategy and KPIs. The vesting of the Group's LTIP is directly aligned to the delivery of significant growth in the Group's share price over the period to 31 December 2024.</p>
<b>Alignment to Culture</b>	
<b>Incentive schemes should drive behaviours consistent with company purpose, values and strategy.</b>	<p>The Committee is cognisant that the Remuneration Policy is aligned and benchmarked to market leaders, competitors, and industry standards, to ensure that it is fair and competitive.</p>

## Directors' Remuneration Policy Report

### Executive Directors

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

Key	Purpose & Link to Group Strategy	Operation	Detail	Performance Metric
<b>Salary</b>	Provide an appropriate level of fixed remuneration to recruit and retain the necessary skill and talent to develop and deliver on the business strategy.	An appropriate base salary is set and reviewed by the Committee annually. Factors taken into consideration include: » skills & experience; » specific role and level of responsibility; and » external benchmarks, including economic indicators and geographical scope.	Base salaries and increases are aligned and benchmarked to market leaders, competitors and industry standards.  Following the extensive salary re-alignment performed in 2020, the Committee has determined that future salary increases for Executive Director's will be linked to those of the wider Group workforce.	Not Applicable
<b>Bonus</b>	To drive and reward for the delivery of business objectives over the financial year.	The Committee reviews the performance of the Executive Directors for the purposes of determining annual bonus entitlements and makes recommendations to the Board as to the pay-out level.	In 2020, the Board, on the recommendation of the Committee, approved a bonus grid which is designed to align management's interests with those of shareholders. The maximum potential bonus opportunity for Executive Directors is up to a maximum of 130% of base salary. The bonus opportunity for the achievement of on-target Group and personal performance targets is up to 75% of maximum opportunity, being 97.5% of base salary. At the threshold performance level of 95% of target, a bonus opportunity of 37.5% of maximum, being 49% of base salary is payable. Where the threshold performance of 95% is not reached, no bonus is payable.  In 2020, the Committee approved the deferral of 100% of Executive Directors' gross annual bonus entitlement for a period of 5 years in the form of in-market share purchases.	Based on the bonus grid, 80% of Executive Directors bonus is linked to Group performance and specifically in achieving challenging financial performance targets.  The remaining 20% opportunity is linked to non-financial performance targets established by the Committee, being personal, and sustainability and governance objectives.

Key	Purpose & Link to Group Strategy	Operation	Detail	Performance Metric
<b>Pension</b>	To provide a competitive, flexible retirement benefit that does not impose any unacceptable level of financial risk to the Group.	Executive Directors are enrolled into a defined contribution pension plan or are offered the alternative of cash allowances.	Reduced from 20% to 7.5% of annual base salary applicable to all Executive Directors with effect from 1 January 2020 in line with the average contributions available to the Group's wider workforce.	Not Applicable
<b>Benefits</b>	To provide other market competitive monetary and non-monetary benefits.	Provide a level of benefits or specified monetary allowances including, healthcare and car.	The level of benefits is set at an appropriate market rate.	Not Applicable
<b>LTIP</b>	To reward participants for the delivery of the Group's long-term goals and driving shareholder value.	The LTIP was established in 2018 and represents 4.8% of issued share capital, with Executive Directors and key employees participating in the arrangement.	The Group's current LTIP is fully allotted and the details of each Executive Director's interest is set out below.  Executive Directors will not be allotted additional LTIP awards until after the end of the performance period for the existing LTIP on 31 December 2024.	Vesting of the LTIP shares is subject to (i) reaching the share price targets set out below: €1.75 – 25% €2.25 – 25% €2.75 – 25% €3.30 – 25% and (ii) remaining in employment with the Group on the vesting date.  In early 2020, as disclosed in the 2019 Annual Report, the Board, on the recommendation of the Committee, approved the extension of the vesting date of the LTIP to 31 December 2024 to bring this in line with the Group's strategy to double 2018 pro-forma EBITDA within five years from IPO.

### Non-Executive Directors

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

In accordance with the resolution passed at the 2019 AGM, the aggregate fees payable to the Non-Executive Directors shall not exceed €750,000. Changes to the total aggregate remuneration of all Non-Executive Directors is subject to shareholder approval.

## Remuneration Committee Report continued

The Committee also performed a review of the fees payable to Non-Executive Directors during the year as part of the overall review of the Group's Remuneration Policy and remuneration structures. The Committee considered the fees payable to Non-Executive Directors and, based on externally benchmarked data provided by the Group's remuneration consultants, concluded that the level of fees ought to be increased having regard to the skills, experience, and time required of each of the Non-Executive Directors in discharging their responsibilities.

The Chairman's fee was increased by 17% from €150,000 to €176,000 per annum and the base fee for each of the other Non-Executive Directors was increased by 17% from €60,000 to €70,000. Non-Executive Directors are also paid additional amounts to take account of increased time commitments including acting as the Senior Independent Director and Chair of a Board Committee. In addition, all reasonable and documented expenses incurred in the performance of the Non-Executive Directors' duties are reimbursed.

### Annual Report on Remuneration 2020

The following table sets out the total remuneration for Directors for the years ended 31 December 2020 and 31 December 2019:

Director <sup>9</sup>	Salary/ fees €'000	Pension/ Allowance €'000	Other Benefits <sup>8</sup> €'000	Fixed Pay €'000	Bonus €'000	LTIP €'000	Variable Pay €'000	Total 2020 €'000	Total 2019 €'000
<b>Executive Directors</b>									
G. Rabbette	600	45	50	695	585	-	585	1,280	1,118
T. Dolphin	400	30	45	475	390	-	390	865	797
P. Dempsey	400	30	45	475	390	-	390	865	716
<b>Non-Executive Directors</b>									
M. Pratt	176	-	-	176	-	-	-	176	123
J. Berkowitz <sup>1</sup>	29	-	-	29	-	-	-	29	-
P. Hogan <sup>5</sup>	89	-	-	89	-	-	-	89	38
J. Holly <sup>4</sup>	25	-	-	25	-	-	-	25	51
M. McConn	70	-	-	70	-	-	-	70	47
G. Penny <sup>7</sup>	70	-	-	70	-	-	-	70	60
P. Staunton	70	-	-	70	-	-	-	70	47
S. Webb <sup>5</sup>	81	-	-	81	-	-	-	81	30
H. McSharry <sup>2, 5</sup>	64	-	-	64	-	-	-	64	45
M. Moran <sup>3, 7</sup>	40	-	-	40	-	-	-	40	60
M. Murphy <sup>6</sup>	-	-	-	-	-	-	-	-	18
M. Quinn <sup>6</sup>	-	-	-	-	-	-	-	-	24
C. Shannon <sup>6</sup>	-	-	-	-	-	-	-	-	17
<b>Total</b>	<b>2,114</b>	<b>105</b>	<b>140</b>	<b>2,359</b>	<b>1,365</b>	<b>-</b>	<b>1,365</b>	<b>3,724</b>	<b>3,191</b>

1. J. Berkowitz was appointed as a Director on 18 September 2020.

2. H. McSharry resigned as a Director on 18 September 2020.

3. M. Moran resigned as a Director on 1 August 2020.

4. J. Holly resigned as a Director on 26 May 2020.

5. P. Hogan, H. McSharry, and S. Webb were appointed as Directors on 27 June 2019.

6. M. Murphy, M. Quinn and C. Shannon resigned as Directors on 27 June 2019.

7. The 2019 charge for M. Moran and G. Penny includes fees paid in respect of 2019 and for the period of appointment in 2018.

8. Other benefits principally include health and car allowances.

9. J. Gaul and L. Hoctor were each appointed to the Board on 26 January 2021 and therefore did not receive remuneration during the relevant period.

### Executive Directors Remuneration

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

#### Base Salary

The base salaries of Executive Directors are reviewed annually having regard to personal performance, skills and experience, changes in levels of responsibility, external benchmarks to market leaders, competitors, and industry standards, as well as the pay and conditions in the wider Group.

The Committee has determined that the Executive Directors' base salary would increase as part of the overall remuneration structure re-alignment during 2020. The Committee believe this level of increase was necessary following an extensive external benchmarking exercise which indicated that Executive Director base salary levels were significantly behind those of their peers in similar markets. In reaching its recommendation in relation to the increase in Executive Director base salary, the Committee was cognisant that the market capitalisation of the Group had more than doubled since the Executive Director remuneration was set prior to IPO. Taking into account other adjustments to remuneration, including a decrease in pension contribution, the average overall increase of Executive Director remuneration in 2020 was 14% and the Committee believe this level of increase was necessary and appropriate in the circumstances.

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

	2020 €'000	2019 €'000
G. Rabbette	600	440
T. Dolphin	400	300
P. Dempsey	400	300

#### Annual Bonus

For the year ended 31 December 2020, the maximum potential bonus opportunity for Executive Directors was up to a maximum of 130% of base salary. The bonus opportunity for the achievement of on-target Group and personal performance targets was up to 75% of maximum opportunity, being 97.5% of base salary. At the threshold performance level of 95% of target, a bonus opportunity of 37.5% of maximum, being 49% of base salary is payable. Where the threshold performance target of 95% is not reached, no bonus is payable.

In setting the on-target return the Committee and the Board, were cognisant of the ambitious strategic targets set for the Group and sought to align the Executive Directors interests with those of shareholders in achieving the Group's stated strategy. On this basis the Committee and the Board believe that 75% of the maximum opportunity for achieving performance targets is appropriate.

The following table sets out the performance measures applied for Executive Directors for the year ended 31 December 2020:

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

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

## Remuneration Committee Report continued

### Committee discretion

The Committee has retained the discretionary ability to adjust the value of an award under the annual bonus scheme, if the award in the Committee's opinion taking all circumstances into consideration produces an unfair result. In exercising this discretion, the Committee may take into consideration the individual or the Group's performance against non-financial measures. In respect of the financial year ended 31 December 2020, the Committee have exercised this discretion in respect of potential awards under the Stretch EBITDA annual bonus metric and have concluded it to be appropriate to make no annual bonus award in respect of this metric during 2020 and to defer it to 2021.

### Review of financial targets

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

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

Due to the commercial sensitivity of the Group's defined financial targets these targets have not been disclosed. The following table summarises performance for each of the financial objectives:

Measure	Definition	Performance Targets	Actual Performance
<b>EBITDA</b>	<p>Earnings before exceptional items, net finance expense, income tax expense, depreciation and intangible assets amortisation.</p> <p>The impact of unbudgeted acquisitions and disposals are excluded.</p>	<p>The pay-out of the Group EBITDA bonus is based on the achievement of defined threshold and budget targets.</p> <p>Threshold performance equates to 95% of budget EBITDA. On achievement of threshold performance, 50% of the portion of the bonus attributable to EBITDA performance is payable. This increases to 100% pay-out of EBITDA bonus when 100% of Group EBITDA budget is achieved. Payment for performance between threshold and budget is on a pro-rata basis.</p> <p>No portion of basic bonus is paid where actual EBITDA is below threshold performance.</p>	<p>100% of the bonus % attributed to Group EBITDA being achieved has been awarded.</p>

Measure	Definition	Performance Targets	Actual Performance
<b>Stretch EBITDA</b>	<p>The Stretch EBITDA measure is the Group EBITDA including the contribution of unbudgeted acquisitions and disposals.</p>	<p>Achievement of stretch bonus is based on pre-defined Stretch EBITDA targets.</p> <p>Payment for performance between achievement of budget and the stretch target is on a pro-rata basis.</p>	<p>The Committee have exercised their discretion, and in light of the current Covid-19 pandemic have concluded that the Stretch EBITDA element of the annual bonus should not be applied in 2020 and should be deferred to 2021.</p>
<b>Organic Gross Profit Growth</b>	<p>Organic gross profit growth is defined as the growth from restated prior period gross profit to current period gross profit as a % of the restated prior period value. The restatement to the prior year value is to include the corresponding prior period performance of acquisitions and exclude the prior period performance of disposals.</p>	<p>Achievement of the bonus requires organic gross profit growth in the year.</p>	<p>The Committee determined that organic gross profit growth exceeded the target, and accordingly, this element of the bonus was achieved in full.</p>
<b>Free Cash Flow Conversion</b>	<p>Free cash flow conversion is defined as EBITDA, less investment in working capital, less maintenance capital expenditure and foreign currency translation adjustments, divided by EBITDA.</p>	<p>The Group's free cash flow conversion target for the purpose of the annual bonus is in line with achieving the Group's medium-term outlook.</p> <p>Threshold performance equates to a free cash flow conversion of 5% below the target range resulting in a payout of 50%. No bonus is paid if actual free cash flow is below threshold performance. 100% of bonus is paid if budget free cash flow is reached or exceeded.</p> <p>Payment between threshold and budget performance is on a pro-rata basis.</p>	<p>Actual free cash flow conversion exceeded the targeted performance, and accordingly, this element of the bonus was achieved in full.</p>

## Remuneration Committee Report continued

### Review of non-financial targets

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

	% of maximum	Actual %
Personal Objectives	15%	15%
Sustainability and Governance	5%	5%
<b>Non-Financial Targets</b>	<b>20%</b>	<b>20%</b>

#### Personal objectives

The Executive Directors are also measured against personal and strategic objectives, which in 2020 focused on Leadership and Strategy, Portfolio Optimisation, Operating Model and Talent and Succession. Performance against these objectives is determined by the Committee by reference to key targets agreed with the Executives at the start of the year.

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

	Achievements
<b>G. Rabbette</b>	<p><b>Leadership and Strategy:</b> Developed the Group's strategy and long-term vision and managed its implementation during the year.</p> <p><b>Portfolio Optimisation:</b> Identified and executed M&amp;A transactions to enable the implementation of the Group's strategy.</p> <p><b>Operating Model:</b> Led and embedded significant enhancements to the Group's operating model, driving commercial excellence, global consistency, and agility.</p> <p><b>Talent and Succession:</b> Took a leading role in driving talent development within the Group and building a succession plan to meet the businesses longer term leadership needs.</p>
<b>T. Dolphin</b>	<p><b>Leadership and Strategy:</b> Worked across all business and functional areas, supporting the development and implementation of the Group's strategy and long-term vision.</p> <p><b>Portfolio Optimisation:</b> Evaluated and executed M&amp;A transactions to enable the implementation of the Group's strategy. Concluded the refinancing of the Group's facilities, almost doubling both the committed and uncommitted facilities.</p> <p><b>Operating Model:</b> Took an active role in driving changes to the Group's operating model ensuring its cost effectiveness.</p> <p><b>Talent and Succession:</b> Actively contributed to identifying and developing potential future talent.</p>
<b>P. Dempsey</b>	<p><b>Leadership and Strategy:</b> Worked across all business and functional areas to facilitate, develop and progress the Group's strategy and long-term vision.</p> <p><b>Portfolio Optimisation:</b> Identified and executed M&amp;A transactions to enable the Group deliver its acquisition growth targets.</p> <p><b>Operating Model:</b> Led and embedded significant enhancements to the Group's operating model, driving commercial excellence, global consistency and agility. Significant growth in the number of EAPs operated throughout the year driving growth in the Product Access business.</p> <p><b>Talent and Succession:</b> Took an active role in the Group's talent development and succession planning to ensure the Group has the right team in place to deliver its long-term strategy.</p>

### Sustainability and Governance

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

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

- » the implementation of a sustainability framework and governance structure across the Group as outlined in the Sustainability and Governance Report;
- » the implementation of initiatives across the Group's locations as outlined in the Sustainability and Governance Report;
- » successful agreement of the new banking facility with mechanism for sustainability linked to agreed future interest rate reductions; and
- » continued progress in transition to full compliance with the UK Code.

### Total annual bonus payable

Following a review of the actual performance for both the financial and non-financial measures against targets, the Committee recommended, and the Board approved a total bonus outcome of 75% of maximum bonus opportunity, being 97.5% of base salary. In accordance with the approved Remuneration Policy for 2020, 100% of the gross bonus achievement will be deferred for a period of five years in the form of in-market share purchases. Shares purchased in-market will be held by an Irish registered employee benefit trust established by the Company and the beneficial interest will be held by the Executive Directors

subject to restrictions on dealing for the five-year period pursuant to the terms of the Unipharm plc Executive Restricted Share Plan. The restrictions will cease in 2026 in respect of the 2020 deferred bonus amount.

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

### Clawback Policy

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

- » A material misstatement of the Company's audited financial statements;
- » A material breach of applicable health & safety regulations; or
- » Business or reputational damage to the Company or a subsidiary arising from a criminal offence, serious misconduct or gross negligence by the individual Executive.
- » 25% when the Group's average closing share price reached €1.75 over a 30-day period.
- » 25% when the Group's average closing share price reached €2.25 over a 30-day period.

These shares remain subject to the satisfaction of the employment condition and as a result are not yet vested. The remaining 50% of the LTIP share awards will vest on satisfaction of varying share price targets as well as the Executive Director remaining in employment on the vesting date.

As the Company's existing LTIP is fully allotted, it is not proposed to allot any additional LTIP or share incentives to Executives Directors, prior to the end of the performance period under the existing LTIP on 31 December 2024.

### Other Benefits

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

### LTIP

There were no LTIP share awards granted to Executive Directors in 2020 or 2019 and the existing LTIP, which was put in place in 2018, prior to the Company's IPO, is now fully allotted. The existing share awards granted to Executive Directors which will vest on 31 December 2024 are subject to performance conditions relating to share price targets and remaining in employment with the Group on the vesting date. During 2020, the following share price performance conditions attributable to these LTIP share awards were satisfied:

- » 25% when the Group's average closing share price reached €1.75 over a 30-day period.
- » 25% when the Group's average closing share price reached €2.25 over a 30-day period.

## Remuneration Committee Report continued

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

Executive Director	Grant Date	Exercise Price	No of share awards at 1 Jan 2020	Granted	Vested/ Exercised	Lapsed	No of share awards at 31 Dec 2020	End of Performance Period
G. Rabbette	28 April 2018	n/a	3,685,427	-	-	-	3,685,427	31 December 2024
T. Dolphin	28 April 2018	n/a	2,284,965	-	-	-	2,284,965	31 December 2024
P. Dempsey	28 April 2018	n/a	2,284,965	-	-	-	2,284,965	31 December 2024

### New Share Option Scheme for Senior Management

As the current LTIP scheme is fully allotted, with no scope to accommodate new employees, the Board on the recommendation of the Committee, approved the establishment of a new Share Option Scheme in January 2021 with a reserve of 2.5% of issued share capital. Existing participants in the 2018 LTIP (including the Executive Directors) shall not be eligible for the grant of options under the new Share Option Scheme which is intended to incentivise key senior management who were not eligible for participation in the 2018 LTIP.

### Minimum Shareholding Requirements

The Committee has sought to promote long-term shareholdings by Executive Directors, to support alignment with shareholder interests, and as part of the overall remuneration structure re-alignment, has adopted minimum shareholding requirements for Executive Directors. These guidelines specify that Executive Directors should, over a period of five years from the date of appointment, build up and then retain a shareholding in the Company with a valuation of at least equal to 2x their annual base salary.

Additionally, the Committee has adopted guidelines relating to post-employment shareholding guidelines. These guidelines require that Executive Directors maintain their full minimum shareholding requirement of 2x base salary for a period of two years post-employment.

Current Executive Director shareholdings at 31 December 2020 as a multiple of their base salary:

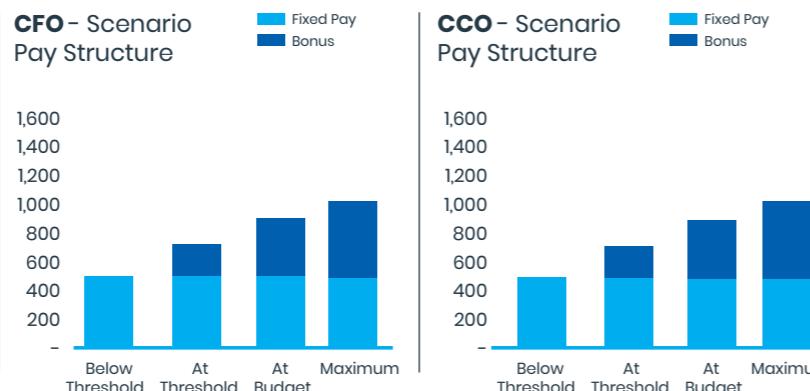
	Minimum	Actual*
G. Rabbette	2.0x	34.7x
T. Dolphin	2.0x	33.2x
P. Dempsey	2.0x	19.5x

\* Based on closing share price of €2.38 on 31 December 2020

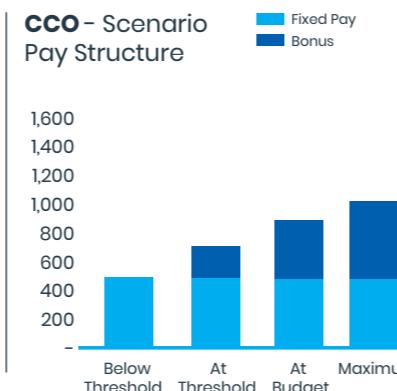
### CEO - Scenario Pay Structure



### CFO - Scenario Pay Structure



### CCO - Scenario Pay Structure



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

Pay-out levels	
<b>Below Threshold</b>	» Fixed Pay » No bonus pay-out
<b>At Threshold</b>	» Fixed Pay » 37.5% of maximum bonus opportunity in line with budgeted performance targets
<b>At Budget</b>	» Fixed Pay » 75% of maximum bonus opportunity in line with budgeted performance targets
<b>Maximum</b>	» Fixed Pay » 100% of maximum bonus opportunity in line with budgeted performance targets

### Percentage change in Executive Director's remuneration

The following table sets out the relative change from 2019 to 2020 in the remuneration earned by the Executive Directors compared with the average percentage change for the Group's employees:

€'000	2020	2019	% Change
G. Rabbette	1,280	1,118	14.5%
T. Dolphin	865	797	8.5%
P. Dempsey	865	716	20.8%
<b>Total Executive Directors</b>	<b>3,010</b>	<b>2,631</b>	<b>14.4%</b>
<b>Average Employee Remuneration</b>	<b>57.0</b>	<b>55.7</b>	<b>2.3%</b>

### Relative Importance of Spend on Pay

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

€'000	2020	2019	% Increase
<b>Total Employee Remuneration</b>	<b>136,717*</b>	<b>102,420</b>	<b>33.5%</b>
<b>Gross Profit</b>	<b>217,252</b>	<b>180,602</b>	<b>20.3%</b>
<b>EBITDA</b>	<b>66,713</b>	<b>58,555</b>	<b>13.9%</b>
<b>Dividend**</b>	<b>4,200</b>	<b>1,993</b>	<b>110.7%</b>

\*Total employee remuneration includes €209,000 of payroll costs which have been capitalised during the year.

\*\* Reflecting progressive dividend commitment made at the time of IPO.

### Payments to former Directors

There were no payments to former Directors during the year.

### Payments for loss of office

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

### Advisers to the Committee

During 2020, the Group engaged the services of external remuneration consultants Willis Towers Watson. Their advice related to the structuring of remuneration packages for executives, non-executives, and key senior management. The total fees paid to Willis Towers Watson during the year were €29,000, these were charged on a time and materials basis.

The Group also engaged the services of William Fry and PwC in relation to the implementation of the decisions of the Board on remuneration during the year and the establishment of the new Share Option Scheme. No other external advisers were engaged in respect of remuneration consulting services during the year.

