

Enabling Healthcare



We enable patient access to pharma-co-medical products and therapies

Our Mission and Vision page 5

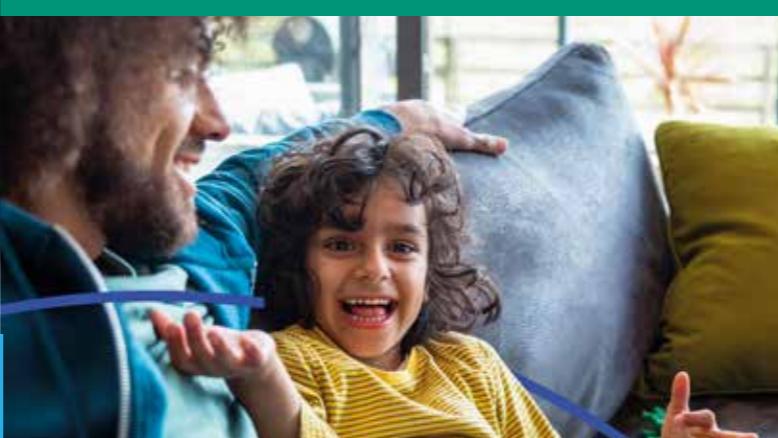


Enabling through People

Enabling through Innovation



Enabling through Connectivity



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Operational and Financial Highlights

Continued Growth

The Group delivered a strong performance in 2023 whilst continuing to invest for future growth.

FINANCIAL MEASURES

Growth Delivered	Adjusted EPS ^{1,3}	Progressive Dividend
2x EBITDA doubled to over €100m since IPO five years ago	18.3c 2022: 18.6c	+5.2% 2023: €5.0m 2022: €4.8m
Gross Profit +27.1% 2023: €390.0m 2022: €306.7m	EBITDA^{1,3} +17.7% 2023: €116.0m 2022: €98.6m	Organic Growth² +5.6% 2022: 5.7%
ROCE¹ +15.2% 2022: 17.3%	LEVERAGE¹ 1.6x 2022: 1.0x	New Medium-Term Guidance €200m The Group announces new medium-term target of doubling EBITDA to €200m

NON-FINANCIAL MEASURES

Sustainability	Community	People
Continued progress against the five sustainability pillars with a score of 'B' achieved in CDP (2022: CDP 'B' score)	Unity for Hope fundraising initiatives to raise funds for mental health charities in 2023	Global equity, diversity & inclusion (ED&I) training delivered across the Group

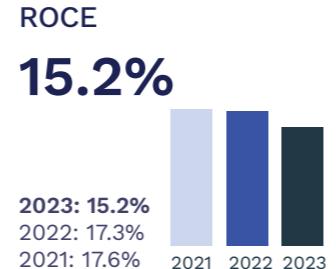
¹ The Group uses Alternative Performance Measures ('APMs') which are not defined under International Financial Reporting Standards ('IFRS') to monitor the performance of the Group and its operations. These APMs, along with their definitions and reconciliations to IFRS measures, are included in the APMs section on pages 208 to 212.

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

³ The Group amended the definition of EBITDA and Adjusted earnings per share in 2023 to addback share-based payment expense. Comparative amounts for 2022 have been restated to aid comparability.

A Snapshot of Uniphar

A diversified healthcare services business focused on growth

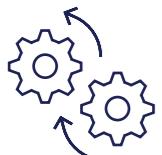


Summary Financial Results – Financial Year Ended 31 December 2023

Year ended 31 December	Growth			
	2023 €'000	2022 €'000	Reported	Constant currency ²
Revenue	2,553,062	2,070,669	23.3%	23.6%
Gross profit	389,984	306,744	27.1%	27.8%
Gross profit margin	15.3%	14.8%		
EBITDA ¹	115,985	98,575	17.7%	17.9%
Operating profit	67,708	53,155	27.4%	27.8%
Profit before tax excluding exceptional items ¹	53,321	57,900	(7.9%)	(7.8%)
Net bank debt ¹	(149,947)	(91,217)		
Basic EPS (cent)	16.4	16.7		
Adjusted EPS (cent) ¹	18.3	18.6		