### Non-Executive Directors Remuneration

During 2020, the Committee performed a review of the fees payable to Non-Executive Directors as part of the overall review of the Group's Remuneration Policy and remuneration structures. The Committee considered the fees payable to Non-Executive Directors and concluded that the current level of fees ought to be increased having regard to the skills, experience, and time required of each of the Non-Executive Directors in discharging their responsibilities. Fees paid to the Non-Executive Directors for the 2019 and 2020 financial years are outlined in the Remuneration table on page 86 and the 2020 fees set out in the table reflect the increases approved by the Board during the year.

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

### Service Contracts/Letters of Appointment

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

Name	Title	Date of Contract	Notice Period
G. Rabbette	Chief Executive Officer	27 June 2019	12 months
T. Dolphin	Chief Financial Officer	27 June 2019	12 months
P. Dempsey	Chief Commercial Officer	27 June 2019	12 months

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

The service contracts of each of the Executive Directors were amended to reflect the changes to the Executive remuneration policy during the year.

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

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

Name	Date of Appointment
M. Pratt	1 July 2003
J. Berkowitz	18 September 2020
G. Penny	20 August 2018
P. Staunton	25 September 2009
P. Hogan	27 June 2019
S. Webb	27 June 2019
J. Gaul	26 January 2021
L. Hoctor	26 January 2021

# Directors' Report

The Directors present their annual report and audited Group financial statements for the year ended 31 December 2020.

### Principal activities and review of the development of the business

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

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

- » Commercial & Clinical provides sales, marketing and distribution solutions to multinational pharmaceutical and medical device manufacturers on an outsourced basis. Unipharm have built a fully integrated multi-channel account management solution that is supported through highly experienced, clinically trained teams providing insights and digital programmes. We integrate these services 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

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

### Business review

2020 was another year of strong growth and development for the Unipharm Group despite the disruption caused by the Covid-19

relationships and interactions between manufacturers and other healthcare stakeholders. This business operates in both the retail and hospital markets in Ireland and the UK. Exclusive Access provides bespoke distribution partnerships to pharmaceutical partners for key brands, with new programmes focused on speciality pharmaceutical products. Delivering a unique patient support programme that allows healthcare professionals to connect with patients, on a global basis; 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. The business supports the diverse customer base through the provision of strong service levels coupled with innovative commercial initiatives. Unipharm operate a network of pharmacies under the Life, Allcare and Hickey's brands. Additionally, through the extended Unipharm symbol group, the business provides services and supports that help independent community pharmacies to compete more effectively.

pandemic and the challenges created by the exit of the UK from the EU.

Revenues increased to €1,823.9m from €1,665.3m a rise of 9.5%. During 2020, the Group continued to expand on a geographic and market share basis and completed four acquisitions during the year, the Group's intangible assets increased by €96.7m to €374.5m which was largely due to these acquisitions. In the Supply Chain & Retail division, 36 retail pharmacies were acquired through the Hickey's Pharmacy Group acquisition.

The acquisition of Diligent Health Solutions continues the growth strategy of the Commercial & Clinical division and marks our entry into the US market. In Product Access the acquisition of RRD International adds significantly to the existing US Product Access capabilities and is consistent with Unipharm's strategy to offer a global platform across our Product Access division, providing solutions to meet the growing needs of partners across the entire lifecycle of their products. Significant growth of 20.3% was achieved in gross profit during the year, increasing to €217.3m from €180.6m.

Strong cash generation across the Group, together with the execution of a new five-year banking facility (with the option to extend by a further two years) agreed in July 2020 further enhances the liquidity position of the Group. The banking facility provides the Group with a revolving credit facility of €150.0m and a €90.0m uncommitted accordion facility. The new banking facility almost doubles the Group's available facilities and provides a strong platform to support the Group's growth strategy and deliver long-term value for shareholders.

## Directors' Report continued

Working capital management has always been a central focus and in 2020 strong working capital management saw free cash flow exceed 100%, stripping out timing differences due to favourable creditor terms, in particular in the Product Access division, free cashflow remains strong, in excess of 70%.

The Group's net bank debt position at 31 December 2020 was €34.4m (2019: €26.6m net bank cash).

The uncertainty caused by Brexit, which saw the UK leave the EU in January 2020, and the continued uncertainty into 2020 as the UK continued negotiations on a trade deal with the EU has been an important consideration for the business. The Group continues to work with its customers and suppliers to try and to minimise the impact of any related disruption on the business, on customers and on patients. As a result, the Group increased its stock holding during the year to protect against potential supply chain issues.

The Group have a number of key performance indicators (KPIs) which are used to monitor the Group's performance. These financial KPIs are outlined further in our key performance indicators section on pages 20 and 21.

### Covid-19

The Group continues to monitor and respond appropriately to the ongoing threat and risks posed by the Covid-19 pandemic. Uniphar plays a significant role in healthcare infrastructure ensuring the continuity in the supply and distribution of much needed medicines, medical devices and related services. The nature of the products and services offered means that there is a continued demand for pharmaco-medical products. The measures the Group has undertaken to respond to the challenges posed by the pandemic has resulted in change across its business for staff, customers and

the community in which it operates and serves.

The health, safety and wellbeing of our teams has remained a key priority during the pandemic. Throughout the business, several measures have been implemented to protect our teams including remote working where possible, use of appropriate protective equipment and increased sanitisation and screening measures.

The experience of Covid-19 in 2020 has shown that the impact is different across each of the three divisions.

In Supply Chain & Retail, the normal patterns of demand for medicines and medical devices were disrupted, with increased demand for specific cohorts of products. Our retail pharmacies have seen reduced footfall during periods of strict lockdowns. Overall the resilience of the division resulted in a strong performance for the year demonstrating the key role it plays in the national infrastructure.

In Commercial & Clinical due to the reprioritisation of hospital resources, non elective surgeries were postponed, however the requirement for these surgeries remained and once lockdown measures eased activities resumed at higher levels in an effort to deal with the backlog.

Product Access saw little disruption due to the nature of the services provided, being the provision of unlicensed and speciality medicines. In some cases exclusive access programmes were extended due to extensions of the pre re-imbursement phases.

### Acquisitions and disposals

The Group completed four acquisitions with a strategic fit during 2020 and completed the integration of the 2019 acquisitions into the Group. Commercial & Clinical acquired Diligent Health Solutions during

the year, a US-based healthcare communications company, providing enhanced contact centre services for both Pharma and MedTech clients. A telehealth company, Diligent focuses on the delivery of medical information to patients, HCPs and payors.

Product Access acquired RRD International, a US-based pharmaceutical advisory group providing outsourced strategic consulting and execution services throughout the early stages of a products development. The RRD team has a depth of experience, from pre-clinical trials through to licensing, across a broad range of product classes and therapeutic areas and has supported a significant number of clients through the FDA regulatory approval process. Product Access also acquired Innerstrength during the year, which provides the Group with the enhanced ability to deliver digitally enabled 'patient-centric' exclusive access programs. The Innerstrength technology empowers healthcare professionals to deliver unique personalised programmes for individual patients.

During 2020, the Supply Chain & Retail division announced the acquisition of Hickey's Pharmacy Group, Ireland's fifth largest retail pharmacy chain, along with two independent community pharmacies. These acquisitions allow the Group to leverage its high-tech scalable infrastructure to deliver enhanced synergies and to increase the division's buying power, consolidating its leading position in the Irish retail pharmacy market.

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

Exceptional costs in 2020 of €4.8m were driven largely by acquisition activity. See note 4 for further details of exceptional costs incurred during the year.

### Results for the year

The Group Income Statement for the year ended 31 December 2020 and the Group Balance Sheet at that date are set out on pages 111 and 113 respectively. The Group's gross profit was €217,252,000 (2019: €180,602,000) and earnings before interest, tax, depreciation, amortisation and exceptional items (EBITDA) was €66,713,000 (2019: €58,555,000).

The Group's profit on ordinary activities before tax was €33,531,000 in 2020 (2019: €26,458,000). After including a tax expense of €5,720,000 (2019: €5,537,000) and losses attributable to non-controlling interests of €16,000 (2019: losses of €105,000), the profit for the financial year attributable to owners is €27,827,000 (2019: €21,026,000).

There was a strong cash performance in 2020, and despite the Group's significant investment in infrastructure and strategic acquisitions during the year, the strong free cash flow performance places the Group in a position of strength with a modest leverage and net bank debt of €34.4m at the year end.

Total equity of the Group at 31 December 2020 was €202,535,000 (2019: €180,920,000).

### Future developments

The Group has delivered a strong performance in 2020 in the most challenging of circumstances which demonstrates the robustness of the business model and the diversity of the services and expertise provided by the three divisions.

Looking to 2021, we have a robust plan in place across the three divisions and we remain committed to building a pan-European offering in our Commercial & Clinical division in addition to providing bespoke services in the US. In Product Access we will continue growth through expanding the capabilities and access to clients in the US, both of which enhance our ability

to attract new clients and grow. In Supply Chain & Retail, we will continue to leverage our key assets and grow our market share.

As we deliver on our strategy and on the growth we promised, the business and management team are committed to maximising the full potential of our recent acquisitions and delivering long-term value for all our stakeholders.

In terms of organic gross profit growth we target to deliver double-digit growth for Product Access, mid-single digit growth in Commercial & Clinical and low-single digit growth for Supply Chain & Retail.

### Statement of Directors' responsibilities

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

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

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

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

- » select suitable accounting policies and then apply them consistently;

» make judgements and estimates that are reasonable and prudent;

» state whether the financial statements have been prepared in accordance with IFRS and ensure that the financial statements contain the additional information required by the Companies Act 2014; and

» prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

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

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

## Directors' Report continued

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

### **Disclosure of information to auditors**

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

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

### **Directors' compliance statement**

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

The Directors confirm that:

- (1) A compliance policy statement setting out the Company's policies respecting compliance by the Company with its relevant obligations has been drawn up;
- (2) Appropriate arrangements or structures that are designed to secure material compliance with the Company's relevant obligations have been put in place; and
- (3) A review of the arrangements and structures, referred to at 2 above has been conducted during the year ended 31 December 2020.

### **Audit, Risk and Compliance Committee**

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

the Audit, Risk and Compliance Committee Report.

### **Corporate governance**

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

### **Going concern**

The Group has adopted the going concern basis in preparing its financial statements after taking account of the Group's latest forecasts, cash flows, liquidity, and banking covenant requirements. The Directors have made appropriate enquiries and carried out a thorough review of the Group's forecasts, projections and available banking facilities, taking account of possible changes in trading performance and considering business risk.

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

The Group has a robust capital structure with strong liquidity at the end of December, strengthened into the future by the new banking facility agreed in July 2020. This continues to provide a solid platform for the Group to deal with the disruption caused by the Covid-19 pandemic.

A number of scenarios have been considered and modelled relating to the impact of Covid-19 on the Group. The key assumptions within each scenario include the following:

- » Reduction in volumes in Supply Chain & Retail, with no significant reduction in costs;
- » Reduction in elective surgeries in Commercial & Clinical due to re-prioritisation of resources in hospitals, with an increase in demand on easing of lockdown measures; and

- » No negative impact in Product Access, due to the nature of exclusive access programmes.

The scenarios considered are:

- » Increased restrictions across multiple geographies in place to the end of Q1 2021, with moderate recovery thereafter; and
- » Impact of continuing rolling waves of lock down restrictions through to Q1 2022 across multiple geographies resulting in a reduction in demand, with a slow recovery over the following period, and no further mitigating actions taken to offset loss of revenues.

In both of these scenarios the assessment indicates that there is no impact on the underlying ability to comply with banking covenants and retain sufficient liquidity to meet our financial obligations as they fall due.

The execution of a new five-year banking facility (with the option to extend by a further two years) agreed in July 2020 enhances the liquidity position of the Group. The banking facility provides the Group with a revolving credit facility of €150.0m and a €90.0m uncommitted accordion facility. This new banking facility almost doubles the Group's available facilities. The Group has a robust capital structure, modest net bank debt of €34.4m (31 December 2020), an available unused committed facility of €54.4m, in addition to a €90.0m uncommitted accordion facility.

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

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

### **Accounting records**

The measures taken by the Directors to secure compliance with the Group's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons as outlined in Sections 281 to 285 of the Irish Companies Act 2014. The accounting records are kept at 4045 Kingswood Road, Citywest Business Park, Co. Dublin, D24 V06K.

### **Principal risks and uncertainties**

The principal risks and uncertainties facing the Group and its subsidiaries are outlined on pages 24 to 32.

### **Financial risk management**

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

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

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

### **Finance interest and currency risk**

The Group's procedure is to finance operating subsidiaries by a combination of retained profits and, to a lesser extent,

non-recourse financing arrangements, invoice discounting and overdrafts, and to finance investments with a combination of Group funds and borrowings. The majority of the Group's activities are conducted in Euro. Foreign exchange exposure arises from transactional currency exposures arising from the sale and purchase of goods in currencies other than the Group's functional currency (i.e. Euro). The Group takes appropriate measures to manage its exposure to fluctuating foreign exchange rates associated with both transaction activity and the translation into Euro of its net investment in its non-Euro subsidiaries. With UK subsidiaries being key to our growth strategy, the Board have been monitoring the effect of the UK's exit from the EU. There has been no negative impact on trade, and the decline of Sterling during the second half of 2020 resulted in a decrease in the value of UK profits and net assets when translated into Euro. Forward foreign exchange contracts and the holding of foreign currency cash balances are used to hedge these currency exposures, where material.

## Directors' Report continued

### Non-Financial Reporting Statement

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

Reporting requirements	Our policies	Commentary
<b>Environmental matters</b>	» Sustainability Policy	For further information on the Group's approach to Environmental matters see the Environment & Sustainability section of our Sustainability and Governance report on page 44.
<b>Social and employee matters</b>	» Sustainability Policy » Health & Safety Policy » Whistleblowing Policy	For further information on the Group's approach to Social and Employee matters see the People & Workplace section and the Community Involvement section of our Sustainability and Governance report on pages 40 to 43.
<b>Human rights</b>	» Code of Business Conduct » Equality & Dignity at Work Policy » Modern Slavery Policy	The Group is committed to conducting all our activities in accordance with high standards of business conduct, respecting the fundamental freedoms and rights of our people. The Group is also committed to ensuring that our supply chain is free from human rights abuses, including forced labour, slavery and trafficking.
<b>Anti-bribery and corruption</b>	» Anti-Bribery and Corruption Policy » Code of Business Conduct » Whistleblowing Policy » Conflicts of Interest Policy	The Group does not tolerate any form of bribery, prohibits facilitation payments and does not make political contributions.
<b>Description of the business model</b>	Details are set out in the principal activities and review of the development of the business section of this report.	
<b>Non-financial key performance indicators</b>	The Group's planning and financial reporting procedures include financial and non-financial Key Performance Indicators (KPIs) which benchmark progress towards our strategic priorities. KPIs are reviewed and monitored on a regular basis by the Board, the Audit, Risk and Compliance Committee or the applicable business manager and are amended to better reflect the Group's key performance measures when required. Our KPIs in connection with the above matters relate to the level of reported breaches of applicable legislation or incidents reported, of which there were none in the current year.  In addition to the KPIs which are reviewed and monitored at a business level, the Group have a number of KPIs which are used to monitor the Group's performance. These KPIs are outlined further in our key performance indicators section on pages 20 and 23.	
<b>Principal risks</b>	Details are set out in the Risk Management section of this report on pages 24 to 32.	

### Substantial Holdings

The table below shows all notified shareholdings in excess of 3% of the issued ordinary share capital of the Company as at 31 December 2020 and 26 February 2021, being the closest possible date to the date of signing of this report:

	26 February 2021	31 December 2020		
	Number of shares	% Holding	Number of shares	% Holding
Mackenzie Investment	17,374,939	6.4%	17,374,939	6.4%
Polar Capital	16,711,156	6.1%	16,711,156	6.1%
Sisk Family	16,152,373	5.9%	19,652,373	7.2%
Gerard Rabbette <sup>1</sup>	8,758,310	3.2%	8,758,310	3.2%

1. Including Ordinary Shares issued under the 2018 LTIP

### Directors, Secretary and their interests in shares

The names of the persons who, at any time in the twelve months to 31 December 2020, were Directors are set out below.

M. Pratt	
G. Rabbette	
T. Dolphin	
P. Dempsey	
P. Hogan	
M. McConn	
G. Penny	
P. Staunton	
S. Webb	
J. Berkowitz	Appointed to the Board on 18 September 2020
J. Holly	Retired from the Board on 26 May 2020
H. McSharry	Retired from the Board on 18 September 2020
M. Moran	Retired from the Board on 1 September 2020

The beneficial interests, including family interests, of the Directors and Company Secretary of Unipharm plc in office at 31 December 2020 in the share capital of Unipharm plc and subsidiary undertakings were:

	31 December 2020 ordinary shares	31 December 2019 ordinary shares
G. Rabbette	8,758,310	8,758,310
T. Dolphin	5,586,322	5,586,322
P. Dempsey	3,285,183	3,285,183

The Directors and Secretary who hold less than 1% of the Company's issued share capital are not disclosed as the Company is exempt under Section 260, Companies Act 2014. For further details on Director's share awards under LTIP schemes, see the Remuneration Committee Report.

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

#### **Political donations**

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

#### **Events after the Balance Sheet Date**

On 26 January 2021, the Board approved the establishment of a new share option scheme with a reserve of 2.5% of the issued share capital of the Company. Existing participants in the current Group LTIP (including executive directors) shall not be eligible for the grant of options under this scheme which is intended to incentivise key senior management who were not eligible for participation in the existing Group LTIP.

#### **Dividends**

Following another set of positive results for the Group, the Directors are proposing a final dividend of €4.2m. Subject to approval at the AGM, the proposed dividend will be paid to ordinary shareholders on the Company's register on 23 April 2021.

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

#### **Auditors**

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

On behalf of the Board



**M. Pratt**



**G. Rabbette**

# Financial Statements



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# Independent auditors' report to the members of Unipharm plc

## Report on the audit of the financial statements

### Opinion

In our opinion, Unipharm plc's group financial statements and company financial statements (the "financial statements"):

- » give a true and fair view of the group's and the company's assets, liabilities and financial position as at 31 December 2020 and of the group's profit and the group's and the company's cash flows for the year then ended;
- » have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2014; and
- » have been properly prepared in accordance with the requirements of the Companies Act 2014.

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

- » the Group and Company Balance Sheets as at 31 December 2020;
- » the Group Income Statement for the year then ended;
- » the Group Statement of Comprehensive Income for the year then ended;
- » the Group and Company Cash Flow Statements for the year then ended;
- » the Group and Company Statements of Changes in Equity for the year then ended;
- » the accounting policies; and
- » the notes to the financial statements.

### Basis for opinion

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

### Independence

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

# Independent auditors' report to the members of Unipharm plc continued

## Our audit approach

### Overview



### Materiality

- » €1.9 million (2019: €1.6 million) - Group financial statements.
- » Based on c. 5% of profit before tax, before exceptional items.
- » €2.6 million (2019: €2.3 million) - Company financial statements.
- » Based on c. 1% of net assets - Company financial statements. For group audit purposes a materiality level that is lower than the group financial statements materiality was applied to balances that did not eliminate in the group financial statements.

### Audit scope

- » Our audit work addressed each of the Group's three operating segments: Commercial & Clinical Services, Product Access Services and Supply Chain & Retail Services. Each of these consists of a number of reporting components.
- » We performed full scope audits of the complete financial information of six financially significant reporting components: Unipharm plc, Allphar Services Limited, Unipharm Wholesale Limited, Sisk Healthcare UK Limited, Sisk Healthcare Unlimited Company and Durbin plc.
- » Specified audit procedures on selected account balances, classes of transactions or disclosures were performed at eleven other reporting components within the Group.
- » Audit coverage for individual line items within the Group's Income Statement and Balance Sheet is in excess of 80% of revenues, in excess of 70% of Profit before tax, before Exceptional items and in excess of 80% of Total Assets.

### Key audit matters

- » Goodwill impairment assessment.
- » Accounting for material acquisitions.

### The scope of our audit

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

### Key audit matters

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

This is not a complete list of all risks identified by our audit.

## Independent auditors' report to the members of Unipharm plc continued

Key audit matter	How our audit addressed the key audit matter
<i>Goodwill impairment assessment</i>	
Refer to "Intangible assets" and "Impairment of assets" on page 121 and 122 (Accounting Policies), "Impairment assessment of goodwill and other non-current assets" in note 1 ("Significant estimates and judgements") and note 10 ("Intangible Assets").	We considered management's impairment model for each CGU and evaluated the methodology used. We also tested the mathematical accuracy of the impairment models.
The carrying value of goodwill at 31 December 2020 is c. €358m, representing approximately 42% of the Group's total assets.	We agreed the cash flow forecasts for 2021 to 2025 to Board approved plans.
The carrying amount of goodwill attributed to each Cash Generating Unit ("CGU") is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.	We assessed the reasonableness of estimates of future revenue from product sales and costs included in the cash flow forecasts by comparing relevant assumptions to historical performance and economic forecasts, as appropriate. We challenged management's long-term growth rates and long-term inflation rates with reference to OECD published economic forecasts data.
For those acquisitions made in late 2020, where allocation of the goodwill arising on acquisition to a cash generating unit has not taken place at 31 December 2020, the goodwill carrying amount is assessed with reference to the recent market transaction.	We evaluated the discount rate used by management, with the assistance of PwC valuation experts, through comparison to industry peers.
We determined this to be a key audit matter due to the level of judgement required by management in determining the recoverable amount of goodwill, and the assumptions used in the calculation of its value-in-use.	We also performed a sensitivity analysis using alternative reasonably possible assumptions for estimating the value-in-use.
Key assumptions used to develop the estimation of value-in-use at 31 December 2020 include the growth rates for revenue, the cash flow forecasts and the discount rate.	We found that the assumptions used in the assessment of goodwill fell within a reasonable range.
We also assessed the appropriateness of the disclosures in note 10 regarding the impairment assessment of goodwill.	

## Independent auditors' report to the members of Unipharm plc continued

Key audit matter	How our audit addressed the key audit matter
<i>Accounting for material acquisitions</i>	
Refer to "Business combinations" on page 125 (Accounting Policies), "Business combinations" and "Provisions" under note 1 ("Significant estimates and judgements"), note 19 ("Provisions") and note 35 ("Acquisitions of subsidiary undertakings and business assets").	We read the legal agreements for each acquisition to obtain an understanding of the structure and key terms of each transaction.
During 2020 the Group completed six acquisitions. Management determined that all acquisitions met the definition of a business combination under IFRS 3 'Business Combinations'. For certain of the acquisitions the total consideration includes an estimate for consideration that is contingent on future trading performance. As set out in note 10, goodwill of €90.8m was recognised in the year.	We challenged the reasonableness of the significant assumptions used in the measurement of the fair value of the consideration including the valuation of deferred and contingent consideration pertaining to the acquisitions. This included considering management's assessment of the likelihood of the specified future profitability targets being achieved, including considering the growth rates used against OECD published economic forecasts for the region in which each acquired entity operates and other relevant factors.
We determined the accounting for acquisitions to be a key audit matter due to:	We also assessed, with the assistance of a PwC valuations expert, the discount rate applied.
<ul style="list-style-type: none"> <li>» their significance to the financial statements; and</li> <li>» the complexity and degree of judgement involved in determining the fair value of the consideration payable, particularly the deferred and contingent element that are based on achievement of specified future profitability targets.</li> </ul>	We found that the assumptions used fell within a reasonable range.
For the valuation applied to the brand name in the Hickey's Pharmacy Group acquisition of €11.2m, we evaluated the third party valuation report on which the valuation is based, with the assistance of PwC valuation experts.	
We obtained from management details of the allocation of fair values in relation to assets and liabilities acquired. We evaluated and tested the fair values by reference to supporting documentation.	
We also assessed the appropriateness of the disclosures in the financial statements regarding the acquisitions made during 2020.	

### How we tailored the audit scope

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

The Group is structured along three operating segments being Commercial & Clinical, Product Access and Supply Chain & Retail. Each operating segment comprises a number of reporting components. The Group financial statements are a consolidation of 43 reporting components across the three operating segments. In establishing the overall approach to the Group audit, we identified six reporting components, which in our view required an audit of their complete financial information due to their size and financial significance or risk factors to the Group.

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

## Independent auditors' report to the members of Unipharm plc continued

### Materiality

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

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

	Group financial statements	Company financial statements
<b>Overall materiality</b>	€1.9 million (2019: €1.6 million).	€2.6 million (2019: €2.3 million).
<b>How we determined it</b>	c. 5% of profit before tax, before exceptional items.	c. 1% of net assets. For group audit purposes a materiality level that is lower than the group financial statements materiality was applied to balances that did not eliminate in the group financial statements.
<b>Rationale for benchmark applied</b>	The Group is profit-oriented and profit before tax, before exceptional items is one of the key metrics used by shareholders in reviewing performance of the Group. We consider this to be the most appropriate relevant performance metric for the shareholders of the Group.	We consider net assets to be the appropriate benchmark given the company is a holding company with its main activity being the management of investments in subsidiaries.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €0.1 million (group audit) (2019: €0.08 million) and €0.1 million (company audit) (2019: €0.08 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### Conclusions relating to going concern

Our evaluation of the directors' assessment of the group and company's ability to continue to adopt the going concern basis of accounting included the procedures set out below:

- » We evaluated management's base case and downside scenarios prepared for the going concern assessment, as outlined in the accounting policies on page 119. We agreed the base case to the approved budgets for 2021. We checked the mathematical accuracy and estimated headroom of each of the scenarios. We also considered the sufficiency of the downside scenarios considered by management.
- » We considered whether the assumptions within the base case scenario were consistent with the assumptions made in other areas of our audit work e.g. goodwill impairment assessment.
- » We agreed the banking facilities to the relevant loan documentation and checked the calculations to support the expected covenant compliance under each of the scenarios for mathematical accuracy and agreement with the terms of the facilities.

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

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

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

## Independent auditors' report to the members of Unipharm plc continued

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

### Reporting on other information

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

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

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

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

- » In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report (excluding the information included in the "Non Financial Statement" on which we are not required to report) for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
- » Based on our knowledge and understanding of the group and company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report (excluding the information included in the "Non Financial Statement" on which we are not required to report).

### Responsibilities for the financial statements and the audit

#### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

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

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Independent auditors' report to the members of Uniphar plc continued

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

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

[https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf)

This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### **Companies Act 2014 opinions on other matters**

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

### **Other exception reporting**

#### *Directors' remuneration and transactions*

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

#### *Prior financial year Non Financial Statement*

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



Damian Byrne  
for and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
Dublin  
1 March 2021

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

## Group Income Statement

Year Ended 31 December 2020

	Notes	2020 Pre- exceptional €'000	2020 Exceptional (note 4) €'000	2020 Total €'000	2019 Pre- exceptional €'000	2019 Exceptional (note 4) €'000	2019 Total €'000
<b>Revenue</b>	2	1,823,854	-	1,823,854	1,665,283	-	1,665,283
Cost of sales		(1,606,602)	-	(1,606,602)	(1,484,681)	-	(1,484,681)
<b>Gross profit</b>		217,252	-	217,252	180,602	-	180,602
Selling and distribution costs		(55,446)	-	(55,446)	(52,214)	-	(52,214)
Administrative expenses		(115,328)	(6,775)	(122,103)	(88,410)	(12,043)	(100,453)
Other operating income	3	241	-	241	272	-	272
<b>Operating profit</b>		46,719	(6,775)	39,944	40,250	(12,043)	28,207
Finance cost	6	(8,352)	1,939	(6,413)	(8,480)	6,731	(1,749)
<b>Profit before tax</b>		38,367	(4,836)	33,531	31,770	(5,312)	26,458
Income tax expense	7	(5,720)	-	(5,720)	(5,537)	-	(5,537)
<b>Profit for the financial year</b>		32,647	(4,836)	27,811	26,233	(5,312)	20,921
<b>Attributable to:</b>							
Owners of the parent				27,827			21,026
Non-controlling interests	27			(16)			(105)
<b>Profit for the financial year</b>				27,811			20,921
<b>Attributable to:</b>							
Continuing operations				27,811			20,921
<b>Profit for the financial year</b>				27,811			20,921
<b>Earnings per ordinary share (in cent):</b>							
Continuing operations				10.6			11.5
<b>Basic and diluted earnings per share (in cent)</b>	8			10.6			11.5

## Group Statement of Comprehensive Income

Year Ended 31 December 2020

	Notes	2020 €'000	2019 €'000
<b>Profit for the financial year</b>		27,811	20,921
<b>Other comprehensive (expense)/income</b>			
<i>Items that may be reclassified to the Income Statement:</i>			
Unrealised foreign currency translation adjustments		(4,564)	3,815
<i>Items that will not be reclassified to the Income Statement:</i>			
Actuarial gain/(loss) in respect of defined benefit pension schemes	20	303	(1,207)
Deferred tax (charge)/credit on defined benefit pension schemes	13	(38)	151
<b>Total comprehensive income for the financial year</b>		23,512	23,680
<b>Attributable to:</b>			
Owners of the parent		23,528	23,785
Non-controlling interests	27	(16)	(105)
<b>Total comprehensive income for the financial year</b>		23,512	23,680
<b>Attributable to:</b>			
Continuing operations		23,512	23,680
<b>Total comprehensive income for the financial year</b>		23,512	23,680

## Group Balance Sheet

As at 31 December 2020

	Notes	2020 €'000	2019 €'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	10	374,498	277,776
Property, plant and equipment	11	153,730	119,483
Financial assets - Investments in equity instruments	12	25	25
Deferred tax asset	13	4,524	4,676
Other receivables	16	1,097	1,132
Employee benefit surplus	20	12	-
<b>Total non-current assets</b>		533,886	403,092
<b>Current assets</b>			
Assets held for sale	14	2,300	7,985
Inventory	15	115,566	97,684
Trade and other receivables	16	125,196	136,408
Cash and cash equivalents	17	60,410	114,040
Restricted cash	17	3,097	2,142
<b>Total current assets</b>		306,569	358,259
<b>Total assets</b>		840,455	761,351
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Called up share capital presented as equity	23	21,841	21,841
Share premium	24	176,501	176,501
Other reserves	25	(1,100)	3,464
Retained earnings	26	5,218	(20,601)
<b>Attributable to owners</b>		202,460	181,205
Attributable to non-controlling interests	27	75	(285)
<b>Total equity</b>		202,535	180,920
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	18	95,615	66,977
Provisions	19	81,737	81,069
Employee benefit obligation	20	-	45
Lease obligations	21	107,203	82,901
Other non-current payables	22	4,604	545
<b>Total non-current liabilities</b>		289,159	231,537
<b>Current liabilities</b>			
Borrowings	18	2,311	22,583
Lease obligations	21	13,334	10,083
Trade and other payables	22	333,116	311,228
Facility termination fee	32	-	5,000
<b>Total current liabilities</b>		348,761	348,894
<b>Total liabilities</b>		637,920	580,431
<b>Total equity and liabilities</b>		840,455	761,351

On behalf of the Board

M. Pratt

G. Rabbette

# Company Balance Sheet

As at 31 December 2020

	Notes	2020 €'000	2019 €'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	44,355	47,335
Financial assets - Investments in subsidiaries	12	291,407	288,732
Financial assets - Investments in equity instruments	12	25	25
Deferred tax asset	13	2,232	2,724
Other receivables	16	412	138
<b>Total non-current assets</b>		<b>338,431</b>	<b>338,954</b>
<b>Current assets</b>			
Trade and other receivables	16	367,194	435,543
Cash and cash equivalents	17	3,234	67,328
Restricted cash	17	2,100	2,142
<b>Total current assets</b>		<b>372,528</b>	<b>505,013</b>
<b>Total assets</b>		<b>710,959</b>	<b>843,967</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Called up share capital presented as equity	23	21,841	21,841
Share premium	24	176,501	176,501
Other reserves	25	60	60
Retained earnings	26	60,766	28,331
<b>Total equity</b>		<b>259,168</b>	<b>226,733</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	18	95,336	65,796
Provisions	19	32,440	56,385
Lease obligations	21	42,443	44,633
<b>Total non-current liabilities</b>		<b>170,219</b>	<b>166,814</b>
<b>Current liabilities</b>			
Borrowings	18	-	16,827
Lease obligations	21	3,377	3,311
Trade and other payables	22	278,195	425,282
Facility termination fee	32	-	5,000
<b>Total current liabilities</b>		<b>281,572</b>	<b>450,420</b>
<b>Total liabilities</b>		<b>451,791</b>	<b>617,234</b>
<b>Total equity and liabilities</b>		<b>710,959</b>	<b>843,967</b>

The profit recorded in the financial statements of the Company for the year ended 31 December 2020 was €34,428,000 (2019: €42,933,000). As permitted by Section 304 of the Companies Act 2014, the Income Statement of the Company has not been separately presented in the financial statements.

On behalf of the Board

M. Pratt

G. Rabbette

# Group Cash Flow Statement

Year Ended 31 December 2020

	Notes	2020 €'000	2019 €'000
<b>Operating activities</b>			
Cash inflow from operating activities			
Proceeds from non-recourse financing	29	66,371	49,566
Interest paid	32	12,000	68,000
Interest paid on lease liabilities	21	(2,870)	(3,831)
Corporation tax payments		(2,988)	(2,637)
<b>Net cash inflow from operating activities</b>		<b>65,978</b>	<b>106,997</b>
<b>Investing activities</b>			
Payments to acquire property, plant and equipment – Maintenance		(6,487)	(5,585)
Payments to acquire property, plant and equipment – Strategic projects		(7,832)	-
Receipts from disposal of property, plant and equipment		123	9
Payments to acquire intangible assets – Maintenance		(1,412)	(861)
Payments to acquire intangible assets – Strategic projects		(6)	-
Receipts from disposal of assets held for sale	14	5,685	415
Receipts from disposals/repayments of financial assets	12	-	5,359
Payments to acquire subsidiary undertakings		(57,363)	(50,533)
Cash acquired on acquisition of subsidiary undertakings	35	7,689	6,860
Restricted cash acquired on acquisition of subsidiary undertakings	35	1,027	-
Debt acquired on acquisition of subsidiary undertakings	35	(16,800)	-
Payment of deferred and deferred contingent consideration		(35,305)	(1,403)
Receipt of deferred consideration receivable		355	95
<b>Net cash outflow from investing activities</b>		<b>(110,326)</b>	<b>(45,644)</b>
<b>Financing activities</b>			
Issue of partly paid share capital		-	17
Proceeds from calling of unpaid element of partly paid share capital		-	1,211
Proceeds from IPO equity issue		-	139,391
IPO cash exceptional costs		-	(3,493)
IPO cash exceptional costs - recognised directly in equity		-	(8,581)
Proceeds from borrowings		113,799	-
Repayments of borrowings		(103,928)	(6,869)
Decrease in invoice discounting facilities		(1,505)	(69,342)
Movement in restricted cash		(955)	210
Payment of dividends	9	(1,993)	-
Payment of facility termination fee	32	(5,000)	(2,500)
Principal element of lease payments		(9,133)	(7,896)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(8,715)</b>	<b>42,148</b>
(Decrease)/Increase in cash and cash equivalents in the year	30	(53,063)	103,501
Foreign currency translation on cash and cash equivalents		(567)	-
Opening balance cash and cash equivalents	17	114,040	10,539
<b>Closing balance cash and cash equivalents</b>		<b>60,410</b>	<b>114,040</b>

# Company Cash Flow Statement

Year Ended 31 December 2020

	Notes	2020 €'000	2019 €'000
<b>Operating activities</b>			
Cash outflow from operating activities	29	(34,328)	(31,901)
Interest paid		(1,260)	(2,466)
Interest paid on lease liabilities	21	(1,398)	(1,467)
<b>Net cash outflow from operating activities</b>		(36,986)	(35,834)
<b>Investing activities</b>			
Receipts from disposals/repayments of financial assets		-	5,359
Payments to acquire subsidiary undertakings		(990)	(26,802)
Payments of deferred and deferred contingent consideration		(29,460)	-
Receipt of deferred consideration receivable		-	95
<b>Net cash outflow from investing activities</b>		(30,450)	(21,348)
<b>Financing activities</b>			
Issue of partly paid share capital		-	17
Proceeds from calling of unpaid element of partly paid share capital		-	1,211
Proceeds from IPO equity issue		-	139,391
IPO cash exceptional costs		-	(3,493)
IPO cash exceptional costs - recognised directly in equity		-	(8,581)
Proceeds from borrowings		96,997	-
Repayments of borrowings		(84,284)	(6,217)
Movement in restricted cash	30	42	-
Payment of dividends	9	(1,993)	-
Payment of facility termination fee	32	(5,000)	(2,500)
Principal element of lease payments		(2,420)	(2,651)
<b>Net cash inflow from financing activities</b>		3,342	117,177
(Decrease)/Increase in cash and cash equivalents in the year	31	(64,094)	59,995
Opening balance cash and cash equivalents	17	67,328	7,333
<b>Closing balance cash and cash equivalents</b>	17	3,234	67,328

## Group Statement of Changes in Equity

Year Ended 31 December 2020

Notes	Share capital €'000	Share premium €'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 2019	9,413	22,489	(1,111)	700	60	(31,990)	(180)	(619)
Profit for the financial year	-	-	-	-	-	21,026	(105)	20,921
<i>Other comprehensive income/(expense):</i>								
Re-measurement loss on pensions (net of tax)	-	-	-	-	-	(1,056)	-	(1,056)
Movement in foreign currency translation reserve	-	-	3,815	-	-	-	-	3,815
<i>Transactions recognised directly in equity:</i>								
Issue of partly paid share capital	23	17	-	-	-	-	-	17
Issue of fully paid share capital		1,211	-	-	-	-	-	1,211
Exercise of derivative financial instrument		1,503	24,318	-	-	-	-	25,821
Issuance of share capital		9,697	129,694	-	-	(8,581)	-	130,810
<b>At 31 December 2019</b>	21,841	176,501	2,704	700	60	(20,601)	(285)	180,920
At 1 January 2020	21,841	176,501	2,704	700	60	(20,601)	(285)	180,920
Profit for the financial year	-	-	-	-	-	27,827	(16)	27,811
<i>Other comprehensive (expense)/income:</i>								
Re-measurement gain on pensions (net of tax)	-	-	-	-	-	-	265	-
Movement in foreign currency translation reserve	-	-	(4,564)	-	-	-	-	(4,564)
<i>Transactions recognised directly in equity:</i>								
Non-controlling interest on acquisition of subsidiary	27	-	-	-	-	-	96	96
Acquisition of non-controlling interest	27	-	-	-	-	(280)	280	-
Dividends paid	9	-	-	-	-	(1,993)	-	(1,993)
<b>At 31 December 2020</b>	21,841	176,501	(1,860)	700	60	5,218	75	202,535

## Company Statement of Changes in Equity

Year Ended 31 December 2020

	Notes	Share capital €'000	Share premium €'000	Capital redemption reserve €'000	Retained earnings €'000	Total shareholders' equity €'000
At 1 January 2019		9,413	22,489	60	(6,021)	25,941
Profit for the financial year		-	-	-	42,933	42,933
<i>Transactions recognised directly in equity:</i>						
Issue of partly paid share capital	23	17	-	-	-	17
Issue of fully paid share capital		1,211	-	-	-	1,211
Exercise of derivative financial instrument		1,503	24,318	-	-	25,821
Issue of share capital		9,697	129,694	-	(8,581)	130,810
<b>At 31 December 2019</b>		<b>21,841</b>	<b>176,501</b>	<b>60</b>	<b>28,331</b>	<b>226,733</b>
At 1 January 2020		21,841	176,501	60	28,331	226,733
Profit for the financial year		-	-	-	34,428	34,428
<i>Transactions recognised directly in equity:</i>						
Dividends paid	9	-	-	-	(1,993)	(1,993)
<b>At 31 December 2020</b>		<b>21,841</b>	<b>176,501</b>	<b>60</b>	<b>60,766</b>	<b>259,168</b>

## Accounting Policies

### Basis of preparation

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

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

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

### Going concern

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

Unipharm 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 December 2020, strengthened into the future by the new banking facility agreed in July 2020. This continues to provide a solid platform for the Group to deal with the disruption caused by the Covid-19 pandemic.

A number of scenarios have been considered and modelled relating to the impact of Covid-19 on the Group. The key assumptions within each scenario include the following:

- » Reduction in volumes in Supply Chain & Retail, with no significant reduction in costs;
- » Reduction in elective surgeries in Commercial & Clinical due to re-prioritisation of resources in hospitals, with increase in demand on easing of lockdown measures; and
- » No negative impact in Product Access, due to the nature of exclusive access programmes.

The scenarios considered are:

- » Increased restrictions across multiple geographies in place to the end of Q1 2021, with moderate recovery thereafter; and
- » The impact of continuing rolling waves of lockdown restrictions through to Q1 2022 across multiple geographies resulting in a reduction in demand, with a slow recovery over the following period, and no further mitigating actions taken to offset loss of revenues.

In both of these scenarios the assessment indicates that there is no impact on the underlying ability to comply with banking covenants and retain sufficient liquidity to meet our financial obligations as they fall due.

The execution of a new five-year banking facility (with the option to extend by a further two years) agreed in July 2020 enhances the liquidity position of the Group. The banking facility provides the Group with a revolving credit facility of €150.0m and a €90.0m uncommitted accordion facility. This new banking facility almost doubles the Group's available facilities. The Group has a robust capital structure, modest net bank debt of €34.4m (31 December 2020) and an available unused committed facility of €54.4m, in addition to a €90.0m uncommitted accordion facility.

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

## Accounting Policies continued

### Basis of consolidation

The Group's financial statements are prepared for the year ended 31 December 2020. The annual financial statements incorporate the Company and all of its subsidiary undertakings. A subsidiary undertaking is consolidated by reference to whether the Group has control over the subsidiary undertaking. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The results of all Group undertakings are prepared to the Group's financial year end. The principal subsidiaries of the Group are listed in note 37. The attributable results of acquisitions are included in the financial statements from the date of acquisition. The results of the subsidiary undertakings disposed of are included in the consolidated Income Statement and Cash Flow Statement up to the date control ceases. Intergroup transactions are eliminated on consolidation in the preparation of the Group's financial statements.

### New Standards, Amendments and Interpretations

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- » Definition of Material – amendments to IAS 1 and IAS 8;
- » Definition of a Business – amendments to IFRS 3;
- » Revised Conceptual Framework for Financial Reporting; and
- » Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7.

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

### New standards and interpretations not yet adopted

The following accounting standard and interpretation has been published but is not mandatory for 31 December 2020 and has not been early adopted by the Group:

- » 'Leases' – Covid 19 related rent concessions – amendment to IFRS16

This standard is not expected to have a material impact in the current or future reporting periods and on foreseeable future transactions.

### Historical cost convention

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

- » Investments in equity, financial assets and liabilities, certain classes of property, plant and equipment – measured at fair value; and
- » Defined benefit pension plans – plan assets measured at fair value.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant in relation to the consolidated financial statements are set out in note 1.

## Accounting Policies continued

### Foreign currency translation

#### (i) Functional currency and presentational currency

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

#### (ii) Transactions and balances

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

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

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

#### (iii) Foreign currency translation

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

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

### Intangible assets

#### (i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

#### (ii) Computer software

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

## Accounting Policies continued

### Intangible assets continued

#### (ii) Computer software continued

Computer software is recognised if it meets the following criteria:

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

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

#### (iii) Trademarks

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

#### (iv) Intangible Assets - Acquired

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

Intangible assets are amortised on a straight-line basis. The Brand name is amortised over its expected useful life of 10 years and the Technology asset is amortised over its expected useful life of three years.

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

### Impairment of assets

Goodwill has an indefinite useful life, is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### Property, plant and equipment

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

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

## Accounting Policies continued

### Property, plant and equipment continued

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

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

Land is not being depreciated.

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

### Assets Held for Sale

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

### Financial assets – Investments in subsidiaries

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

### Investments and other financial assets

#### (i) Classification

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

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

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

#### (ii) Recognition and derecognition

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

#### (iii) Measurement

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

## Accounting Policies continued

### Investments and other financial assets continued

#### (iii) Measurement continued

##### *Debt instruments*

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

- » Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the Income Statement and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the Income Statement;
- » Fair value through Other Comprehensive Income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the Group Income Statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the Group Income Statement; and
- » Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the Group Income Statement in the period in which it arises.

##### *Loans and receivables*

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

##### *Financial guarantee contracts*

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

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

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

##### *Derivatives and facility termination fees*

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

##### *Equity instruments*

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

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

#### (iv) Impairment

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

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

## Accounting Policies continued

### Investments and other financial assets continued

#### (v) Income recognition

##### *Interest income*

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

##### *Dividends*

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

### Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

The fair value attributable to any non-controlling interest arising on an acquisition is calculated based on the non-controlling interest share of the identifiable net assets at the date of acquisition.

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

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

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

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

## Accounting Policies continued

### Borrowings

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

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

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

### Cash and cash equivalents

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

### Share capital

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

### Leases

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

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

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- » fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- » variable lease payments that are based on an index or a rate;
- » amounts expected to be payable by the lessee under residual value guarantees;
- » the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- » payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

## Accounting Policies continued

### Leases continued

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined; or the Group's incremental borrowing rate which is calculated using a portfolio approach, based on the nature of the lease. The discount rate per lease asset class is:

- » Buildings 3%
- » Plant and equipment 4%
- » Motor Vehicles 5%

The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- » Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- » Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Right-of-use assets are measured at cost comprising the following:

- » the amount of the initial measurement of lease liability;
- » any lease payments made at or before the commencement date less any lease incentives received;
- » any initial direct costs, and
- » restoration costs.