1. Additional information in relation to Alternative Performance Measures (APMs) are set out on pages 208 to 212.

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



Integrated Model

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



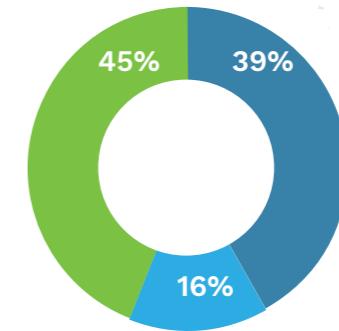
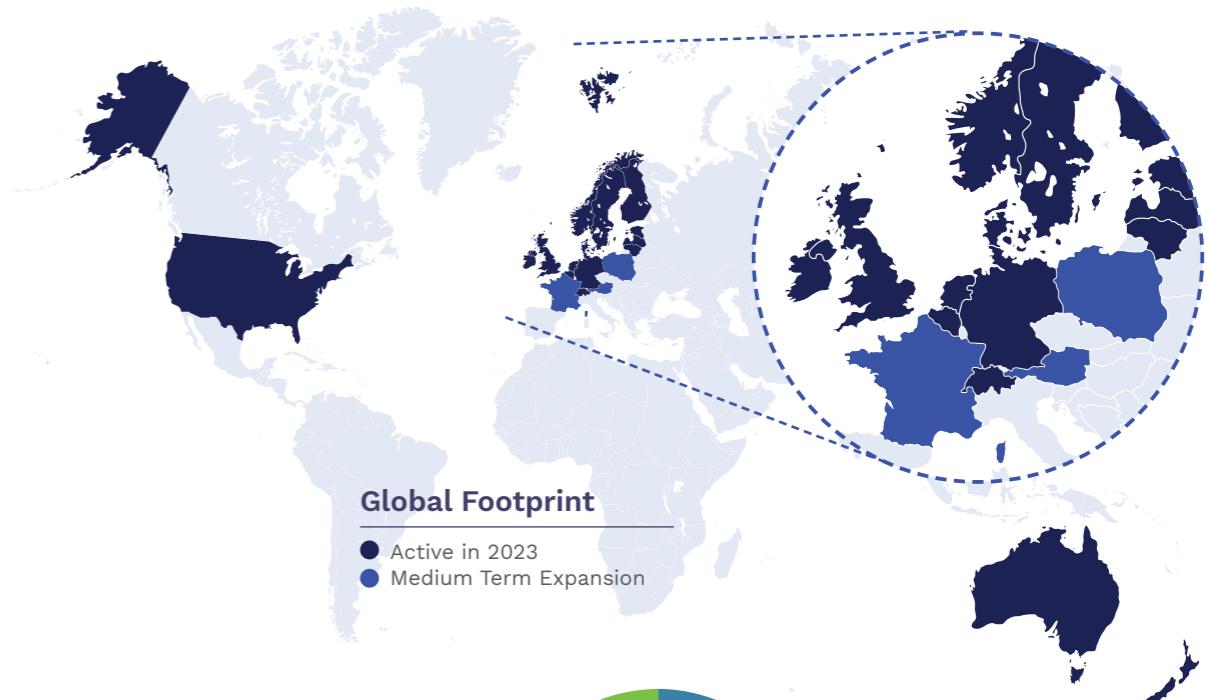
Capital Deployment

Continued disciplined investment in attractive opportunities, both organic and M&A, that will increase our operating capacity, broaden our geographic reach and increase our market share.



Responsible Business

Uniphar places sustainability at the heart of how it operates as a responsible and sustainable business. Continued progress across all five Sustainability Pillars and strong CDP 'B' score in 2023.



Countries Served
160+

unipharsc+r	unipharmedtech	unipharpharma
Enabling the supply of medicines in Ireland.	Enabling patients access to medical devices and technologies across a range of therapeutic specialisms.	Enabling patients access to innovative medicines and therapies that are either speciality or not readily available in a given market.
€187m Gross Profit 2022: €139m	€100m Gross Profit 2022: €91m	€103m Gross Profit 2022: €77m
+34.5% Gross Profit Growth 2022: 7.9%	+9.8% Gross Profit Growth 2022: 13.3%	+34.4% Gross Profit Growth 2022: 17.3%
53% Market share	16 Number of countries operating in	160+ Number of countries operating in
429 Retail pharmacy network	72 Number of manufacturers supported across 2+ countries	14,200 Number of medicines supported

Our Mission

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

Our Vision

Improve patient access to pharmaco-medical products and therapies.



Our Shared Values



Patient First
The patient is always at the centre of everything we do



Customer Partnership
We stay close to our customers who trust us to deliver



Commercial Focus
We stay agile, responsive and focused on the goal



Team Players
We work together as one team to deliver solutions



Innovative & Entrepreneurial
We focus on bringing new solutions to challenges

“ We have a relentless focus on finding new and innovative solutions to the challenges faced by our clients and customers around the world. ”

Maurice Pratt
Chairman

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At a Glance
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Why Invest In Unipharm?

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



Experienced Management Team

- » Management team with deep relevant industry experience and strong specialist market experience working together
- » Executive Management Team with strong track record of delivering results
- » Clinically trained teams across the Group, possessing deep knowledge of their therapeutic areas

Compelling Market Opportunity

- » Compelling opportunities across all divisions underpinned by structural and demographic tailwinds
- » Increasing demand for speciality products and advanced therapies
- » Continued growth in outsourcing by manufacturers especially in increasingly complex regulatory environments

Platform for Growth

- » The Group has achieved scale in each division over the past five years. Increased scale and capability will create further opportunities
- » Multi-geography platform and expanded service offerings for new and existing manufacturer clients

Strong Track Record

- » Achievement of IPO objective to double EBITDA within five years of IPO
- » History of successfully investing in technology to deliver efficiencies and growth
- » Successful transformation of the Group since IPO to become a diverse multinational healthcare group

Integrated Model

- » End-to-end solutions across the pharma lifecycle from early-stage development through to product maturity
- » Leveraging of existing capabilities, technology, relationships and infrastructure, to expand our service offering across geographies and products

Competitive Edge

- » Three divisions with attractive competitive platforms
- » Long-standing customer and supplier relationships
- » Sophisticated digital capabilities combined with high-tech distribution infrastructure

Enabling through Connectivity

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Building for the Future on our Strong Foundations



Maurice Pratt Chairman

“ A year of growth and strategic development paving the way to deliver on our new medium-term targets ”

Performance

2023 has been another successful year for Unipharm, with revenues increasing to €2.6bn and gross profit growth of 27.1%, when compared to last year. Strong momentum in the first half of the year continued in the second half enabling us to reach €390.0m gross profit for the year. This year also marked the achievement of a key strategic goal set at IPO to double 2018 pro-forma EBITDA of €46m within five years.

Strategy

This strong performance, despite the significant uncertainty of the macro environment, is testament to the success of our strategic approach over the last five years. Substantial work was undertaken during 2023 by the Board and the Executive Team to develop and refresh the strategy to ensure our ongoing success into the future. We continue to build on the strong foundations in place and are committed to doubling EBITDA again over the medium-term to €200m.

Acquisitions and Growth

During the year, we completed the acquisition of the McCauley Pharmacy Group bringing our retail footprint in Ireland to 429 owned, franchised and supported pharmacies. We continued our multi-year strategic investment in a new high-tech distribution centre that will provide the additional capacity to support the growth of the Supply Chain & Retail and Pharma businesses.

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€116m
2023 EBITDA

€390m
Gross profit

27.1%
Gross profit growth
achieved in 2023

2023 also saw us redefine how we organise our divisions to reflect the development of the business and ensure that our resources are best positioned to drive growth in years to come. Our new divisional structure also aligns us more closely with our customers and, by simplifying our brand identity, more clearly articulates our service offering as 'One Unipharm'. From this year, we will report in line with our three new divisions of Unipharm Supply Chain & Retail, Unipharm Medtech and Unipharm Pharma.