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

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

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

### Trade receivables

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

### Inventory

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

### Income tax

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

## Accounting Policies continued

### Income tax continued

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

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

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

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

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

### Employee benefits

#### Share-based payments

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

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

#### Post-employment obligations

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

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

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

## Accounting Policies continued

### Employee benefits continued

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

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

### Revenue

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

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

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

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

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

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

#### Commercial & Clinical

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

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

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

## Accounting Policies continued

### Revenue continued

#### Product Access

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

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

#### Supply Chain & Retail - wholesaling

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

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

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

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

#### Supply Chain & Retail – retail pharmacies

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

## Accounting Policies continued

### Cost of Sales

#### Commercial & Clinical

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

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

#### Product Access

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

#### Supply Chain & Retail

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

### Exceptional items

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

# Notes to the Financial Statements

## 1 Significant estimates and judgements

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

### Management estimates and judgements

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

#### *Impairment assessment of goodwill and other non-current assets*

The Group tests annually whether goodwill has suffered any impairment. Determining whether goodwill is impaired requires comparison of the value-in-use for the relevant CGUs to the net assets attributable to these CGUs. The value-in-use calculation is based on an estimate of future cash flows expected to arise from the CGUs and these are discounted to net present value using an appropriate discount rate. In calculating value-in-use, management judgement is required in forecasting cash flows of CGUs, in determining terminal growth values and in calculating an appropriate discount rate. The goodwill impairment test is sensitive to these estimates. The Group has performed sensitivity analysis over the value-in-use calculation with respect to the key estimates. Management have performed detailed sensitivity analysis on each of the CGUs by applying sensitivities to each of the key assumptions. This analysis resulted in an excess in the recoverable amount over their carrying amount under each approach for all CGUs. Management believe that any reasonable change in any of the key assumptions would not cause the carrying value of goodwill to exceed the recoverable amount. Further information is detailed in the intangible assets note 10.

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

#### *IFRS 16 "Leases"*

IFRS 16 "Leases" required management judgement in the selection of the appropriate discount rates to be used in the discounting of the expected future payments to present value. The discount rate applied is the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate which is calculated using a portfolio approach, based on the nature of the lease. The discount rate per lease asset class is:

- » Buildings 3%
- » Plant and equipment 4%
- » Motor Vehicles 5%

#### *Impairment of inventory*

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

#### *Revenue recognition*

Management judgement is required in the assessment of whether the Group acts as an agent or a principal in transactions and accordingly whether revenue should be recorded on a gross or net basis. As part of this assessment, the Group has considered its responsibilities for fulfilling contracts, inventory risk, and establishing selling prices and therefore it has determined that it acts as a principal.

# Notes to the Financial Statements continued

## 1 Significant estimates and judgements continued

### *Income taxes*

The Group is subject to income taxes in numerous jurisdictions and judgement is therefore required in determining the provision for income taxes. Provisions for taxes require judgement and estimation in interpreting tax legislation, current case law and the uncertain outcomes of tax audits and appeals. Where the final outcome of these matters differs from the amounts recognised, differences will impact the tax provisions once the outcome is known. In addition, the Group recognised deferred tax assets, mainly relating to unused tax losses, when it is probable that the assets will be recovered through future profitability and tax planning. The assessment of recoverability involves judgement. Further information is contained in note 7, income tax expense.

### *Business combinations*

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

### *Provisions*

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

Deferred contingent consideration is recognised in the Group Balance Sheet as provisions. The expected payment is determined in respect of each individual agreement taking into account the expected level of profitability of each acquisition. Deferred contingent consideration is recognised at fair value at the acquisition date and included in the cost of the business combination. Deferred contingent consideration arrangements are based on earn-out agreements providing for future payment if certain pre-defined profit targets are achieved. The fair value of deferred contingent consideration is estimated using an income-based approach, by estimating the expected payment based on the forecasted performance of the acquired business and discounting the expected future payment to present value using an appropriate discount rate. The movement in deferred contingent consideration in the period is outlined in note 19. Further details on measurement, sensitivities applied, and maturity profile are outlined in note 32.

### *Useful economic lives of property, plant and equipment*

Determining the useful life of property, plant and equipment requires judgement. Management regularly reviews the useful economic lives and residual values. They are amended when necessary to reflect current estimates, based on technological advancement, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of property, plant and equipment, and the depreciation charge for each class of asset, and the accounting policies for the useful economic lives for each class of asset.

### *Exceptional items*

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

## Notes to the Financial Statements continued

### 2 Revenue

	2020 €'000	2019 €'000
<b>Revenue</b>	<b>1,823,854</b>	<b>1,665,283</b>
	2020 €'000	2019 €'000
Commercial & Clinical Product Access	269,780	204,031
Supply Chain & Retail	187,505	132,245
	1,366,569	1,329,007
<b>Total Revenue</b>	<b>1,823,854</b>	<b>1,665,283</b>

The Commercial & Clinical revenue of €269,780,000 (2019: €204,031,000) consists of revenue derived from MedTech of €199,044,000 (2019: €157,691,000) and Pharma of €70,736,000 (2019: €46,340,000).

#### Segmental information

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

#### Geographical analysis

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

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

	2020 €'000	2019 €'000
Ireland	1,540,380	1,476,247
UK	214,352	152,623
Rest of the World (ROW)	69,122	36,413
	1,823,854	1,665,283

## Notes to the Financial Statements continued

### 2 Revenue continued

	Ireland €'000	UK €'000	ROW €'000	Total €'000
<b>At 31 December 2020</b>				
Intangible assets (excluding goodwill)	15,824	391	-	16,215
Property, plant and equipment	141,774	8,913	3,043	153,730
Deferred tax asset/(liability)	4,247	671	(394)	4,524
Other receivables	1,097	-	-	1,097
Employee benefit surplus	12	-	-	12
Financial assets – Investment in equity instruments	25	-	-	25
<b>Non-current assets (excluding goodwill)</b>	<b>162,979</b>	<b>9,975</b>	<b>2,649</b>	<b>175,603</b>
<b>Goodwill</b>				358,283
<b>Non-current assets</b>				533,886
	Ireland €'000	UK €'000	ROW €'000	Total €'000
<b>At 31 December 2019</b>				
Intangible assets (excluding goodwill)	5,146	86	-	5,232
Property, plant and equipment	108,134	9,685	1,664	119,483
Deferred tax asset/(liability)	4,730	242	(296)	4,676
Other receivables	1,132	-	-	1,132
Financial assets – Investment in equity instruments	25	-	-	25
<b>Non-current assets (excluding goodwill)</b>	<b>119,167</b>	<b>10,013</b>	<b>1,368</b>	<b>130,548</b>
<b>Goodwill</b>				272,544
<b>Non-current assets</b>				403,092

## Notes to the Financial Statements continued

### 2 Revenue continued

#### Operating segments

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

The Group operates with three divisions, 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. Unipharm offer a fully integrated multi-channel account management solution that is supported through market data, insights and digital programmes. We integrate these programmes with our supply chain and distribution capability to provide a full end to end service to manufacturers;
- » Product Access consists of two service offerings, being: On Demand 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 Ireland and the UK. Exclusive Access provides bespoke distribution partnerships to pharmaceutical partners for key brands, with new programmes focused on speciality pharmaceutical products. Delivering a unique patient support programme that allows healthcare professionals to connect with patients, on a global basis; 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. Unipharm operate a network of pharmacies under the Life, Allcare and Hickey's brands. Additionally, through the extended Unipharm 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.

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

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

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

## Notes to the Financial Statements continued

### 3 Other operating income

	2020 €'000	2019 €'000
Other income and commission	241	211
Dividends receivable from investments	-	61
	241	272

### 4 Exceptional charge

	2020 €'000	2019 €'000
Professional fees including acquisition costs	(4,300)	(5,267)
Redundancy and restructuring costs	(2,596)	(2,289)
Initial public offering costs	-	(2,432)
Acquisition integration costs	(559)	(629)
Settlement loss on closure of defined benefit pension scheme	(488)	-
Foreign exchange revaluation of deferred contingent consideration	1,168	(1,426)
<b>Exceptional charge recognised in operating profit</b>	<b>(6,775)</b>	<b>(12,043)</b>
Deferred and deferred contingent consideration	2,077	5,251
Gain on settlement of derivative financial instrument	-	1,765
Refinancing costs	(138)	(285)
<b>Exceptional credit recognised in finance costs</b>	<b>1,939</b>	<b>6,731</b>
<b>Total Exceptional charge</b>	<b>(4,836)</b>	<b>(5,312)</b>

#### Deferred and deferred contingent consideration

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

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

### 5 Operating profit

	2020 €'000	2019 €'000
Operating profit is stated after charging/(crediting):		
Directors' remuneration:		
» Emoluments	2,980	2,528
» Defined contribution pension*	29	103
» Fees	715	558
Depreciation (note 11)	17,626	15,911
Amortisation (note 10)	2,368	2,394
Foreign exchange net (gain)/loss	(628)	259

\*Defined contribution pension costs included in Directors' remuneration which were charged to the Group Income Statement relate to pension contributions relating to one Director (2019: two).

## Notes to the Financial Statements continued

### 5 Operating profit continued

Auditors' remuneration (including expenses) for the statutory audit of the Group's financial statements, subsidiary financial statements and other services carried out for the Group by the Company's auditors and subsidiary auditors. Included in fees payable for the audit of Group accounts are total fees of €19,000 (2019: €19,000) which are due to the Group's auditor in respect of the Parent Company. The non-audit services performed by PwC during the year largely related to due diligence and tax advice on acquisitions completed during the year.

	2020 €'000	2019 €'000
Group Auditors – PwC		
» Audit of group accounts	685	604
» Tax compliance services	80	59
» Tax advisory services	842	825
» Other non-audit services	315	1,183
Subsidiary company auditors – Non PwC		
» Audit of subsidiary accounts	208	206
» Tax compliance services	49	43
Staff costs (including Directors):		
» Wages and salaries	120,496	90,373
» Social welfare costs	11,793	9,125
» Pension costs (note 20)	4,219	2,922
	136,508	102,420

€209,000 (2019: €nil) of payroll costs were capitalised to freehold land and buildings as these costs are directly related to development and construction work completed in the year to 31 December 2020.

The increase in staff costs is largely due to the acquisitions completed in the current year, and the full year impact of the acquisitions which were completed in 2019.

#### Employees

The average number of persons employed by the Group (including Directors) during the year was as follows:

	2020 Number	2019 Number
Administration	841	664
Selling, distribution and warehouse	1,559	1,175
	2,400	1,839

## Notes to the Financial Statements continued

### 6 Finance cost

	2020 €'000	2019 €'000
Interest on lease obligations	2,988	2,637
Interest payable on borrowings	2,878	3,871
Fair value adjustment to deferred and deferred contingent consideration	2,112	1,725
Fair value adjustment on facility termination fee	-	(122)
Amortisation of refinancing transaction fees	268	282
Net interest expense/(income) from pension scheme liabilities (note 20)	3	(15)
Interest receivable	(11)	(24)
Other fair value adjustments	114	126
<b>Finance cost before exceptional credit</b>	<b>8,352</b>	<b>8,480</b>
Decrease in fair value deferred contingent consideration (note 4)	(2,077)	(5,251)
Exercise of derivative financial instrument (note 4)	-	(1,765)
Refinancing costs (note 4)	138	285
<b>Exceptional credit recognised in finance cost</b>	<b>(1,939)</b>	<b>(6,731)</b>
<b>Total Finance cost</b>	<b>6,413</b>	<b>1,749</b>

### 7 Income tax expense

	2020 €'000	2019 €'000
<b>Recognised in the Income Statement:</b>		
<b>Current income tax:</b>		
Republic of Ireland	4,002	2,914
Overseas	3,307	1,748
<b>Total current income tax expense</b>	<b>7,309</b>	<b>4,662</b>
<b>Deferred income tax:</b>		
Origination and reversal of temporary differences:		
Property, plant and equipment	206	235
Employee benefits	(96)	82
Other timing differences	(1,373)	-
Tax losses and other differences	(326)	558
<b>Total deferred income tax (credit)/expense</b>	<b>(1,589)</b>	<b>875</b>
<b>Total income tax expense</b>	<b>5,720</b>	<b>5,537</b>
<b>Attributable to:</b>		
Continuing operations	5,720	5,537
<b>Total income tax expense</b>	<b>5,720</b>	<b>5,537</b>

Included in other timing differences is €1,452,000 associated with the reversal of the deferred tax liability recognised on the acquisition of M3 Medical Limited in 2019 which is offset by a deferred tax charge of €79,000 in the EPS Group. See note 13 for further details.

## Notes to the Financial Statements continued

### 7 Income tax expense continued

#### Factors affecting the tax expense in future years

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

- » The UK tax authority has announced that its statutory corporate tax rate of 19% will remain unchanged for the fiscal year beginning 1 April 2021.
- » The Netherlands standard corporate income tax rate of 25% remains unchanged for 2021. However, the 16.5% tax rate band on the first tier of profits has decreased to 15% while the benchmark for the first tier of profits has increased from €200,000 to €245,000 in 2021 and €395,000 in 2022.
- » The Swedish corporate income tax rate of 21.4% has reduced to 20.6% from 1 January 2021.

	2020 €'000	2019 €'000
<b>Reconciliation of effective tax rate</b>		
Profit on ordinary activities before tax	33,531	26,458
Profit on ordinary activities multiplied by the standard rate of corporation tax in the Republic of Ireland of 12.5% (2019: 12.5%)	4,191	3,307
<i>Effects of:</i>		
Disallowable expenses	1,210	1,030
Impairment provision	-	15
Higher overseas income tax rates	1,199	653
Income not taxable	-	(2)
Utilisation of tax losses not previously recognised	(752)	(256)
Tax base asset adjustments in respect of prior years	214	478
(Over)/under-provision of corporation tax in prior year	(342)	312
<b>Total income tax expense for the year</b>	<b>5,720</b>	<b>5,537</b>

### 8 Earnings per share

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

	2020	2019
Profit for the financial year attributable to owners (€'000)	27,827	21,026
Weighted average number of shares ('000)	262,436	183,546
Earnings per ordinary share (in cent):		
» Basic	10.6	11.5
» Diluted	10.6	11.5

## Notes to the Financial Statements continued

### 8 Earnings per share continued

	2020 €'000	2019 €'000
Adjusted earnings per share has been calculated by reference to the following:		
Profit for the financial year attributable to owners	27,827	21,026
Exceptional charge recognised in operating profit (note 4)	6,775	12,043
Exceptional credit recognised in finance costs (note 4)	(1,939)	(6,731)
Amortisation of acquisition related intangibles	279	-
<b>Profit after tax excluding exceptional items</b>	<b>32,942</b>	<b>26,338</b>
Weighted average number of shares in issue in the year (000's)	262,436	183,546
<b>Adjusted basic and diluted earnings per ordinary share (in cent)</b>	<b>12.6</b>	<b>14.3</b>

The weighted average number of ordinary shares includes the effect of 6,218,620 shares (2,582,596 on a weighted basis in the year) granted under the LTIP that have met the share price performance conditions, but will not vest until 31 December 2024.

### 9 Dividends

A final dividend of €0.0073 per ordinary share was paid on 29 May 2020 and amounted to €1,993,000 in respect of the period from IPO to 31 December 2019. There was no dividend paid during the comparative year ended 31 December 2019.

The Directors have proposed a final dividend of €0.01538 per ordinary share, subject to approval at the AGM. This results in a total shareholder dividend of €4.2m in respect of the year ended 31 December 2020. If approved, the proposed dividend will be paid on 17 May 2021 to ordinary shareholders on the Company's register on 23 April 2021. This dividend has not been provided for in the Balance Sheet at 31 December 2020, as there was no present obligation to pay the dividend at year end.

## Notes to the Financial Statements continued

### 10 Intangible assets

	Computer software €'000	Trademark €'000	Goodwill €'000	Technology asset €'000	Brand name €'000	Total €'000
<b>Cost</b>						
At 1 January 2019	32,310	153	218,926	-	-	251,389
Foreign exchange movements	4	-	3,440	-	-	3,444
Acquisitions	-	-	68,887	-	-	68,887
Additions	861	-	-	-	-	861
Disposals/retirements	(66)	-	-	-	-	(66)
At 31 December 2019	33,109	153	291,253	-	-	324,515
At 1 January 2020	33,109	153	291,253	-	-	324,515
Foreign exchange movements	(7)	-	(5,096)	-	-	(5,103)
Acquisitions (note 35)	-	-	90,835	723	11,238	102,796
Additions	1,418	-	-	-	-	1,418
Disposals/retirements	(4,352)	-	-	-	-	(4,352)
At 31 December 2020	30,168	153	376,992	723	11,238	419,274
<b>Accumulated amortisation</b>						
At 1 January 2019	25,642	60	18,709	-	-	44,411
Amortisation	2,363	31	-	-	-	2,394
Disposals/retirements	(66)	-	-	-	-	(66)
At 31 December 2019	27,939	91	18,709	-	-	46,739
At 1 January 2020	27,939	91	18,709	-	-	46,739
Amortisation	2,058	31	-	188	91	2,368
Disposals/retirements	(4,331)	-	-	-	-	(4,331)
At 31 December 2020	25,666	122	18,709	188	91	44,776
<b>Net book amounts</b>						
At 31 December 2019	5,170	62	272,544	-	-	277,776
<b>At 31 December 2020</b>	<b>4,502</b>	<b>31</b>	<b>358,283</b>	<b>535</b>	<b>11,147</b>	<b>374,498</b>

Acquisitions of €90,835,000 comprise of the following transactions (note 35):

- » Goodwill of €44,816,000 arising on the acquisition of 100% of the ordinary share capital of Hickey's Pharmacy Group.
- » Goodwill of €21,287,000 arising on the acquisition of 100% of the membership interests of RRD International, LLC.
- » Goodwill of €20,715,000 arising on the acquisition of 100% of the membership interests of Diligent Health Solutions, LLC.
- » Goodwill of €2,219,000 arising on the acquisition of an 82.3% controlling interest of the ordinary share capital of Innerstrength Limited.
- » Goodwill of €1,108,000 arising on the acquisition of 100% of the ordinary share capital of Marie O'Brien Limited.
- » Goodwill of €690,000 arising on the acquisition of 100% of the ordinary share capital of Bunclody Pharmacy Limited.

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

The Group recognised a technology asset on the acquisition of Innerstrength Limited and a brand name on the acquisition of Hickey's Pharmacy Group (see note 35). Amortisation of these assets commenced at the date of acquisition and it is being amortised over the remaining useful life ranging from three to ten years.

## Notes to the Financial Statements continued

### 10 Intangible assets continued

#### Cash-generating units

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

As disclosed in note 35, the initial accounting for the business combinations completed during the year has been determined provisionally. As a result, the allocation of the goodwill recognised in 2020 to CGUs has not been finalised. For 31 December 2020, the goodwill arising on business combinations completed during 2020 has been tested for impairment by reference to the CGUs determined in accordance with the businesses acquired. For the acquisitions completed in Q4 of 2020, which have not yet been allocated to CGUs, a market-based approach has been used given the recent transaction date.

At 31 December 2019, the goodwill arising on the acquisitions of EPS Group and M3 Medical Limited had not been finalised and remained unallocated. In 2020, the goodwill arising on the acquisition of EPS Group and M3 Medical Limited was allocated to the Commercial & Clinical MedTech CGU, and the goodwill arising on the acquisition of Gort Road Pharmacy Limited and Regional Pharmacy Limited also acquired in 2019 was allocated to the Retail Pharmacies CGU, based on the CGUs that are expected to benefit from that business combination.

During 2020, the goodwill arising on the acquisition of Innerstrength Limited was allocated to the Product Access CGU, and the goodwill arising on the acquisition of Diligent Health Solutions, LLC was allocated to the Commercial & Clinical Pharma CGU, based on the CGUs that are expected to benefit from that business combination. In 2021, it is expected that the goodwill arising on the acquisition of Hickey's Pharmacy Group will be allocated between the Retail Pharmacies CGU and the Supply Chain Services CGU, the goodwill arising on Marie O'Brien Limited and Bunclody Pharmacy Limited will be allocated to the Retail Pharmacies CGU, and it is expected that the goodwill arising on the acquisition of RRD International, LLC will be allocated to the Product Access CGU, based on the CGUs that are expected to benefit from that business combination.

	2020 €'000	2019 €'000
Commercial & Clinical MedTech	151,637	127,158
Supply Chain Services	37,372	37,372
Commercial & Clinical Pharma	37,761	19,009
Retail Pharmacies	25,541	22,248
Product Access	38,693	38,587
Acquisitions not yet allocated to CGUs	67,279	28,170
<b>Net book value of goodwill at 31 December</b>	<b>358,283</b>	<b>272,544</b>

#### Impairment testing of goodwill

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

The recoverable amount of each CGU is determined based on value-in-use calculations. The carrying value of each CGU is initially compared to its estimated value-in-use. There were no impairments during the year (2019: €nil).

As part of this assessment the Group continued to review the carrying value of goodwill associated with subsidiary companies previously acquired as at 31 December 2020.

## 10 Intangible assets continued

### *Value-in-use Calculations*

The value-in-use is calculated on the basis of estimated future cash flows discounted to present value. Estimated future cash flows were determined by reference to the budget for the period 2021 to 2022 and management forecasts for each of the following years from 2023 to 2025 inclusive. The terminal value was calculated using a long-term growth rate in respect of the years after 2025. The estimates of future cash flows were based on the consideration of past experience together with an assessment of the future prospects for each of the businesses within the CGUs. The assumptions used are also referenced against external industry data.

The key assumptions used in the value-in-use calculations are the discount rate, the long-term growth rate, and the cash flow forecasts. The pre-tax discount rates used were based on the Group's estimated weighted average cost of capital, adjusted to reflect risks associated with each CGU. The discount rate applied for each CGU was determined to be between 10.6% and 11.0% (2019: 10.6% and 11.0%). The rate applied for the purpose of the Group impairment testing was 11% (2019: 11%). In determining the terminal value of the value-in-use, it was assumed that cash flows after the first five years will increase at a long-term growth rate ranging from 2.1% to 2.5% (2019: 2.1% to 2.5%). The rate assumed was based on an assessment of the likely long-term growth prospects of the individual CGUs based on the weighted average growth rate by geographies in which the CGU operates.

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

### *Fair value less cost of disposal calculations*

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

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

### **Sensitivity Analysis**

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

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

## 11 Property, plant and equipment

GROUP	Cost	Freehold land and buildings	Leasehold improvements	Plant and equipment	Fixtures and fittings	Computer equipment	Motor vehicles	Instruments	Total
At 1 January 2019	81,146	8,993	18,805	5,440	4,496	4,200	2,273	125,353	
Foreign exchange movement	231	19	129	99	27	78	-	583	
Additions	1,156	64	2,000	894	1,013	2,014	1,890	9,031	
Acquisitions	17,748	136	1,512	2,065	115	318	-	21,894	
Disposals/retirements	(162)	(784)	(370)	(367)	(451)	(866)	(673)	(3,673)	
At 31 December 2019	100,119	8,428	22,076	8,131	5,200	5,744	3,490	153,188	
At 1 January 2020	100,119	8,428	22,076	8,131	5,200	5,744	3,490	153,188	
Foreign exchange movement	(468)	(35)	(119)	(112)	(48)	(98)	-	(880)	
Additions	4,013	374	9,963	1,986	750	3,747	1,457	22,290	
Acquisitions (note 35)	26,886	1,063	-	2,422	534	31	-	30,936	
Disposals/retirements	(339)	(96)	(2,639)	(930)	(816)	(1,944)	(1,100)	(7,864)	
Reclassification	-	42	-	29	(71)	-	-	-	
At 31 December 2020	130,211	9,776	29,281	11,526	5,549	7,480	3,847	197,670	

## 11 Property, plant and equipment continued

GROUP	Freehold land and buildings	Leasehold improvements	Plant and equipment	Fixtures and fittings	Computer equipment	Motor vehicles	Instruments	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>Accumulated depreciation</b>								
At 1 January 2019								
Foreign exchange movement	1,330	1,316	11,640	3,293	3,507	127	136	21,349
Charge for the year	35	8	16	13	11	25	-	108
Disposals/retirements	6,428	719	2,852	913	631	2,698	1,670	15,911
	(162)	(784)	(370)	(367)	(445)	(862)	(673)	(3,663)
At 31 December 2019	7,631	1,259	14,138	3,852	3,704	1,988	1,133	33,705
At 1 January 2020								
Foreign exchange movement	7,631	1,259	14,138	3,852	3,704	1,988	1,133	33,705
Charge for the year	(24)	(21)	(36)	(38)	(19)	(39)	-	(177)
Disposals/retirements	7,696	798	2,802	1,357	630	2,725	1,618	17,626
	(230)	(96)	(2,600)	(930)	(808)	(1,535)	(1,015)	(7,214)
Reclassification	-	21	-	(3)	(18)	-	-	-
At 31 December 2020	15,073	1,961	14,304	4,238	3,489	3,139	1,736	43,940
<b>Net book amounts</b>								
At 31 December 2019	92,488	7,169	7,938	4,279	1,496	3,756	2,357	119,483
At 31 December 2020	115,138	7,815	14,977	7,288	2,060	4,341	2,111	153,730
<b>Reconciliation to Balance Sheet</b>								
Property, plant and equipment	5,171	7,815	14,050	7,288	2,060	134	2,111	38,629
Right-of-use assets	109,967	-	927	-	-	4,207	-	115,101
<b>Net book value at 31 December 2020</b>	<b>115,138</b>	<b>7,815</b>	<b>14,977</b>	<b>7,288</b>	<b>2,060</b>	<b>4,341</b>	<b>2,111</b>	<b>153,730</b>

Included in property, plant and equipment are assets under construction with a net book value of €8,600,000 (2019: €244,000). Depreciation has not commenced on these assets.