Board Governance

A focus for the Board since IPO has been the continued evolution of board membership, not only to increase the diversity and independence of the Board, as required by the UK Corporate Governance Code, but equally importantly, to benefit from the insight and strategic guidance that a board with wide experience across our major markets and activities could offer us. I am delighted to welcome Valerie Sick to the Board following her appointment in January 2024. Valerie has over 25 years' senior international experience in pharmaceutical and life science companies in Europe and her extensive commercial and international markets experience will complement and augment the existing skills and expertise of the Board. Jeff Berkowitz resigned from the Board in January 2024 and I would like to thank Jeff for the commitment, support and insight he brought to the Board over the last three years.



During the year, an external board evaluation was completed. The evaluation looked at the functioning of the Board and its Committees, its effectiveness, culture and composition. The resulting report was positive in its assessment that the Board and Committees are operating effectively, recognising the progress made from Unipharm's transition to a listed company and identifying a number of key strengths in how the Board currently operates. Diversity at Board level was also a key focus for the Nominations, Governance and Sustainability Committee during 2023. We committed to increasing female representation on the Board and that objective has been achieved with the appointment of Valerie Sick in January 2024.

Chairman's Statement



Glenstal Abbey Tree Planting - See case study page 53

In reviewing the Company's corporate governance practices in line with the UK Code, the subject of my succession as Chair was also an area of focus during the year for the Board and the Nominations, Governance and Sustainability Committee. The Board approved a succession plan which sees me stepping down as Chairman at the Company's AGM in 2026. This timeline provides a suitable period to identify and transition a successor to the role. It has been a pleasure to see the Group achieve its key strategic targets set at IPO, both in terms of business performance, corporate governance and Board development. It has also been a privilege to be at the helm of the Unipharm Board for so many years, to see the company develop from a small, full line pharmaceutical wholesaler operating in the Irish market to an international provider of services in the healthcare sector, with colleagues and customers all over the world.

Communication with Shareholders

This year, we increased our focus on communication with shareholders, carrying out a shareholder engagement exercise in advance of the Annual General Meeting. The Investor Relations Team, together with executive management, meet regularly with institutional shareholders and we remain committed to clear and regular communication with shareholders.

“ Our constant progress in Sustainability is reflected in the rankings achieved by Unipharm from international ratings agencies. **”**

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People

2023 saw another year of people-focused initiatives including enhancement of talent development programmes across each of our divisions with a continued focus on learning and equity, diversity and inclusion (ED&I). The management and wider team have continued to deliver for the business this year, showing great dedication and commitment to our customers and patients. 2023 saw further cross-organisational and cross-territory projects, as we continue to reap the benefits of the strong global platform we have built for the provision of healthcare services right across the product life cycle. The Unipharm brand was also refreshed during the year to reflect the new divisional structure and create a more consistent brand identity for all Unipharm companies and colleagues.

Dividend

Based on the strong performance this year, the Board is happy to recommend a final dividend of €3.2m (€0.0119 per ordinary share) payable on 14 May 2024 to shareholders registered on the record date of 19 April 2024. Together with the interim dividend of €1.8m (€0.0064 per ordinary share) paid in October 2023, this brings the total dividend for the year to €5m (€0.0183 per ordinary share) representing an increase of 5.2% on 2022, demonstrating the Board's commitment to a progressive dividend policy.

Looking Forward

Despite the continued geopolitical and economic volatility, I feel confident that Unipharm, with a strong, experienced management team, a proven track record and a clear pathway for growth defined for the coming years, will continue to grow organically and through acquisition. Unipharm is a well-established business that is based on sound fundamentals with a strong balance sheet. The business is relentlessly focused on finding new and innovative solutions to the challenges faced by our clients and customers around the world. I have full confidence that Unipharm is well positioned to double EBITDA again over the medium-term and will continue to deliver for all its stakeholders.