## Notes to the Financial Statements continued

### 11 Property, plant and equipment continued

	Freehold land and buildings €'000	Plant and equipment €'000	Total €'000
<b>COMPANY</b>			
<b>Cost</b>			
At 1 January 2019			50,442
Additions			-
Disposals			-
At 31 December 2019			50,442
At 1 January 2020			50,442
Additions			-
Disposals			(153)
At 31 December 2020			50,442
<b>Accumulated depreciation</b>			
At 1 January 2019			3,162
Charge for the year			98
At 31 December 2019			3,162
At 1 January 2020			3,162
Charge for the year			114
Disposals			(153)
At 31 December 2020			6,324
<b>Net book amounts</b>			
At 31 December 2019			47,280
At 31 December 2020			44,118
<b>Reconciliation to Balance Sheet</b>			
Property, plant and equipment			-
Right-of-use assets			44,118
<b>Net book value at 31 December 2020</b>	<b>44,118</b>	<b>237</b>	<b>44,355</b>

## Notes to the Financial Statements continued

### 12 Financial assets

	Investments in equity instruments €'000	Long-term receivables			Total €'000
		Loans to IPOS entities and other loans €'000	Loans to retail holding companies €'000	Total €'000	
<b>GROUP</b>					
<b>Cost</b>					
At 1 January 2019	353	17	14,749	14,766	
Disposal	-	-	(5,500)	(5,500)	
At 31 December 2019	353	17	9,249	9,266	
At 1 January 2020	353	17	9,249	9,266	
At 31 December 2020	353	17	9,249	9,266	
<b>Provision for impairment</b>					
At 1 January 2019	328	17	9,249	9,266	
At 31 December 2019	328	17	9,249	9,266	
At 1 January 2020	328	17	9,249	9,266	
At 31 December 2020	328	17	9,249	9,266	
<b>Net book amounts</b>					
At 31 December 2019	25	-	-	-	-
<b>At 31 December 2020</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements continued

### 12 Financial assets continued

	Shares in subsidiary companies €'000	Long-term receivables			Total €'000
		Investments in equity instruments €'000	Loans to IPOS entities and other loans €'000	Loans to retail holding companies €'000	
<b>COMPANY</b>					
<b>Cost</b>					
At 1 January 2019	248,458	224	17	14,749	14,766
Additions	42,164	-	-	-	-
Disposal	-	-	-	(5,500)	(5,500)
At 31 December 2019	290,622	224	17	9,249	9,266
At 1 January 2020	290,622	224	17	9,249	9,266
Additions	2,675	-	-	-	-
At 31 December 2020	293,297	224	17	9,249	9,266
<b>Provision for impairment</b>					
At 1 January 2019	1,890	199	17	9,249	9,266
At 31 December 2019	1,890	199	17	9,249	9,266
At 1 January 2020	1,890	199	17	9,249	9,266
At 31 December 2020	1,890	199	17	9,249	9,266
<b>Net book amounts</b>					
At 31 December 2019	288,732	25	-	-	-
<b>At 31 December 2020</b>	<b>291,407</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>-</b>

The main movements in financial assets in 2020 and 2019 are set out below:

#### GROUP AND COMPANY

##### *Investments in equity instruments*

The fair value of €25,000 (2019: €25,000) is represented by the Group's investment in Independent Life Pharmacy plc (Life) comprising of 78 A ordinary shares of €0.01 each and 25,000 C shares of €1.00 each. The C shares are non-voting and do not confer any dividend entitlement. Independent Life Pharmacy plc represents the Life symbol group owned jointly by pharmacy owners through B shares and Uniphar plc through A shares. The pharmacy owners are entitled to nominate the majority of the directors to the Life Board in addition to Uniphar nominees.

##### *Loans to IPOS entities and other loans*

As part of the IPOS restructuring programme the retail holding companies, Riverchem DAC (Riverchem), and Inischem DAC (Inischem), were formed to amalgamate and restructure the portfolio of pharmacies and were aligned to their funding banks. The closing net book value is €nil (2019: €nil) and comprised of assigned debt receivables.

## Notes to the Financial Statements continued

### 12 Financial assets continued

#### *Loans to retail holding and management companies*

These loans represent amounts advanced to Riverchem and Inischem. During 2019, the loan receivable of €5,500,000 from Inischem was disposed of with cash payments of €5,359,000 received in final settlement of the balance, and the remaining unpaid balance of €141,000 was expensed to the Income Statement.

The Group has recognised an impairment provision for the full value of these loans, and at 31 December 2020 the carrying value of amounts due from the retail holding companies amounted to €nil (2019: €nil).

#### **COMPANY**

#### *Shares in subsidiary companies*

Financial assets of the parent company, Uniphar plc, include shares in subsidiary companies with a net book value of €291,407,000 (2019: €288,732,000). The main movements in 2020 and 2019 are:

#### *Additions:*

- » In March 2020, the Company acquired an 82.3% controlling interest of the ordinary share capital of Innerstrength Limited, a company incorporated in Ireland for consideration of €2,675,000.
- » In July 2019, the Company acquired 100% of the ordinary share capital of Durbin plc, and Durbin Inc. (Durbin), companies incorporated in the UK and the US respectively.

### 13 Deferred tax asset

The following is an analysis of the movement in the major categories of deferred tax assets recognised by the Group for the years ended 31 December 2020 and 2019:

	Employee benefits	Property plant and equipment	Tax losses and other differences	Other	Total	Deferred tax asset €'000
	€'000	€'000	€'000	€'000	€'000	
<b>GROUP</b>						
At 1 January 2019	(39)	945	6,197	-	7,103	2,386
Reclassification	(4)	(13)	17	-	-	338
Acquisitions	-	(74)	111	(1,748)	(1,711)	
Recognised in Income Statement	(82)	(235)	(558)	-	(875)	
Recognised in Other Comprehensive Income	151	-	-	-	151	
Translation adjustment	-	(4)	12	-	8	
<b>At 31 December 2019</b>	<b>26</b>	<b>619</b>	<b>5,779</b>	<b>(1,748)</b>	<b>4,676</b>	<b>2,724</b>
At 1 January 2020	26	619	5,779	(1,748)	4,676	2,724
Acquisitions (note 35)	-	-	-	(697)	(697)	188
Recognised in Income Statement	96	(206)	326	1,373	1,589	(680)
Recognised in Other Comprehensive Income	(38)	-	-	-	(38)	
Utilisation of loss relief	-	-	(962)	-	(962)	
Translation adjustment	(7)	9	(24)	(22)	(44)	
<b>At 31 December 2020</b>	<b>77</b>	<b>422</b>	<b>5,119</b>	<b>(1,094)</b>	<b>4,524</b>	<b>2,232</b>
Deferred tax asset	77	641	5,119	-	5,837	
Deferred tax liability	-	(219)	-	(1,094)	(1,313)	
	<b>77</b>	<b>422</b>	<b>5,119</b>	<b>(1,094)</b>	<b>4,524</b>	

## Notes to the Financial Statements continued

### 13 Deferred tax asset continued

The deferred tax asset in relation to losses reflects the Group's expected utilisation of carried forward trading tax losses in respect of its pharmaceutical wholesale and agency businesses in Ireland and its Product Access business in the UK.

During 2020, the previously recognised deferred tax liability of €1,452,000 on the disposal of the Teleflex business as part of the 2019 M3 Medical Limited acquisition crystallised into an actual corporation tax liability. This is partially offset by a deferred tax charge of €79,000 in the EPS Group.

The other deferred tax liability of €1,094,000 relates to the recognition of a tax liability of €697,000 associated with the tax amortisation benefit attributed to the Hickey's brand name following the November 2020 acquisition, and an expected future tax liability of €397,000 associated with the EPS Group where the taxing authority allows the deferring of a percentage of current profits for taxing in future years.

The Group has an unrecognised deferred tax asset of €6,678,000 (2019: €6,701,000) arising from losses carried forward. The Directors believe sufficient taxable profits to utilise this potential asset may arise in the future, but that there is currently insufficient evidence to support the recognition of a deferred tax asset. These balances may be carried forward indefinitely under current tax law and are available for offset against future profits and gains generated by the companies which hold the losses.

COMPANY	Deferred tax asset €'000
At 1 January 2019	2,386
Recognised in Income Statement	338
<b>At 31 December 2019</b>	<b>2,724</b>
At 1 January 2020	2,724
Recognised in Income Statement	188
Tax losses surrendered to other Irish Group companies	(680)
<b>At 31 December 2020</b>	<b>2,232</b>

The Company's deferred tax asset relates primarily to the recognition of tax losses on its management services trade and expenses of management associated with its investment activities. The Directors believe that sufficient taxable profits will arise in the future to utilise these deferred tax assets.

## Notes to the Financial Statements continued

### 14 Assets held for sale

	Properties €'000	Other assets €'000	Total €'000
<b>GROUP</b>			
At 1 January 2019	4,000	-	4,000
Acquisitions	-	4,400	4,400
Disposals	(415)	-	(415)
At 31 December 2019	3,585	4,400	7,985
At 1 January 2020	3,585	4,400	7,985
Disposals	(1,285)	(4,400)	(5,685)
<b>At 31 December 2020</b>	<b>2,300</b>	<b>-</b>	<b>2,300</b>

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 of €4,000,000 which are secured by these properties.

During 2020, the Group disposed of €1,285,000 (2019: €415,000) of properties which were previously held for sale. The remaining properties held for sale are available for immediate sale in their present condition subject to terms that are usual and customary for properties of this nature. The individual properties are being actively marketed and the Group is committed to its plan to sell these properties in an orderly manner.

The other assets related to certain business assets acquired as part of the acquisition of M3 Medical Limited. These assets were disposed of in February 2020 for an amount equal to their carrying value, and the deferred contingent consideration attributable to the sale of these assets was paid.

### 15 Inventory

	2020 €'000	2019 €'000
<b>GROUP</b>		
Goods for resale	115,566	97,684

The replacement cost of inventories did not differ materially from the Balance Sheet amounts at 31 December 2020 and 31 December 2019.

Inventory stated above is net of an impairment provision of €4,978,000 (2019: €1,140,000). Write-downs of inventories recognised as an expense during 2020 amounted to €3,838,000 (2019: €392,000).

In 2020, goods for resale recognised as cost of sales amounted to €1,513,376,000 (2019: €1,412,000,000).

## Notes to the Financial Statements continued

### 16 Trade and other receivables

	2020 €'000	2019 €'000
<b>Current trade and other receivables</b>		
<b>GROUP</b>		
Trade receivables	108,629	118,770
Prepayments	3,368	5,423
Accrued income	4,449	3,865
Other receivables	8,575	8,056
Deferred consideration receivable	175	294
	125,196	136,408

	2020 €'000	2019 €'000
<b>COMPANY</b>		
Trade receivables	-	79
Amounts due from subsidiaries	362,271	429,540
Prepayments	499	454
Accrued income	-	3
Other receivables	3,438	4,924
Value added tax	698	256
Corporation tax	113	113
Deferred consideration receivable	175	174
	367,194	435,543

Amounts due from subsidiaries are unsecured, interest free and are repayable on demand.

Tax is repayable at various dates over the coming months in accordance with the applicable statutory provisions.

Details of the provision for impairment of trade and other receivables is outlined in note 32.

	2020 €'000	2019 €'000
<b>Non-current trade and other receivables</b>		
<b>GROUP</b>		
Other receivables	639	531
Deferred consideration receivable	458	601
	1,097	1,132
<b>COMPANY</b>		
Other receivables	270	-
Deferred consideration receivable	142	138
	412	138

## Notes to the Financial Statements continued

### 16 Trade and other receivables continued

	2020 €'000	2019 €'000
<b>Deferred consideration receivable</b>		
<b>GROUP</b>		
Within one year	175	294
Between one and two years	458	601
	<b>633</b>	<b>895</b>
<b>COMPANY</b>		
Within one year	175	174
Between one and two years	142	138
	<b>317</b>	<b>312</b>

The deferred consideration receivable of €633,000 (2019: €895,000) relates to contractual amounts due from the disposal of Uniphar International Holdings Limited, IPOS Holding 158 Limited, IPOS Holding 162 Limited and pharmacies disposed by Lindchem DAC.

### 17 Cash and cash equivalents and restricted cash

	2020 €'000	2019 €'000
<b>Cash and cash equivalents consist of the following:</b>		
<b>GROUP</b>		
Cash at bank and in hand	60,410	114,040
Restricted cash deposits at call	3,097	2,142
	<b>63,507</b>	<b>116,182</b>
<b>COMPANY</b>		
Cash at bank and in hand	3,234	67,328
Restricted cash deposits at call	2,100	2,142
	<b>5,334</b>	<b>69,470</b>

The restricted cash balance relates to a rent deposit on the Citywest property and an amount held in escrow by RRD International, LLC.

## Notes to the Financial Statements continued

### 17 Cash and cash equivalents and restricted cash continued

#### Reconciliation to Cash Flow Statement

The cash and cash equivalents shown in the Cash Flow Statement at the end of the financial year is reconciled as follows:

	2020 €'000	2019 €'000
<b>GROUP</b>		
Cash and cash equivalents	60,410	114,040
<b>COMPANY</b>		
Cash and cash equivalents	3,234	67,328

### 18 Borrowings

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

	2020 €'000	2019 €'000
<b>GROUP</b>		
» Amounts falling due within one year	2,311	22,583
» Amounts falling due between one and five years	95,615	66,977
	<b>97,926</b>	<b>89,560</b>
<b>COMPANY</b>		
» Amounts falling due within one year	-	16,827
» Amounts falling due between one and five years	95,336	65,796
	<b>95,336</b>	<b>82,623</b>

The Group's total bank loans at 31 December 2020 were €97,926,000 (2019: €89,560,000). Borrowings under invoice discounting facilities as at the Balance Sheet date were €nil (2019: €1,505,000). Bank loans falling due within one year include €2,300,000 (2019: €3,585,000) of loans arising on the acquisition of Bradley's Pharmacy Group which are secured by properties acquired on the acquisition which are classified as held for sale. Following the disposal of these properties these loans are required to be repaid (note 14).

The Group entered into a new facility on 2 July 2020. The total loan value of the revolving credit facility (RCF) available for use within this agreement is €150,000,000, with an additional uncommitted accordion of €90,000,000. This facility runs for 5 years to 2025 with an option to extend by a further two years, with repayment of all loans on termination of the facility currently at 2 July 2025.

At 31 December, the Group's RCF in use were subject to an interest rate of Euribor +1.5% (2019: the Group's term loans were subject to Euribor +2%) and the invoice discount funding were subject to interest rates of Prime +1.75% (2019: Prime +1.75%). A breakdown of the maturity profile of the Group's borrowings is provided in note 32.

The Company's total bank loans at 31 December 2020 were €95,336,000 (2019: €82,623,000). At 31 December, they were subject to an interest rate of Euribor +1.5% (2019: Euribor +2%).

## Notes to the Financial Statements continued

### 18 Borrowings continued

#### Bank security

Bank overdrafts (including invoice discounting) and bank loans of €97,926,000 (2019: €89,560,000) are secured by cross guarantees and fixed and floating charges from the Company and certain subsidiary undertakings.

Of the total facilities, invoice discounting with recourse to the Company, are secured by way of assignment of book debts to the bank. At the Balance Sheet date €nil (2019: €1,505,000) of invoice discounting facilities were utilised by the Group.

### 19 Provisions

	Deferred	Lease	Warranty	Total	Total
	contingent	dilapidation	provision		
	2020	2020	2020	2020	2019
€'000	€'000	€'000	€'000	€'000	
<b>GROUP</b>					
At 1 January	80,811	213	45	81,069	52,142
Charge to Income Statement	1,896	-	8	1,904	-
Unwinding of discount	2,026	-	-	2,026	1,939
Arising on acquisition	31,777	360	-	32,137	33,966
Reclassified	-	-	-	-	(1,752)
Utilised during the year	(28,491)	(50)	-	(28,541)	(1,314)
Released during the year	(4,348)	-	-	(4,348)	(5,836)
Foreign currency movement	(2,507)	-	(3)	(2,510)	1,924
<b>At 31 December</b>	<b>81,164</b>	<b>523</b>	<b>50</b>	<b>81,737</b>	<b>81,069</b>

#### Deferred Contingent Consideration

Deferred contingent consideration represents the present value of deferred contingent acquisition consideration which would become payable based on pre-defined profit thresholds being met. During the year, payments of €28,491,000 were made in respect of prior year acquisitions. Deferred contingent consideration of €4,348,000 in respect of prior year acquisitions was released in the year following a review of expected performance against earn-out targets. As part of this review, separately an increase of €1,896,000 was also made in respect of prior year acquisitions. Further details on the measurement of deferred contingent consideration is provided in note 32. The balance at 31 December 2020 relates to the following acquisitions:

- » Dialachemist Limited (2015)
- » Macromed (UK) Limited (2018)
- » Sisk Healthcare Group (2018)
- » Angiocare B.V. (2018)
- » Durbin plc and Durbin Inc. (Durbin) (2019)
- » EPS Vascular AB, EP Endovascular AB and EPS Vascular OY (EPS Group) (2019)
- » M3 Medical Limited (2019)
- » Innerstrength Limited (2020)
- » Diligent Health Solutions, LLC (2020)
- » RRD International, LLC (2020)

## Notes to the Financial Statements continued

### 19 Provisions continued

The deferred contingent consideration at 31 December 2019 related to the acquisition of the following:

- » Dialachemist Limited (2015)
- » Macromed (UK) Limited (2018)
- » Sisk Healthcare Group (2018)
- » Angiocare B.V. (2018)
- » Durbin plc and Durbin Inc. (Durbin) (2019)
- » EPS Vascular AB, EP Endovascular AB and EPS Vascular OY (EPS Group) (2019)
- » M3 Medical Limited (2019)

The maturity profile of the deferred contingent consideration at 31 December 2020 is outlined in note 32.

#### Lease dilapidation

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

#### Warranty provision

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

	2020	2019
<b>COMPANY</b>		
Deferred contingent consideration:		
At 1 January	56,385	34,817
Arising on acquisition	1,685	18,847
Unwinding of discount	1,379	1,296
Utilised during the year	(24,253)	-
Released during the year	(1,597)	-
Foreign currency movement	(1,159)	1,425
<b>At 31 December</b>	<b>32,440</b>	<b>56,385</b>

#### Deferred Contingent Consideration

Deferred contingent consideration represents the present value of deferred contingent acquisition consideration which would become payable based on pre-defined profit thresholds being met. During the year, payments of €24,253,000 were made in respect of prior year acquisitions. Deferred contingent consideration of €1,597,000 in respect of prior year acquisitions was released in the year following a review of expected performance against earn-out targets. The balance at 31 December 2020 relates to the following acquisitions:

- » Sisk Healthcare Group (2018)
- » Durbin plc and Durbin Inc. (Durbin) (2019)
- » Innerstrength Limited (2020)

The deferred contingent consideration at 31 December 2019 related to the acquisition of the following:

- » Sisk Healthcare Group (2018)
- » Durbin plc and Durbin Inc. (Durbin) (2019)

## Notes to the Financial Statements continued

### 20 Employee benefit surplus/(obligation)

The pension entitlements of employees, including Executive Directors, arise under one defined benefit scheme and three defined contribution schemes and are secured by contributions by the Group to separate trustee administered pension funds in the Republic of Ireland. The trustees are responsible for the management and governance of the plans including compliance with all relevant laws and regulations. The benefits provided by the defined benefit plan is no longer linked to future salary inflation due to the accrual of pension benefit ceasing on these schemes in prior years. Contributions to the Whelehan Group Pension Scheme were terminated in October 2019, and the scheme was wound up in January 2020. The assets of the scheme were distributed in line with members chosen options and no assets or liabilities remain. Any former members of these schemes still employed by the Group were offered membership of the Unipharm Group Retirement Benefits Scheme for future service benefits.

The defined benefit schemes are:

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

The pension charge for the year is €4,219,000 (2019: €2,922,000) comprising current service cost of €nil (2019: €44,000) and defined contribution scheme costs of €4,219,000 (2019: €2,878,000). The net finance cost resulting from the scheme surplus/deficit is €3,000 (2019 income: €15,000).

The funding requirements in relation to the Group's defined benefit schemes are assessed in accordance with the advice of independent qualified actuaries and valuations are prepared at triennial intervals. Annual contributions are based on the advice of professionally qualified actuaries using the projected unit method. The actuarial valuation reports are available for inspection by members of the schemes at the registered office of the Company but are not available for public inspection.

An updated actuarial valuation for the purposes of International Accounting Standards 19 "Employee Benefits" (IAS 19) was carried out as at 31 December 2020 by a qualified independent actuary in respect of the Group pension schemes.

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

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

	2020 €'000	2019 €'000
Equities – Investments in quoted active markets	2,573	4,954
Bonds – Investments in quoted active markets	6,855	15,127
Cash	70	301
Other	2,199	2,128
<b>Fair value of the scheme assets</b>	<b>11,697</b>	<b>22,510</b>

## Notes to the Financial Statements continued

### 20 Employee benefit surplus/(obligation) continued

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

The main financial assumptions used were:

	2020	2019
Rate of increase in pensionable salaries	0.0% - 2.5%	0.0% - 2.5%
Rate of increase in pensions in payment	0.0%	0.0%
Discount rate	0.7%	0.9%
Inflation rate	1.2%	1.4%

Investigations have been carried out within the past three years into the mortality experience of the Group's major schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are 21.8 (2019: 21.7) years for males and 24.2 (2019: 24.1) years for females.

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

	2020 €'000	2019 €'000
Present value of scheme liabilities	(11,685)	(22,555)
Fair value of scheme assets	11,697	22,510
<b>Pension asset/(liability) resulting from employee benefit obligation</b>	<b>12</b>	<b>(45)</b>

The amounts recognised in the Income Statement for the year ended 31 December are as follows:

	2020 €'000	2019 €'000
<b>Charged to operating profit</b>		
Current service cost	-	(44)
<b>(Charged)/credited to finance cost</b>		
Interest on pension scheme assets	101	395
Interest on pension scheme liabilities	(104)	(380)
<b>Net finance (cost)/income</b>	<b>(3)</b>	<b>15</b>

The actual return on scheme assets is a gain of €739,000 (2019: €3,185,000).

The amounts recognised in the Statement of Comprehensive Income for the year ended 31 December are as follows:

	2020 €'000	2019 €'000
<b>Analysis of amount recognised in the Statement of Comprehensive Income</b>		
Actual return less amounts included in interest and expense	638	2,790
Experience losses arising on the scheme liabilities	(94)	(228)
Changes in financial assumptions underlying the present value of the scheme assets and liabilities	(241)	(3,769)
<b>Actuarial gain/(loss) in the year</b>	<b>303</b>	<b>(1,207)</b>

## Notes to the Financial Statements continued

### 20 Employee benefit surplus/(obligation) continued

Expected contributions for the year ended 31 December 2021 are €227,000.

	Pension assets €'000	Pension liabilities €'000	Pension surplus / (deficit) €'000
<b>Movement in scheme assets and liabilities</b>			
At 1 January 2019	21,151	(20,712)	439
Current service cost	-	(44)	(44)
Employer contributions paid	752	-	752
Interest on scheme liabilities	-	(380)	(380)
Interest on scheme assets	395	-	395
Actuarial gain/(loss) in current year	2,790	(3,997)	(1,207)
Benefits (paid)/settled	(2,578)	2,578	-
<b>At 31 December 2019</b>	<b>22,510</b>	<b>(22,555)</b>	<b>(45)</b>
At 1 January 2020	22,510	(22,555)	(45)
Settlement loss	-	(488)	(488)
Employer contributions paid	245	-	245
Interest on scheme liabilities	-	(104)	(104)
Interest on scheme assets	101	-	101
Actuarial gain/(loss) in current year	638	(335)	303
Benefits (paid)/settled	(11,797)	11,797	-
<b>At 31 December 2020</b>	<b>11,697</b>	<b>(11,685)</b>	<b>12</b>
All of the scheme liabilities arise from schemes that are wholly or partly funded.			
The weighted average duration of the defined benefit obligation at 31 December 2020 is approximately 16 years (2019: approximately 17 years).			
	2020 €'000	2019 €'000	
<b>Amounts for the current and previous years:</b>			
Present value of scheme liabilities	(11,685)	(22,555)	
Fair value of scheme assets	11,697	22,510	
<b>Pension asset/(deficit) from employee benefit obligations</b>	<b>12</b>	<b>(45)</b>	
<b>Experience losses on scheme liabilities:</b>			
Amount (€'000)	(94)	(228)	
Percentage of the present value of the scheme liabilities	0.80%	1.01%	
<b>Difference between the actual and expected return on scheme assets:</b>			
Amount (€'000)	638	2,790	
Percentage of scheme assets	5.45%	12.39%	

## Notes to the Financial Statements continued

### 20 Employee benefit surplus/(obligation) continued

#### Defined contribution scheme

Included in accruals and other payables is an amount of €346,000 (2019: €294,000) due in relation to the defined contribution schemes.

#### Sensitivity of results to actuarial assumptions

Actuarial assumptions used to calculate liabilities are ultimately the responsibility of the Directors of the Group. This section illustrates the sensitivity of the Group defined benefit pension surplus at 31 December 2020.

The funded status of the pension plans and the amount recognised as a Group asset/(liability) at 31 December 2020 is compared to the corresponding amount with the assumptions varying as shown in the following table:

	Current	Discount -0.25%	Discount +0.25%	Inflation -0.25%	Inflation +0.25%	Life expectancy +1 year
Discount rate	0.70%	0.45%	0.95%	0.70%	0.70%	0.70%
Inflation	1.20%	1.20%	1.20%	0.95%	1.45%	1.20%
Surplus/(obligation)	12	(517)	504	219	(196)	(450)

### 21 Leases

#### (i) Amounts recognised in the Balance Sheet:

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

	2020 €'000	2019 €'000
<b>GROUP</b>		
<b>Right-of-use assets:</b>		
Buildings	109,967	87,334
Plant and equipment	927	1,054
Motor vehicles	4,207	3,590
<b>Net book value of right-of-use assets</b>	<b>115,101</b>	<b>91,978</b>
<b>Lease liabilities:</b>		
Current	13,334	10,083
Non-current	107,203	82,901
<b>Total lease liabilities</b>	<b>120,537</b>	<b>92,984</b>

Right-of-use assets are included in the line 'Property, plant and equipment' on the Balance Sheet, and are presented in note 11.

Additions to the right-of-use assets during the year ended 31 December 2020 were €7,948,000 (2019: €3,464,000).

Lease liabilities are presented separately on the face of the Balance Sheet. The contractual maturity of the lease liabilities is presented in note 32.

## Notes to the Financial Statements continued

### 21 Leases continued

	2020 €'000	2019 €'000
<b>COMPANY</b>		
<b>Right-of-use assets:</b>		
Buildings	44,118	47,280
Plant and equipment	237	55
<b>Net book value of right-of-use assets</b>	<b>44,355</b>	<b>47,335</b>
<b>Lease liabilities:</b>		
Current	3,377	3,311
Non-current	42,443	44,633
<b>Total lease liabilities</b>	<b>45,820</b>	<b>47,944</b>

Right-of-use assets are included in the line 'Property, plant and equipment' on the Balance Sheet, and are presented in note 11.

Additions to the right-of-use assets during the year ended 31 December 2020 were €296,000 (2019: €nil).

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

The Income Statement shows the following amounts relating to leases:

	2020 €'000	2019 €'000
<b>GROUP</b>		
Buildings	7,521	6,291
Plant and equipment	556	516
Motor vehicles	2,663	2,671
Right-of-use assets depreciation charge	10,740	9,478
Interest on lease obligations (note 6)	2,988	2,637
<b>COMPANY</b>		
Buildings	3,162	3,162
Plant and equipment	114	98
Right-of-use assets depreciation charge	3,276	3,260
Interest on lease obligations	1,398	1,467

## Notes to the Financial Statements continued

### 22 Trade and other payables

	2020 €'000	2019 €'000
<b>GROUP</b>		
Trade payables	202,660	178,746
Accruals	110,371	109,751
Other payables	5,909	7,155
Corporation tax	1,278	1,064
Employment related taxes	4,522	3,453
Value added tax	8,002	4,210
Deferred acquisition consideration	374	6,849
	<b>333,116</b>	<b>311,228</b>

Trade and other payables are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

Taxes are payable at various dates over the coming months in accordance with the applicable statutory provisions.

	2020 €'000	2019 €'000
<b>COMPANY</b>		
Amounts owed to subsidiaries	270,023	413,836
Trade payables	700	2,062
Accruals	6,543	3,129
Other payables	603	546
Employment related taxes	326	497
Deferred acquisition consideration	-	5,212
	<b>278,195</b>	<b>425,282</b>

Amounts owed to subsidiaries are unsecured, interest free and are repayable on demand.

Trade and other payables are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

Taxes are payable at various dates over the coming months in accordance with the applicable statutory provisions.

## Notes to the Financial Statements continued

### 22 Trade and other payables continued

#### Other non-current payables

	2020 €'000	2019 €'000
<b>GROUP</b>		
Other non-current payables	517	-
Deferred acquisition consideration	4,087	545
	4,604	545
<b>Deferred acquisition consideration</b>		
Total deferred acquisition consideration is payable in the following periods after 31 December in the Group and Company:		
	2020 €'000	2019 €'000
» Within one year	374	6,849
» Between one and two years	4,087	545
	4,461	7,394
<b>COMPANY</b>		
» Within one year	-	5,212

Deferred acquisition consideration reflects the amounts payable relating to the acquisition of Outico Limited and Hickey's Pharmacy Group. During 2020, payments were made in relation to deferred consideration on the acquisition of the related assets of Outico Limited and on the acquisition of Cahill May Roberts.

### 23 Called up share capital

	2020 Number	2019 Number	2020 €'000	2019 €'000
<b>GROUP AND COMPANY</b>				
<b>Authorised share capital at 31 December:</b>				
Ordinary shares of 8c each	453,205,300	300,000,000	36,256	24,000
“A” ordinary shares of 8c each	16,000,000	16,000,000	1,280	1,280
Authorised share capital			37,536	25,280

## Notes to the Financial Statements continued

### 23 Called up share capital continued

#### Movement in the year in issued share capital presented as equity

	2020 Number	2019 Number	2020 €'000	2019 €'000
<b>Allotted, called up and fully paid ordinary shares of 8c each</b>				
At 1 January	273,015,254	112,838,580	21,841	9,027
Issued during the year	-	139,992,116	-	11,199
Fully called during the year	-	20,184,558	-	1,615
At 31 December	273,015,254	273,015,254	21,841	21,841
<b>Allotted, called up and partly paid ordinary shares of 8c each</b>				
At 1 January	-	19,315,951	-	386
Issued during the year	-	868,607	-	17
Fully called during the year	-	(20,184,558)	-	(403)
At 31 December	-	-	-	-
<b>Total allotted share capital:</b>				
At 31 December	273,015,254	273,015,254	21,841	21,841

Allotted, called up and partly paid shares in 2019 reflect the issuance of shares to the Senior Management Team under the Unipharm Executive Share Incentive Scheme (note 28).

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

In June 2019, following the passing of a resolution at the AGM, the authorised share capital of the Company was increased from €20,480,000 divided into 240,000,000 ordinary shares of 8c each and 16,000,000 “A” ordinary shares of 8c each, to €25,280,000 divided into 300,000,000 ordinary shares of 8c each and 16,000,000 “A” ordinary shares of 8c each.

During 2019, the following transactions took place:

- » The conditions for vesting associated with 7,022,318 shares were met and the Company called €0.06 being the amount unpaid on each share. These shares are now fully paid and the Company received €422,000 in share proceeds (fully paid shares amounting to €562,000 less amount previously partly paid of €140,000);
- » In May 2019, 750,000 ordinary shares were issued as partly paid at €0.02 per share under the Unipharm Executive Share Incentive Scheme;
- » In June 2019, a further 118,607 ordinary shares were issued as partly paid at €0.02 per share under the Unipharm Executive Share Incentive Scheme. Collectively, the Company received €17,000 in proceeds associated with both share issues;
- » In June 2019, the Company made a call in respect of unpaid share capital, being an amount of €0.06 per share, on 300,000 issued but not fully paid ordinary shares. These shares while remaining subject to vesting conditions are now fully paid. The Company received €18,000 as a result of the call, which when aggregated with the €0.02 originally paid up on each of those shares, gives a total paid up amount in respect of those shares of €24,000;

## Notes to the Financial Statements continued

### 23 Called up share capital continued

- » In July 2019, the Company made a call in respect of unpaid share capital, being an amount of €0.06 per share, on 12,862,240 issued but not fully paid ordinary shares. These shares while remaining subject to vesting conditions are now fully paid. The Company received €772,000 as a result of the call, which when aggregated with the €0.02 originally paid up on each of those shares, gives a total paid up amount in respect of those shares of €1,029,000;
- » In July 2019, as part of its admission to trading on the AIM and Euronext Growth markets, the Company issued 117,391,304 ordinary shares of €0.08 each as fully paid at €1.15 per share including share premium. In addition, following the receipt of a notice of exercise, the Company issued 18,782,808 ordinary shares of €0.08 each at €1.37 per share including share premium in full exercise and conversion of its 2018 issued share warrant; and
- » In August 2019, as part of the exercising of the over-allotment option attributable to the initial public offering, the Company issued 3,818,004 ordinary shares of €0.08 each as fully paid at €1.15 per share including share premium.

### 24 Share premium

	2020 €'000	2019 €'000
<b>GROUP AND COMPANY</b>		
Premium arising on shares issued	176,501	176,501

### 25 Other reserves

	2020 €'000	2019 €'000
<b>GROUP</b>		
Property revaluation reserve	700	700
Foreign currency translation reserve	(1,860)	2,704
Capital redemption reserve	60	60
	(1,100)	3,464
<b>COMPANY</b>		
Capital redemption reserve	60	60
	60	60

#### Property revaluation reserve

The property revaluation reserve arose on the revaluation of freehold land and buildings. When revalued land and buildings are sold, the portion of the property revaluation reserve that relates to that asset will be transferred directly to retained earnings.

#### Foreign currency translation reserve

The foreign currency translation reserve comprises of all foreign exchange differences arising from the translation of the net assets of the Group's non-Euro denominated operations, including the translation of the profits of such operations from the average exchange rate for the year to the exchange rate at the Balance Sheet date.

#### Capital redemption reserve

The capital redemption reserve is a legal reserve which has arisen from the Company buying back and cancelling its ordinary shares in 2013.

## Notes to the Financial Statements continued

### 26 Retained earnings

	€'000
<b>GROUP</b>	
At 1 January 2019	(31,990)
Profit for the financial year	21,026
Other comprehensive expense relating to the financial year	(1,056)
Costs associated with the issue of ordinary share capital	(8,581)
<b>At 31 December 2019</b>	<b>(20,601)</b>
At 1 January 2020	(20,601)
Profit for the financial year	27,827
Other comprehensive income relating to the financial year	265
Dividend paid	(1,993)
Acquisition of non-controlling interest	(280)
<b>At 31 December 2020</b>	<b>5,218</b>
<b>COMPANY</b>	
At 1 January 2019	(6,021)
Profit for the financial year	42,933
Costs associated with the issue of ordinary share capital	(8,581)
<b>At 31 December 2019</b>	<b>28,331</b>
At 1 January 2020	28,331
Profit for the financial year	34,428
Dividend paid	(1,993)
<b>At 31 December 2020</b>	<b>60,766</b>

### 27 Non-controlling interests

	2020 €'000	2019 €'000
At 1 January	(285)	(180)
Acquisition of non-controlling interest	280	-
Share of post-acquisition losses	(16)	(105)
Acquisitions (note 35)	96	-
<b>At 31 December</b>	<b>75</b>	<b>(285)</b>

Non-controlling interests own the following stakes in the issued ordinary share capital of the entities set out below:

- » 25.0% Citywest Healthcare Limited
- » 20.0% Dialachemist Limited
- » 26.6% IPOS Holding 97 Limited
- » 17.7% Innerstrength Limited
- » 5.05% Macromed (UK) Limited
- » 10.0% Star Medical B.V.

## Notes to the Financial Statements continued

### 27 Non-controlling interests continued

The share of non-controlling interests arising on acquisition relates to Innerstrength Limited which was acquired during the year.

During 2020, the Group acquired the 30% non-controlling interest of Clinical Pyramid Limited and the 10.7% non-controlling interest of Outico Limited. The Group now holds 100% of the ordinary share capital of both entities. On acquisition of the non-controlling interest, the non-controlling interest share of the net assets of €280,000 were reclassified to retained earnings.

### 28 Employee share awards

#### Long-term incentive plan

As set out in note 23, the Company operates a long-term incentive plan for certain Executive Directors and managerial employees under which shares have been granted subject to vesting conditions linked to the achievement of demanding Group performance measures and operational targets as well as continued employment with the Group. The Company can require compulsory transfer of these shares if certain criteria are not met.

As at 31 December 2020, the Company had allotted 13,162,240 ordinary shares (2019: 13,162,240 ordinary shares) of €0.08 each to members of the Unipharm Executive Directors and managerial employees under the long-term incentive plan. All shares issued under the long-term incentive plan at 31 December 2020 and 31 December 2019 were called up and fully paid. These shares remain subject to vesting conditions. No charge to the Income Statement arises in either 2020 or 2019 in respect of this arrangement.

### 29 Reconciliation of operating profit to cash flow from operating activities

	2020 €'000	2019 €'000
<b>GROUP</b>		
Operating profit before operating exceptional items	46,719	40,250
Cash related exceptional items	(10,761)	(7,075)
Depreciation	35,958	33,175
Amortisation of intangible assets	17,626	15,911
Increase in inventory	2,368	2,394
Decrease/(increase) in receivables	(11,868)	(14,889)
Increase in payables	8,789	(17,656)
Foreign currency translation adjustments	13,554	30,424
<b>Cash inflow from operating activities</b>	<b>66,371</b>	<b>49,566</b>
<b>COMPANY</b>		
Operating profit before operating exceptional items	41,371	54,363
Cash related exceptional items	(4,178)	(3,868)
Depreciation	37,193	50,495
Decrease/(increase) in receivables	3,276	3,260
(Decrease)/increase in payables	68,073	(114,906)
Foreign currency translation adjustments	(141,801)	28,652
<b>Cash outflow from operating activities</b>	<b>(34,328)</b>	<b>(31,901)</b>

## Notes to the Financial Statements continued

### 30 Reconciliation of net cash flow to movement in net bank (debt)/cash

	2020 €'000	2019 €'000
<b>GROUP</b>		
(Decrease)/increase in cash and overdrafts in the year	(53,063)	103,501
Movement in restricted cash (note 31)	(72)	(210)
Cash flow from movement in borrowings (note 31)	8,434	76,211
(Decrease)/increase in net debt resulting from cash flows	(44,701)	179,502
Debt acquired during the year (note 31)	(16,800)	-
Restricted cash acquired during the year (note 31)	1,027	-
Foreign currency translation on cash and cash equivalents	(567)	-
Movement in net bank (debt)/cash in the year	(61,041)	179,502
Net bank cash/(debt) at beginning of year	26,622	(152,880)
<b>Net bank (debt)/cash at end of year</b>	<b>(34,419)</b>	<b>26,622</b>
<b>COMPANY</b>		
(Decrease)/increase in cash and overdrafts in the year (note 31)	(64,094)	59,995
Movement in restricted cash (note 31)	(42)	-
Cash flow from movement in borrowings (note 31)	(12,713)	6,217
(Decrease)/increase in net bank debt resulting from cash flows	(76,849)	66,212
Movement in net bank (debt)/cash in the year	(76,849)	66,212
Net bank debt at beginning of year	(13,153)	(79,365)
<b>Net bank debt at end of year</b>	<b>(90,002)</b>	<b>(13,153)</b>

### 31 Analysis of changes in net debt

	1 January 2020 €'000	Cash flow €'000	Acquisitions (note 35) €'000	31 December 2020 €'000
<b>GROUP</b>				
Cash and cash equivalents	114,040	(61,319)	7,689	60,410
Restricted cash	2,142	(72)	1,027	3,097
<b>Cash</b>	<b>116,182</b>	<b>(61,391)</b>	<b>8,716</b>	<b>63,507</b>
Bank loans repayable within one year	(22,583)	37,072	(16,800)	(2,311)
Bank loans repayable after one year	(66,977)	(28,638)	-	(95,615)
Bank loans	(89,560)	8,434	(16,800)	(97,926)
<b>Net bank cash/(debt)</b>	<b>26,622</b>	<b>(52,957)</b>	<b>(8,084)</b>	<b>(34,419)</b>
Current lease obligations	(10,083)	1,244	(4,495)	(13,334)
Non-current lease obligations	(82,901)	1,258	(25,560)	(107,203)
Lease obligations	(92,984)	2,502	(30,055)	(120,537)
<b>Net debt</b>	<b>(66,362)</b>	<b>(50,455)</b>	<b>(38,139)</b>	<b>(154,956)</b>

## Notes to the Financial Statements continued

### 31 Analysis of changes in net debt continued

	1 January 2019 €'000	Cash flow €'000	Acquisitions €'000	31 December 2019 €'000
<b>GROUP</b>				
Cash and cash equivalents	10,539	96,641	6,860	114,040
Restricted cash	2,352	(210)	-	2,142
<b>Cash</b>	<b>12,891</b>	<b>96,431</b>	<b>6,860</b>	<b>116,182</b>
Bank loans repayable within one year	(81,753)	59,170	-	(22,583)
Bank loans repayable after one year	(84,018)	17,041	-	(66,977)
<b>Bank loans</b>	<b>(165,771)</b>	<b>76,211</b>	<b>-</b>	<b>(89,560)</b>
<b>Net bank (debt)/cash</b>	<b>(152,880)</b>	<b>172,642</b>	<b>6,860</b>	<b>26,622</b>
Current lease obligations	(6,245)	(1,977)	(1,861)	(10,083)
Non-current lease obligations	(74,618)	6,734	(15,017)	(82,901)
<b>Lease obligations</b>	<b>(80,863)</b>	<b>4,757</b>	<b>(16,878)</b>	<b>(92,984)</b>
<b>Net debt</b>	<b>(233,743)</b>	<b>177,399</b>	<b>(10,018)</b>	<b>(66,362)</b>
	1 January 2020 €'000	Cash flow €'000	31 December 2020 €'000	
<b>COMPANY</b>				
Cash and cash equivalents	67,328	(64,094)	3,234	
Restricted cash	2,142	(42)	2,100	
<b>Cash</b>	<b>69,470</b>	<b>(64,136)</b>	<b>5,334</b>	
Bank loans repayable within one year	(16,827)	16,827	-	
Bank loans repayable after one year	(65,796)	(29,540)	(95,336)	
<b>Bank loans</b>	<b>(82,623)</b>	<b>(12,713)</b>	<b>(95,336)</b>	
<b>Net bank debt</b>	<b>(13,153)</b>	<b>(76,849)</b>	<b>(90,002)</b>	
Current lease obligations	(3,311)	(66)	(3,377)	
Non-current lease obligations	(44,633)	2,190	(42,443)	
<b>Lease obligations</b>	<b>(47,944)</b>	<b>2,124</b>	<b>(45,820)</b>	
<b>Net debt</b>	<b>(61,097)</b>	<b>(74,725)</b>	<b>(135,822)</b>	

## Notes to the Financial Statements continued

### 31 Analysis of changes in net debt continued

	1 January 2019 €'000	Cash flow €'000	31 December 2019 €'000
<b>COMPANY</b>			
Cash and cash equivalents	7,333	59,995	67,328
Restricted cash	2,142	-	2,142
<b>Cash</b>	<b>9,475</b>	<b>59,995</b>	<b>69,470</b>
Bank loans repayable within one year	(6,218)	(10,609)	(16,827)
Bank loans repayable after one year	(82,622)	16,826	(65,796)
<b>Bank loans</b>	<b>(88,840)</b>	<b>6,217</b>	<b>(82,623)</b>
<b>Net bank debt</b>	<b>(79,365)</b>	<b>66,212</b>	<b>(13,153)</b>
Current lease obligations	(3,820)	509	(3,311)
Non-current lease obligations	(46,425)	1,792	(44,633)
<b>Lease obligations</b>	<b>(50,245)</b>	<b>2,301</b>	<b>(47,944)</b>
<b>Net debt</b>	<b>(129,610)</b>	<b>68,513</b>	<b>(61,097)</b>

### 32 Financial instruments

#### Financial instruments by category

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

	Notes	Financial assets at FVOCI*	Financial assets at amortised cost	Total
<b>Financial assets</b>				
2020				
Investments in equity instruments	12	25	-	25
Trade and other receivables **	16	-	117,843	117,843
Deferred consideration receivable	16	-	633	633
Cash and cash equivalents	17	-	60,410	60,410
Restricted cash	17	-	3,097	3,097
		25	181,983	182,008
2019				
Investments in equity instruments	12	25	-	25
Trade and other receivables **	16	-	127,357	127,357
Deferred consideration receivable	16	-	895	895
Cash and cash equivalents	17	-	114,040	114,040
Restricted cash	17	-	2,142	2,142
		25	244,434	244,459

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

## Notes to the Financial Statements continued

### 32 Financial instruments continued

	Notes	Financial liabilities at FVTPL*	Financial liabilities at amortised cost	Total
		€'000	€'000	€'000
<b>Financial liabilities</b>				
<i>2020</i>				
Borrowings	18	-	97,926	97,926
Deferred acquisition consideration	22	-	4,461	4,461
Trade and other payables **	22	-	208,569	208,569
Deferred contingent consideration	19	81,164	-	81,164
Lease liabilities	21	-	120,537	120,537
		81,164	431,493	512,657
<i>2019</i>				
Borrowings	18	-	89,560	89,560
Deferred acquisition consideration	22	-	7,394	7,394
Trade and other payables **	22	-	185,901	185,901
Facility termination fee		5,000	-	5,000
Deferred contingent consideration	19	80,811	-	80,811
Lease liabilities	21	-	92,984	92,984
		85,811	375,839	461,650

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

#### Fair value

The following table sets out the fair value of the Group's principal financial assets and liabilities.

	Notes	2020 Carrying value €'000	2020 Fair value €'000	2019 Carrying value €'000	2019 Fair value €'000
<i>Financial assets</i>					
Investments in equity instruments	12	25	25	25	25
Trade and other receivables	16	117,843	117,894	127,357	127,420
Deferred consideration receivable	16	633	654	895	1,093
Cash and cash equivalents	17	60,410	60,410	114,040	114,040
Restricted cash	17	3,097	3,097	2,142	2,142
		182,008	182,080	244,459	244,720
<i>Financial liabilities</i>					
Borrowings	18	97,926	105,708	89,560	96,308
Deferred acquisition consideration	22	4,461	4,625	7,394	7,452
Trade and other payables	22	208,569	208,569	185,901	185,901
Facility termination fee		-	-	5,000	5,000
Deferred contingent consideration	19	81,164	81,164	80,811	80,811
Lease liabilities	21	120,537	120,537	92,984	92,984
		512,657	520,603	461,650	468,456

## Notes to the Financial Statements continued

### 32 Financial instruments continued

#### Measurement of fair values

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

#### *Investments in equity instruments*

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

#### *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 6 months, the nominal amount is deemed to reflect fair value. For loans with repricing dates of greater than 6 months, the fair value is calculated based on the present value of the expected future principal and interest cash flows discounted at appropriate market interest rates (level 2) effective at the Balance Sheet date and adjusted for movements in credit spreads.

#### *Deferred acquisition consideration*

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

#### *Deferred contingent consideration*

The fair value of the deferred contingent consideration is calculated by discounting the expected future payment to the present value. The expected future payment represents the deferred contingent acquisition consideration which would become payable based on pre-defined profit thresholds being met and is calculated based on management's best estimates of the expected future cash outflows using current budget forecasts. The provision for deferred contingent consideration is principally in respect of acquisitions completed from 2015 to 2020. A maturity analysis of the deferred contingent consideration on an undiscounted basis is presented on page 178.

The significant unobservable inputs are:

- » Expected future profit forecasts which have not been disclosed due to their commercial sensitivities; and
- » Risk adjusted discount rate of between 2% and 3% (2019: 3%)

The estimated fair value would increase/(decrease) if the:

- » Expected future profit forecasts were higher/(lower); and
- » Risk adjusted discount rate was lower/(higher).

For the fair value of deferred contingent consideration, a 1% increase in the risk adjusted discount rate at 31 December 2020, holding the other inputs constant would reduce the fair value of the deferred contingent consideration by €1.6m. A 1% decrease in the risk adjusted discount rate would result in an increase of €1.6m in the fair value of the deferred contingent consideration.

## Notes to the Financial Statements continued

### 32 Financial instruments continued

#### Facility termination fee

As part of the funding of the acquisition of Cahill May Roberts in 2013, a share warrant was issued to participating banks, granting the right to subscribe for 10% of the entire fully diluted issued share capital of the Company at the time of subscription, at any time up until 30 June 2017. During 2017, the share warrant holders surrendered all of their equity rights in return for an agreed facility termination fee payable by the Company of €10,000,000. In January 2020, a payment of €5,000,000 was made in final settlement of the facility termination fee. At 31 December 2019, the facility termination fee had a carrying value and respective fair value of €5,000,000.

#### 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
<b>Recurring fair value measurements</b>				
<i>At 31 December 2020</i>				
Investments in equity instruments	-	-	25	25
Deferred contingent consideration	-	-	(81,164)	(81,164)
	-	-	(81,139)	(81,139)
<i>At 31 December 2019</i>				
Investments in equity instruments	-	-	25	25
Facility termination fee	-	-	(5,000)	(5,000)
Deferred contingent consideration	-	-	(80,811)	(80,811)
	-	-	(85,786)	(85,786)

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

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

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

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

## Notes to the Financial Statements continued

### 32 Financial instruments continued

#### Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended 31 December 2020 and 31 December 2019:

	Shares in unlisted companies €'000	Facility termination fee €'000	Deferred contingent consideration €'000	Derivative financial instruments €'000	Total €'000
<i>At 1 January 2019</i>	25	(7,622)	(51,811)	(27,586)	(86,994)
Payments	-	2,500	1,237	-	3,737
Exercise of share warrant	-	-	-	25,821	25,821
Unwinding of discount*	-	122	(1,939)	-	(1,817)
Arising on acquisition	-	-	(33,966)	-	(33,966)
Reclassification	-	-	1,752	-	1,752
Release*	-	-	5,836	1,765	7,601
Foreign currency	-	-	(1,920)	-	(1,920)
<i>At 31 December 2019</i>	25	(5,000)	(80,811)	-	(85,786)
Payments	-	5,000	28,491	-	33,491
Charge to Income Statement*	-	-	(1,896)	-	(1,896)
Unwinding of discount*	-	-	(2,026)	-	(2,026)
Arising on acquisition	-	-	(31,777)	-	(31,777)
Release*	-	-	4,348	-	4,348
Foreign currency	-	-	2,507	-	2,507
<i>At 31 December 2020</i>	25	-	(81,164)	-	(81,139)

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

#### Financial risk management

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

The Group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, currency risk, interest rate risk and price risk. This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing the risk. Further quantitative disclosures are included throughout this note.

The Group's risk management is carried out by a central finance department under policies approved by the Board of Directors. Group finance identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The Board approves written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and the investment of excess liquidity.

## Notes to the Financial Statements continued

### 32 Financial instruments continued

#### Credit risk

Credit risk arises from credit to customers, loans to customers, loans to IPOS entities, loans to retail holding companies, deferred consideration receivable, restricted cash as well as cash and cash equivalents including deposits with banks and financial institutions.

The Group manages credit risk through the use of credit limits for customers, regular review of the ageing of trade and other receivables, and the review and monitoring of customer and bank credit ratings.

#### Trade receivables

Credit risk arising in the context of the Group's operations is not significant with the provision for impairment at the Balance Sheet date amounting to 4.2% of gross trade receivables (2019: 3.2%). The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the company considers historical loss rates for each category of customers and adjusts for forward looking macroeconomic data.

Customer credit risk is managed at appropriate Group locations according to established policies, procedures and controls. Customer credit quality is assessed in line with strict credit rating criteria and credit limits are established where appropriate. Outstanding customer balances are regularly monitored and a review for indicators of impairment (evidence of financial difficulty of the customer, payment default, breach of contract etc.) is carried out at each reporting date. Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment.

The Group considers that there is evidence of impairment if any of the following indicators are present:

- » significant financial difficulties of the receivable;
- » probability that the receivable will enter bankruptcy or financial reorganisation; and
- » default or delinquency in payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in the Income Statement within selling and distribution costs. Subsequent recoveries of amounts previously written off are credited against selling and distribution costs where the initial impairment was recorded.

Movements in the provision for impairment of trade receivables that are assessed for impairment collectively are as follows:

	2020 €'000	2019 €'000
At 1 January	3,930	3,548
Provision for impairment recognised during the year	1,800	233
Arising on acquisition	-	189
Receivables written off during the year as uncollectible	(895)	(11)
Recovery of balances previously provided for	-	(60)
Reclassification	(3)	12
Foreign currency translation	(26)	19
<b>At 31 December</b>	<b>4,806</b>	<b>3,930</b>

The trade receivables balances disclosed in note 16 comprise of a large number of customers spread across the Group's activities and geographies with balances classified as "not past due" representing 86.5% of the total trade receivables balance at the Balance Sheet date (2019: 87.4%). Invoice discounting arrangements are employed in certain of the Group's operations where deemed to be of benefit by management.

## Notes to the Financial Statements continued

### 32 Financial instruments continued

In December 2019, the Group entered into a receivables purchase arrangement with two of its banking partners. Under the terms of this non-recourse agreement, the Group has transferred substantially all credit risk and control of certain trade receivables. In July 2020, the non-recourse financing arrangement increased by an additional €14,118,000 with the total amount of the facility being €94,118,000 (2019: €80,000,000). The Group has recognised an asset within trade and other receivables of €14,118,000 (2019: €12,000,000), being the fair value of the amount receivable from the financial institutions, representing 15% of the trade receivables transferred to the financial institutions in accordance with the terms of the receivables purchase arrangement. The execution of this agreement resulted in an operating cash inflow of €12,000,000 (2019: €68,000,000) for the Group during the year ended 31 December 2020. Total interest expense associated with this receivables purchase agreement during the year ended 31 December 2020 was €1,203,000 (2019: €31,000).

The ageing of trade receivables at 31 December 2020 and 2019 was:

	2020 €'000	2019 €'000
<b>Not past due</b>	<b>93,946</b>	<b>103,856</b>
<b>Past due</b>		
0 - 30 days	10,973	10,593
30 - 60 days	2,669	1,895
60 days	1,041	2,426
<b>Total past due</b>	<b>14,683</b>	<b>14,914</b>
<b>Total trade receivables</b>	<b>108,629</b>	<b>118,770</b>

Provision for impairment in long-term receivables is outlined in note 12.

#### Cash and cash equivalents

Cash and cash equivalents give rise to credit risk on amounts due from counterparty financial institutions (stemming from their insolvency or a downgrade in their credit ratings). Credit risk is managed by the regular review of the credit ratings of these financial institutions and limiting the aggregate amount and duration of exposure to any one counterparty primarily depending on its credit rating. All the Group's cash and cash equivalents are currently held with financial institutions which have investment grade credit ratings ranging from A-1 to A-2 (2019: A-1 to A-2).

#### Other financial assets

The Group has investments in companies with a strategic interest to the Group which are of a non-speculative nature. The investments and any impairment provisions are outlined in note 12.

The carrying amount of financial assets, net of impairment provisions represents the Group's maximum credit exposure. The maximum exposure to credit risk at year end was as follows:

	2020 €'000	2019 €'000
Trade and other receivables*	117,843	127,357
Deferred consideration receivable	633	895
Cash and cash equivalents	60,410	114,040
Restricted cash	3,097	2,142
<b>Total</b>	<b>181,983</b>	<b>244,434</b>

\* Excluding prepayments and accrued income

## Notes to the Financial Statements continued

### 32 Financial instruments continued

#### Liquidity risk

The Group manages liquidity risk through, maintaining sufficient cash and cash equivalents to meet obligations when due, credit facilities and overdraft facilities, monitoring and managing the maturity of borrowings, regular review of the ageing of trade and other receivables, and review and monitoring of customer and bank credit ratings.

Management monitors forecasts of the maturity of the Group's borrowings and other obligations. Management forecasts cash flows expected to settle the Group's obligations and actively monitors the level of cash and facilities available to settle the Group's obligations as they fall due. Forecasts of cash flows to settle trade and other payables are generally carried out at a subsidiary level in the operating companies of the Group in accordance with practice and limits set up by the Group.

The following table outlines the undiscounted contractual maturities of the Group's financial liabilities at the Balance Sheet date. The undiscounted cash flows differ from the amount included in the Balance Sheet because the Balance Sheet amount is based on the discounted cash flows.

	Less than 6 months	6 to 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows
	€'000	€'000	€'000	€'000	€'000	€'000
<b>Contractual maturity of financial liabilities</b>						
<b>At 31 December 2020</b>						
Borrowings	2,375	-	204	103,129	-	105,708
Deferred acquisition consideration	373	71	4,017	-	-	4,461
Deferred contingent consideration	6,412	20,351	24,693	33,799	-	85,255
Lease liabilities	7,956	7,534	13,983	35,165	81,533	146,171
Trade and other payables	208,569	-	-	-	-	208,569
	225,685	27,956	42,897	172,093	81,533	550,164
<b>At 31 December 2019</b>						
Borrowings	8,466	14,500	14,539	57,842	584	95,931
Deferred acquisition consideration	6,865	-	587	-	-	7,452
Deferred contingent consideration	4,803	28,854	21,776	29,453	-	84,886
Facility termination fee	5,000	-	-	-	-	5,000
Lease liabilities	5,627	5,353	9,842	23,516	67,738	112,076
Trade and other payables	185,901	-	-	-	-	185,901
	216,662	48,707	46,744	110,811	68,322	491,246

Borrowings maturing within less than 6 months include an invoice discounting facility of €nil at the end of the year (2019: €1,505,000).

#### Lender covenants

The Group entered into a new banking facility on 2 July 2020. Under this facility the Group are subject to two covenants: leverage ratio and interest cover. Banking covenants are subject to bi-annual review, and during 2020 all covenants have been fully complied with.

## Notes to the Financial Statements continued

### 32 Financial instruments continued

#### Currency risk

The Group primarily operates in the Republic of Ireland and the majority of the Group's activities are conducted in Euro. Elements of the Group's operations are carried out in the UK, Europe and the US and, as a result, the Group is exposed to structural currency fluctuations in respect of Sterling, Swedish Krona and the US Dollar. To the extent that the non-Euro denominated assets and liabilities of the Group do not offset, the Group is exposed to structural currency risk. Such movements are reported through the Group Statement of Comprehensive Income.

The Euro is the principal currency of the Group's Irish and Benelux businesses, Sterling is the principal currency of the Group's UK businesses, the Swedish Krona is the principal currency of our Nordic businesses, and the US Dollar is the principal currency of our US businesses. The Group actively monitors the level of foreign exchange exposure and ensures that its net exposure is kept at an acceptable level. Currency risks are regularly monitored and managed by utilising spot and forward foreign currency contracts as appropriate for settling liabilities arising from the purchase of goods for resale in non-functional currencies. The majority of transactions entered into by Group entities are denominated in functional currencies and no significant level of hedging is required.

#### Currency Risk Sensitivity Analysis

The following table demonstrates the sensitivity of profit after tax and total equity to movements in the GBP/USD/SEK exchange rate with all other variables held constant:

+- 5% change in GBP/USD/SEK Exchange rates	2020 €'000	2019 €'000
Impact on profit after tax *	(669)	(339)
Impact on total equity **	1,747	2,579

\* The impact on profit after tax is based on changing the GBP/USD/SEK exchange rate used in calculating profit after tax for the year.

\*\* The impact on total equity is calculated by changing the GBP/USD/SEK exchange rate used in measuring the closing balance sheet plus the impact to profit after tax for the period.

#### Interest rate risk

The Group has no fixed rate borrowings and its receivables are carried at amortised cost. At 31 December 2020, the Group's revolving credit facility (RCF) is subject to an interest rate charge based on Euribor (zero floor in operation) +1.5%. Interest charged on the RCF is subject to change based on the Group's leverage ratio.

Invoice discounting and non-recourse facility are subject to interest rate charges based on Prime/Euribor +1.75%.

	2020 €'000	2019 €'000
Variable rate borrowings (note 18)	97,926	89,560

A decrease of fifty basis points in the Euribor interest rate would have reduced interest payable on borrowings in finance costs by €495,000 and consequently increased our profit before tax and equity. An increase of fifty basis points would have increased interest payable on borrowings in finance costs and consequently reduced our profit before tax and equity by an equal and opposite amount.

#### Price risk

The Group's exposure to equity price risk arises from investments held by the Group and classified in the Balance Sheet as investments in equity instruments. The investments in equity instruments are measured at fair value through OCI. The Group is exposed to the risk of an illiquid market for unlisted companies as these investments are not traded on an active market.

## 32 Financial instruments continued

### Capital management

The Group's objectives when managing capital are to:

- » safeguard their ability to continue as a going concern and to continue to provide a return for shareholders; and
- » maintain an optimal capital structure and reduce the overall cost of capital.

In managing its capital structure, the Group's capital consists of total equity and net bank debt. The Board monitor the return on capital employed and dividend policy in order to optimise shareholder value while allowing the Group to take advantage of opportunities that might arise to grow the business and to sustain the ongoing development of the Group. At the year end, the Group was in a net bank debt position of €34,419,000 (2019: net bank cash of €26,622,000). Total equity of the Group at 31 December 2020 was €202,535,000 (2019: €180,920,000). The Directors periodically review the capital structure of the Group, considering the cost of capital and the associated risks.

## 33 Future capital expenditure not provided for

At 31 December 2020, the Group had capital commitments of €3,268,000 (2019: €1,478,000)

	2020 €'000	2019 €'000
<b>Contracted for</b>		
Computer software	835	957
Plant and equipment	2,029	521
Fixtures and fittings	404	-
	<b>3,268</b>	<b>1,478</b>

## 34 Contingent liabilities

### Subsidiaries

Pursuant to the provisions of Section 357, Companies Act 2014, the Company have put in force in respect of the whole of the financial year ended 31 December 2020 an irrevocable guarantee of all commitments entered into by a subsidiary including amounts shown as liabilities in the statutory financial statements of the relevant subsidiary. The list of relevant subsidiaries is as follows: Uniphar Wholesale Limited, Allphar Services Limited, Unisource Pharma Services Ireland Limited, Allcare Management Services Limited, Point of Care Health Services Limited, Lindchem Designated Activity Company, Trennamally Limited, Cahill May Roberts Limited, Life Pharmacy Limited, Uniphar Europe Limited, M3 Medical Limited, Pagni Pharmacies Limited and Pyramach Limited.

### Guarantees

The Company and certain subsidiaries have issued guarantees capped at a total of €342,000 (2019: €701,000) in respect of bank borrowings undertaken by IPOS scheme entities and past customers of Cahill May Roberts Limited. The outstanding bank borrowing at the Balance Sheet date, for which these guarantees have been provided, give rise to a contingent liability of €342,000 (2019: €372,000) for the Group.

From a Company perspective, the contingent liability at year end is €nil (2019: €nil).

The change in the level of contingent liabilities is due to movement in underlying loan balances.

### Legal

From time to time, in the normal course of business, the Group can be subject to claims from various parties. Having considered the status of such matters as at 31 December 2020, the Directors are satisfied that there are no such matters which require either a provision or contingent liability disclosure in the financial statements.

## 35 Acquisitions of subsidiary undertakings and business assets

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

### Innerstrength Limited

The Group acquired an 82.3% controlling interest of the issued share capital of Innerstrength Limited in March 2020 for consideration of €2,675,000, of which €1,685,000 is deferred and contingent on agreed targets being met and the exercise of the put and call option over the non-controlling interest. Innerstrength Limited operates in Ireland, in the technology market, enabling healthcare professionals to deliver personalised education to patients who are currently living with chronic conditions.

### Marie O'Brien Limited

The Group acquired 100% of the issued share capital of Marie O'Brien Limited, in July 2020 for consideration of €1,377,000 of which €166,000 is deferred. Marie O'Brien Limited currently operates as an independent retail pharmacy in Ireland.

### Diligent Health Solutions, LLC

The Group acquired 100% of the membership interests of Diligent Health Solutions, LLC in September 2020 for consideration of €21,142,000 of which €13,813,000 is deferred and contingent on agreed targets being met. Diligent Health Solutions, LLC is a US-based healthcare communications provider.

### Bunclody Pharmacy Limited

The Group acquired 100% of the issued share capital of Bunclody Pharmacy Limited, in September 2020 for consideration of €819,000. Bunclody Pharmacy Limited currently operates as an independent retail pharmacy in Ireland.

### Hickey's Pharmacy Group

The Group acquired 100% of the ordinary share capital of Drishawn Group Holdings Limited, incorporated in the Isle of Man and Hickey's Pharmacy Group Holdings Limited incorporated in Ireland in November 2020, which are collectively the holding companies of the Hickey's Pharmacy Group for consideration of €43,556,000, of which €3,652,000 is deferred consideration.

### RRD International, LLC

The Group acquired 100% of the membership interests of RRD International, LLC in November 2020 for consideration of €21,553,000, of which €16,279,000 is deferred and contingent on agreed targets being met. RRD International, LLC is a US-based pharmaceutical advisory group providing outsourced strategic consulting and execution services throughout the early stages of product development.

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

The fair value of the deferred and contingent consideration recognised at the date of acquisition is calculated by discounting the expected future payment to present value at the acquisition date. In general, for deferred contingent consideration to become payable, pre-defined profit thresholds must be exceeded. On an undiscounted basis, the future payments for which the Group may be liable in respect of acquisitions completed in the current year range from €4.0m to €64.4m.

The initial assignment of fair values to net assets acquired has been performed on a provisional basis in respect of the acquisitions completed during 2020, due to their recent acquisition dates. Separate identifiable intangible assets were identified in the initial assessment of the fair value of the net assets acquired for Hickey's Pharmacy Group and Innerstrength Limited. The Group has 12 months from the date of acquisition to finalise the fair value of the assets/liabilities acquired, and any amendments to these fair values within the twelve-month period from the date of acquisition will be disclosable in the 2021 Annual Report as stipulated by IFRS 3, Business Combinations.

## Notes to the Financial Statements continued

### 35 Acquisitions of subsidiary undertakings and business assets continued

The acquisitions completed in 2020 have contributed €10.0m to revenue and €4.5m of gross profit for the period since the date of acquisition. The proforma revenue and operating profit for the Group for the year ended 31 December 2020 would have been €1,895m and €46.1m respectively had the acquisitions been completed at the start of the current reporting period.

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

	Hickey's €'000	Others €'000	Total €'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	11,238	723	11,961
Property, plant and equipment	28,539	2,397	30,936
	39,777	3,120	42,897
<b>Current assets</b>			
Inventory	5,832	181	6,013
Trade and other receivables	5,509	4,765	10,274
Restricted cash	-	1,027	1,027
Cash and cash equivalents	5,928	1,761	7,689
	17,269	7,734	25,003
<b>Total assets</b>	<b>57,046</b>	<b>10,854</b>	<b>67,900</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	24,223	1,337	25,560
Other non-current liabilities	-	536	536
Provisions	360	-	360
Deferred tax liabilities	697	-	697
	25,280	1,873	27,153
<b>Current liabilities</b>			
Lease liabilities	3,847	648	4,495
Bank borrowings	16,800	-	16,800
Trade and other payables	12,379	6,690	19,069
	33,026	7,338	40,364
<b>Total liabilities</b>	<b>58,306</b>	<b>9,211</b>	<b>67,517</b>
<b>Identifiable net assets/(liabilities) acquired</b>	<b>(1,260)</b>	<b>1,643</b>	<b>383</b>
Non-controlling interest arising on acquisition	-	(96)	(96)
Group share of net assets/(liabilities) acquired	(1,260)	1,547	287
Goodwill arising on acquisition	44,816	46,019	90,835
<b>Consideration</b>	<b>43,556</b>	<b>47,566</b>	<b>91,122</b>

The acquisition of Hickey's Pharmacy Group has been determined to be a substantial transaction and separate disclosure of the fair values of the identifiable assets and liabilities has therefore been made. None of the remaining business combinations completed during the period were considered sufficiently material to warrant separate disclosure of the fair values attributable to those combinations.

## Notes to the Financial Statements continued

### 35 Acquisitions of subsidiary undertakings and business assets continued

The gross contractual value of the trade and other receivables as at the respective dates of acquisition amounted to €10.3m. The fair value of these receivables is estimated at €10.3m (all of which is expected to be recoverable).

In 2020, the Group incurred acquisition costs of €4.3m (2019: €5.0m). These have been included in administrative expenses in the Group Income Statement.

#### 2019 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 2019 was performed on a provisional basis. The fair values attributable to the assets and liabilities of these acquisitions have now been finalised. The amendments to these fair values were made to the comparative figures during the subsequent reporting window within the measurement period imposed by IFRS 3. The provisional fair value of these assets and liabilities recorded at 31 December 2019, together with the adjustments made to those carrying values to arrive at the final fair values were as follows:

	Durbin	Others	Provisional fair value of 2019 acquisitions	Measurement period adjustments	Total
	€'000	€'000	€'000	€'000	€'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	7,022	14,872	21,894	-	21,894
Deferred tax asset	34	-	34	-	34
	7,056	14,872	21,928	-	21,928
<b>Current assets</b>					
Assets held for sale	-	4,400	4,400	-	4,400
Inventory	2,916	4,230	7,146	(421)	6,725
Trade and other receivables	7,278	5,666	12,944	141	13,085
Cash and cash equivalents	2,485	4,375	6,860	-	6,860
	12,679	18,671	31,350	(280)	31,070
<b>Total assets</b>	<b>19,735</b>	<b>33,543</b>	<b>53,278</b>	<b>(280)</b>	<b>52,998</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Lease liabilities	571	1,289	1,860	-	1,860
Deferred tax liabilities	9	1,452	1,461	296	1,757
	580	2,741	3,321	296	3,617
<b>Current liabilities</b>					
Lease liabilities	2,894	12,123	15,017	-	15,017
Trade and other payables	8,768	9,335	18,103	728	18,831
	11,662	21,458	33,120	728	33,848
<b>Total liabilities</b>	<b>12,242</b>	<b>24,199</b>	<b>36,441</b>	<b>1,024</b>	<b>37,465</b>
Identifiable net assets acquired	7,493	9,344	16,837	(1,304)	15,533
Goodwill arising on acquisition	34,350	32,720	67,070	1,817	68,887
<b>Consideration</b>	<b>41,843</b>	<b>42,064</b>	<b>83,907</b>	<b>513</b>	<b>84,420</b>

### 36 Related party transactions

In the ordinary course of business as pharmacists, certain Non-Executive Directors of Uniphar plc have traded on standard commercial terms with the Group. The individual and combined value of these transactions are not material in the context of the Group's financial results.

IAS 24 Related Party Disclosures requires the disclosure of compensation paid to the Group's key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Group classifies members of its executive team as key management personnel. The executive team is the body of senior executives that formulates business strategy with the Directors, follows through on implementation of that strategy and directs and controls the activities of the Group on a day to day basis.

The executive team consists of three Executive Directors (2019: three), seven Non-Executive Directors (2019: nine), and an additional six (2019: four) individual members at 31 December 2020.

	2020 €'000	2019 €'000
<b>Remuneration of key management personnel</b>		
Short term employee benefits (including redundancy)	6,476	5,344
Post-employment benefits	133	605
	<b>6,609</b>	<b>5,949</b>

### 37 Group companies

Holding company	Principal activity
Uniphar plc	Investment holding company

**The following are the significant subsidiary undertakings of Uniphar plc at 31 December 2020:**

Incorporated and trading in	Subsidiary name	Ownership %**	Principle Activity
Ireland	Allcare Management Services Limited *	100	Pharmacy support services
Ireland	Allphar Services Limited *	100	Pharmaceutical supply chain and services
Ireland	Cahill May Roberts Limited *	100	Non-trading property holding company
Ireland	Lindchem Designated Activity Company *	100	Pharmacy holding company
Ireland	M3 Medical Limited*	100	Medical device distribution
Ireland	Pagni Pharmacies Limited *	100	Pharmacy holding company
Ireland	Point of Care Health Services Limited *	100	Specialist nursing and infusion services
Ireland	Pyramach Limited*	100	Pharmacy holding company
Ireland	Sisk Healthcare Unlimited Company	100	Medical device distribution
Ireland	Trennamally Limited *	100	Pharmacy holding company
Ireland	Uniphar Durbin Ireland Limited	100	Specialist provider of pharmaceuticals
Ireland	Uniphar Europe Limited *	100	Investment holding company
Ireland	Uniphar Wholesale Limited *	100	Pharmaceutical wholesale distributor
Ireland	Unisource Pharma Services Ireland Limited *	100	Outsourcing and resourcing
Ireland	Innerstrength Limited	82.3	Health technology
UK	Clinical Cube Limited	100	Data solutions for pharma industry
UK	Clinical Pyramid Limited	100	Investment holding company
UK	Dialachemist Limited	80.0	Online pharmacy and product fostering
UK	Durbin plc	100	Specialist provider of pharmaceuticals
UK	Macromed (UK) Limited	94.95	Medical device distribution
UK	Outcome Medical Solutions Limited	100	Investment holding company
UK	Outico Limited	100	Data intelligence and consultancy
UK	Sisk Healthcare (UK) Limited	100	Medical device distribution
UK	Star Outico Limited	100	Outsourcing and resourcing
UK	Star Medical Limited	100	Outsourcing and resourcing
UK	Unisource Limited	100	Investment holding company
Finland	EPS Vascular OY	100	Medical device distribution
Sweden	EP Endovascular AB	100	Medical device distribution
Sweden	EPS Vascular AB	100	Medical device distribution
The Netherlands	Angiocare B.V.	100	Medical device distribution
The Netherlands	Star Medical B.V.	90.0	Outsourcing and resourcing
US	Uniphar USA, Inc.	100	Investment holding company
US	Uniphar PA USA, LLC	100	Investment holding company
US	Uniphar C&C USA, LLC	100	Investment holding company
US	Durbin Inc.	100	Investment holding company
US	Pharmaceutical Trade Services Inc.	100	Specialist provider of pharmaceuticals
US	Diligent Health Solutions, LLC	100	Telecommunications support
US	RRD International, LLC	100	Pharmaceutical Advisory

\* As disclosed in note 34, each of the above Irish registered wholly-owned subsidiaries of the Company may avail of the exemption from filing its statutory financial statements for the year ended 31 December 2020 as permitted by Section 357 of the Companies Act 2014 and there is in force an irrevocable guarantee from the Company in respect of all commitments entered into by such wholly-owned subsidiary, including amounts shown as liabilities (within the meaning of Section 357 (1) (b) of the Companies Act 2014) in such wholly-owned subsidiary's statutory financial statements for the year ended 31 December 2020.

\*\* With the exception of the US subsidiaries, where the holding is in the form of membership interests, all holdings are in the form of ordinary shares.

## Notes to the Financial Statements continued

### 37 Group companies continued

The above table includes four pharmacy holding companies, Lindchem Designated Activity Company, Pagni Pharmacies Limited, Pyramach Limited and Trennamally Limited. Trading pharmacy entities are individually not deemed significant for the purposes of this disclosure.

Pursuant to Sections 314-316 of the Companies Act, 2014, a full list of subsidiaries, joint ventures and associated undertakings will be annexed to the Company's Annual Return to be filed in the Companies Registration Office in Ireland.

Incorporated in ROI	Registered office
All Irish incorporated companies	4045 Kingswood Road Citywest Business Park Co.Dublin Ireland D24 V06K
<b>Incorporated in UK</b>	
	<b>Registered offices</b>
Star Medical Limited	4 Kelso Place Upper Bristol Road Bath Somerset BA1 3AU United Kingdom
Star Outico Limited	
Outico Limited	11 Davy Court, Castle Mound Way Central Park Rugby CV23 0UZ
Sisk Healthcare (UK) Limited	6 Wildflower Way Boucher Road Belfast BT12 6TA Northern Ireland
All other UK incorporated companies	6th Floor One London Wall London EC2Y 5EB United Kingdom

## Notes to the Financial Statements continued

### 37 Group companies continued

Incorporated in The Netherlands	Registered offices
Angiocare B.V.	Eemweg 00031 21 3755LC Eemnes The Netherlands
Star Medical B.V.	De Tweeling 00020 5215MC S-Hertogenbosch The Netherlands
<b>Incorporated in the US</b>	
Durbin Inc.	William. C. Penick IV 190 East Capitol, Suite 100 Jackson Mississippi 39201 United States
Pharmaceutical Trade Services Inc.	5820 Gulf Tech Drive Ocean Springs Mississippi 39564 United States
RRD International, LLC	7361 Calhoun Place Suite 510 Rockville, MD 20855 United States
Diligent Health Solutions, LLC	4800 East Street Road Suite 100 Feasterville-Trevose, PA 19053 United States
Uniphar USA, Inc. Uniphar C&C, USA Inc. Uniphar PA, USA Inc.	1209 Orange Street Wilmington New Castle County Delaware 19801 United States
<b>Incorporated in Sweden</b>	
All Swedish incorporated companies	Hamnplanen 24 263 61 Viken Skåne län Sweden
<b>Incorporated in Finland</b>	
EPS Vascular OY	Hauralantie 43 37800 LEMPÄÄLÄ Finland

### 37 Group companies continued

The following were changes to the Group's structure during 2020:

- » As set out in note 27, in February 2020, the Group acquired 30% of the ordinary share capital of Clinical Pyramid Limited, incorporated in the UK, bringing the Group's holding to 100%;
- » As set out in note 35, in March 2020, the Group acquired 82.3% of the ordinary share capital of Innerstrength Limited, incorporated in Ireland;
- » As set out in note 35, in July 2020, the Group acquired 100% of the ordinary share capital of Marie O'Brien Limited a company incorporated in Ireland;
- » As set out in note 35, in September 2020, the Group acquired 100% of the ordinary share capital of Bunclody Pharmacy Limited, a company incorporated in Ireland;
- » As set out in note 35, in September 2020, the Group acquired 100% of the membership interests of Diligent Health Solutions, LLC, incorporated in the US;
- » As set out in note 35, in November 2020, the Group acquired 100% of the membership interests of RRD International, LLC, incorporated in the US;
- » As set out in note 27, in November 2020, the Group acquired 10.7% of the ordinary share capital of Outico Limited, incorporated in the UK, bringing the Group's holding to 100%; and
- » As set out in note 35, in November 2020, the Group acquired 100% of the ordinary share capital of Drishlawn Group Holdings Limited, incorporated in the Isle of Man and Hickey's Pharmacy Group Holdings Limited incorporated in Ireland, which are collectively the holding companies of the Hickey's Pharmacy Group.

During 2020, the Group incorporated the following companies in the US:

- » Uniphar USA, Inc.;
- » Uniphar C&C, USA, Inc.; and
- » Uniphar PA, USA, Inc.

### 38 Post balance sheet events

On 26 January 2021, the Board approved the establishment of a new share option scheme with a reserve of 2.5% of the issued share capital of the Company. Existing participants in the current Group LTIP (including executive directors) shall not be eligible for the grant of options under this scheme which is intended to incentivise key senior management who were not eligible for participation in the existing Group LTIP.

There have been no other material events subsequent to 31 December 2020 that would require adjustment to or disclosure in this report.

### 39 Comparative amounts

The comparative amounts have been updated for amendments to the fair value of assets and liabilities acquired during 2019 which are set out in note 35, these amendments were within the measurement period imposed by IFRS 3.

### 40 Approval of financial statements

The Directors approved the financial statements on 1 March 2021.

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:

	<b>Definition</b>	<b>Why we measure it</b>
<b>EBITDA</b>	Earnings before exceptional items, net finance expense, income tax expense, depreciation and intangible assets amortisation.	EBITDA provides management with an assessment of the underlying trading performance of the Group and excludes transactions that are not reflective of the ongoing operations of the business, allowing comparison of the trading performance of the business across periods and/or with other businesses.
<b>&amp;</b>		
<b>Adjusted EBITDA</b>	Earnings before exceptional items, net finance expense, income tax expense, depreciation and intangible assets amortisation, adjusted for the impact of IFRS 16 and the pro-forma EBITDA of acquisitions.	Adjusted EBITDA is used for leverage calculations.
<b>Net bank (debt)/cash</b>	Net bank (debt)/cash 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)/cash 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.
<b>Net debt</b>	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.
<b>Leverage</b>	Net bank (debt)/cash divided by adjusted EBITDA for the period.	Leverage is used by management to evaluate the Group's ability to cover its debts. This allows management to assess the ability for the Company to use debt as a mechanism to facilitate growth.

## Alternative Performance Measures continued

	Definition	Why we measure it
<b>Adjusted earnings per share</b>	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.
<b>Like for like adjusted earnings per share</b>	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.
<b>Free cash flow conversion</b>	Free cash flow conversion calculated as EBITDA, less investment in working capital, less maintenance capital expenditure and foreign currency translation adjustments, divided by EBITDA.	Free cash flow represents the funds generated from the Group's ongoing operations. These funds are available for reinvestment, and for future acquisitions as part of the Group's growth strategy. A high level of free cash flow conversion is key to maintaining a strong, liquid balance sheet.
<b>Return on capital employed</b>	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

		2020 €'000	2019 €'000
Operating profit	<i>Income Statement</i>	39,944	28,207
Exceptional charge recognised in operating profit	<i>Note 4</i>	6,775	12,043
Depreciation	<i>Note 11</i>	17,626	15,911
Amortisation	<i>Note 10</i>	2,368	2,394
<b>EBITDA</b>		<b>66,713</b>	<b>58,555</b>
Adjust for the impact of IFRS 16		(12,121)	(10,533)
Pro-forma EBITDA of acquisitions		6,923	246
<b>Adjusted EBITDA</b>		<b>61,515</b>	<b>48,268</b>

## Alternative Performance Measures continued

### Net bank (debt)/cash

		2020 €'000	2019 €'000
Cash and cash equivalents	<i>Balance Sheet</i>	60,410	114,040
Restricted cash	<i>Balance Sheet</i>	3,097	2,142
Bank loans repayable within one year	<i>Balance Sheet</i>	(2,311)	(22,583)
Bank loans payable after one year	<i>Balance Sheet</i>	(95,615)	(66,977)
<b>Net bank (debt)/cash</b>		<b>(34,419)</b>	<b>26,622</b>

### Net debt

		2020 €'000	2019 €'000
Net bank (debt)/cash	<i>Alternative Performance Measures</i>	(34,419)	26,622
Current lease obligations	<i>Balance Sheet</i>	(13,334)	(10,083)
Non-current lease obligations	<i>Balance Sheet</i>	(107,203)	(82,901)
<b>Net debt</b>		<b>(154,956)</b>	<b>(66,362)</b>

### Leverage

		2020 €'000	2019 €'000
Net bank (debt)/cash	<i>Alternative Performance Measures</i>	(34,419)	26,622
Adjusted EBITDA	<i>Alternative Performance Measures</i>	61,515	48,268
<b>Leverage (times)</b>		<b>(0.6)</b>	<b>0.6</b>

## Alternative Performance Measures continued

### Adjusted earnings per share

	2020 €'000	2019 €'000
Adjusted earnings per share has been calculated by reference to the following:		
Profit for the financial year attributable to owners	27,827	21,026
Amortisation of acquisition related intangibles	279	-
Exceptional charge recognised in operating profit (note 4)	6,775	12,043
Exceptional credit recognised in finance costs (note 4)	(1,939)	(6,731)
<b>Profit after tax excluding exceptional items</b>	<b>32,942</b>	<b>26,338</b>
Weighted average number of shares in issue in the year (000's)	262,436	183,546
<b>Adjusted basic and diluted earnings per ordinary share (in cent)</b>	<b>12.6</b>	<b>14.3</b>
Like for like weighted average number of shares (000's)	262,436	262,436
<b>Like for like adjusted earnings per ordinary share (in cent)</b>	<b>12.6</b>	<b>10.0</b>

### Free cash flow conversion

	2020 €'000	2019 €'000
EBITDA		
Increase in inventory	<i>Note 29</i>	66,713
		(11,868)
Decrease/(increase) in receivables	<i>Note 29</i>	8,789
		(17,656)
Increase in payables	<i>Note 29</i>	13,554
		30,424
Foreign currency translation adjustments	<i>Note 29</i>	(56)
		207
Payments to acquire property, plant and equipment - Maintenance	<i>Cash Flow Statement</i>	(6,487)
		(5,585)
Payments to acquire intangible assets – Maintenance	<i>Cash Flow Statement</i>	(1,412)
		(861)
Free cash flow		69,233
Adjustment for settlement of acquired financial liabilities*		50,195
	4,788	-
	74,021	50,195
EBITDA		66,713
Free cash flow conversion		111.0%
		85.7%

\*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 calculation conversion.

## Alternative Performance Measures continued

### Return on capital employed

	2020 €'000	2019 €'000	2018 €'000
Rolling 12 months operating profit	39,944	28,207	
Adjustment for exceptional costs	6,775	12,043	
Amortisation of acquisition related intangibles	279	-	
<b>Adjusted 12 months rolling operating profit</b>	<b>46,998</b>	<b>40,250</b>	
Total equity	202,535	180,920	(619)
Net bank debt/(cash)	34,419	(26,622)	152,880
Derivative financial instruments	-	-	27,586
Facility termination fee	-	5,000	7,622
Deferred contingent consideration	81,164	80,811	51,811
Deferred consideration payable	4,461	7,394	5,566
<b>Total capital employed</b>	<b>322,579</b>	<b>247,503</b>	<b>244,846</b>
Average capital employed	285,041	246,175	
Adjustment for acquisitions (note A / B below)	(36,302)	(13,724)	
<b>Adjusted average capital employed</b>	<b>248,739</b>	<b>232,451</b>	
Return on capital employed	18.9%	17.3%	

	Capital employed €'000	Completion Date	Adjustment €'000
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#### **Note A: Adjustment for acquisitions (2020)**

Hickey's Pharmacy Group	54,428	Nov 2020	(22,678)
Other acquisitions completed during 2020	47,255	Various	(13,624)
<b>Adjustment for acquisitions during 2020</b>			

	Capital employed €'000	Completion Date	Adjustment €'000
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#### **Note B: Adjustment for acquisitions (2019)**

Durbin Group	41,856	July 2019	(3,488)
Other acquisitions completed during 2019	37,885	Various	(10,236)
<b>Adjustment for acquisitions during 2019</b>			

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

## Glossary of Terms

<b>2018 pro-forma EBITDA</b>	2018 pro-forma EBITDA of €46.3m as disclosed in our Admission document
<b>AGM</b>	Annual General Meeting
<b>APM</b>	Alternative Performance Measures
<b>Articles</b>	Articles of Association of Uniphar plc
<b>Board</b>	The Board of Directors of Uniphar plc
<b>CCPC</b>	The Irish Competition and Consumer Protection Commission
<b>CDP</b>	Carbon Disclosure Project
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CGU</b>	Cash-Generating Unit
<b>Company</b>	Uniphar plc
<b>Covid-19</b>	Coronavirus Disease
<b>CSO</b>	Contract Sales Organisation
<b>Diligent</b>	Diligent Health Solutions, LLC
<b>Durbin</b>	Durbin plc and Durbin Inc.
<b>EAPs</b>	Exclusive Access Programmes
<b>EBITDA</b>	Earnings Before Exceptionals, Interest, Tax, Depreciation and Amortisation
<b>EGM</b>	Extraordinary General Meeting
<b>EPS</b>	Earnings Per Share
<b>EPS Group</b>	EPS Vascular AB, EP Endovascular AB and EPS Vascular OY
<b>ERP</b>	Enterprise Resource Planning
<b>ESG</b>	Environmental, Social, and Governance
<b>EU</b>	European Union
<b>FDA</b>	Food and Drug Administration
<b>FMD</b>	Falsified Medicine Directive
<b>FVOCI</b>	Fair Value through Other Comprehensive Income
<b>FVPL</b>	Fair Value through Profit or Loss
<b>GAAP</b>	Generally Accepted Accounting Principles
<b>GDP</b>	Good Distribution Practice Regulations
<b>GDPR</b>	General Data Protection Regulation
<b>GMP</b>	Good Manufacturing Practice Regulations
<b>GP</b>	General Practitioner
<b>GRI</b>	Global Reporting Initiative
<b>Group</b>	Uniphar plc and Subsidiary undertakings of Uniphar plc
<b>GxP</b>	“good practice” Quality Guidelines and Regulations
<b>H&amp;S</b>	Health and Safety
<b>HCP</b>	Healthcare Professional
<b>HPRA</b>	The Irish Health Products Regulatory Authority
<b>HR</b>	Human Resources
<b>HSE</b>	Health Service Executive in Ireland
<b>IAS</b>	International Accounting Standard
<b>ICT</b>	Information and Communication Technologies
<b>IFRS</b>	International Financial Reporting Standards
<b>Inc.</b>	Incorporated
<b>IPHA</b>	Irish Pharmaceutical Healthcare Association
<b>IPO</b>	Initial Public Offering
<b>IPOS</b>	Independent Pharmacy Ownership Scheme
<b>IT</b>	Information Technology
<b>KPI</b>	Key Performance Indicator
<b>LTIP</b>	Long Term Incentive Plan
<b>M&amp;A</b>	Mergers and Acquisitions

## Glossary of Terms continued

<b>MAPs</b>	Managed Access Programmes
<b>MCAM</b>	Multi-channel Account Managers
<b>N/A</b>	Not Applicable
<b>NGO</b>	Non-Governmental Organisations
<b>NHS</b>	National Healthcare Service in the United Kingdom
<b>OCI</b>	Other Comprehensive Income
<b>OTC</b>	Over the Counter
<b>PAYE</b>	Pay As You Earn
<b>PLC</b>	Public Limited Company
<b>PPE</b>	Personal Protective Equipment
<b>PwC</b>	PricewaterhouseCoopers
<b>Q1</b>	Quarter 1 (1 January to 31 March)
<b>Q2</b>	Quarter 2 (1 April to 30 June)
<b>Q3</b>	Quarter 3 (1 July to 30 September)
<b>Q4</b>	Quarter 4 (1 October to 31 December)
<b>QCA Code</b>	Quoted Companies Alliance Corporate Governance Code
<b>QMS</b>	Quality Management System
<b>RNS</b>	Regulatory News Service
<b>ROCE</b>	Return on Capital Employed
<b>ROI</b>	Republic of Ireland
<b>ROW</b>	Rest of the World
<b>RRD</b>	RRD International, LLC
<b>SASB</b>	Sustainability Accounting Standards Board
<b>SDG</b>	Sustainable Development Goals
<b>Tc02e</b>	Tonnes of carbon dioxide equivalent
<b>TCFD</b>	Task Force on Climate-related Financial Disclosures
<b>UK</b>	United Kingdom
<b>UK Code</b>	UK Code of Corporate Governance
<b>UN</b>	The United Nations
<b>Uniphar</b>	Uniphar plc and Subsidiary undertakings of Uniphar plc
<b>US</b>	United States of America
<b>VAT</b>	Value Added Tax
<b>VPN</b>	Virtual Private Network