Maurice Pratt
Chairman

Another Year of Achievement for Uniphar



Gerard Rabbette Chief Executive Officer

“ 2023 was a significant year for Uniphar as we achieved the goals set at IPO and announced ambitious new medium-term targets. Our 2023 results are a significant achievement for our teams around the world, delivered through hard work, unerring customer focus and commitment. ”

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Gerard Rabbette reflects on strategic progress and performance highlights

What sort of a year has 2023 been for Uniphar?

Uniphar has delivered another strong performance in 2023 with Gross Profit increasing 27.1% to €390m and EBITDA increasing 17.7% to €116m. We saw Organic Gross Profit growth in each of our three divisions as each continued to deliver on their strategic objectives. Return on Capital Employed of 15.2% is at the upper end of our target range of 12%–15% reflecting a continued focus on driving profitability and disciplined capital deployment.

In 2023 we reached the end of our first strategic growth cycle since we listed on the stock market and achieved or exceeded the ambitious strategic and financial goals we committed to at the time of our initial public offering. We doubled pro-forma EBITDA, grew Adjusted EPS from 6.5c to 18.3c over the period. We significantly increased our margins, growing our gross profit margin from 10.8% to 15.3%, as well as maintaining ROCE at the upper end of our target range of 12%–15%.

Our 2023 results are a significant achievement for our teams around the world, delivered through hard work, unerring customer focus and a commitment to getting medicines to patients who need them around the world.

unipharsc+r

unipharmedtech

unipharpharma

27.1%

Gross profit growth

€116.0m

EBITDA

During the year, you chose to update your divisional structure. Why was that?

The healthcare needs of the world are changing and we are evolving to meet them. The business has developed and grown over the last five years. We believe remaining flexible and responsive is the key to success, so we felt the time had come to align our structure more closely to what our customers need and where we see the greatest growth potential as we move forward. As a result, we rebranded Sisk Healthcare to Uniphar Medtech as an umbrella brand for all our Ireland, UK and continental European medtech businesses with Uniphar Medtech now being a separate standalone division. Supply Chain & Retail remains unchanged, responsible for pre-wholesale, wholesale, consumer and retail business in Ireland.

The biggest change perhaps was to bring our Product Access division together with our Pharma Services business unit, formerly part of Commercial & Clinical, to create Uniphar Pharma. The Uniphar Pharma division comprises the On Demand and Pharma Services business units. On Demand supports healthcare practitioners get access to specialist medicines that may be difficult to source or in short supply. Pharma Services provides the specialist services that help manufacturers to improve access to medicines, through Expanded Access Programs, unlicensed medicines and patient adherence support.

In support of the divisional realignment, we have refreshed our brand and rebranded many of our acquired businesses under the Uniphar brand, making it easier for customers to experience the breadth of our service offering.

You have committed to doubling EBITDA again in the medium-term. How do you hope to achieve this?

We have always focused on investing in opportunities that build our platform and will deliver returns in line with our Return on Capital Employed target over the medium-term. We have grown successfully organically and by acquisition in recent years and we expect that will continue. The healthcare industry continues to evolve along with the needs of customers and we see significant opportunities in each of our divisions to deliver further growth supported by strong demographic and structural tailwinds. Making good acquisitions that complement our existing capabilities will always be part of the Uniphar story but we also expect organic growth to play a significant role in future growth.

We are focusing on investments that support innovation and collaboration across the Group; that will allow us to exploit all the potential that exists in the great businesses we have acquired and capabilities we have grown over the last few years. In 2022 we commenced a multi-year investment programme in a high-tech new distribution centre to drive capacity and capability in our Supply Chain & Retail and Pharma businesses and we are also continuing investment in a technology transformation programme with our initial focus on ERP platforms. We believe by investing in our technology and digital capabilities, we can maximise the potential for growth in our business.

Another key part of our growth plan is investment in people. We have very committed and talented colleagues working with us right across the world. I am very pleased that we have put in place our first Graduate Training Programme this year. This programme offers young graduates the opportunity to gain a wide variety of experience across our health services business early in their careers. The strength and resilience of our business is due to the talent and commitment of our teams and I would like to thank them for their dedication and commitment.

Chief Executive's Report

You have been consistent in seeing Sustainability as an important part of your business strategy. Will that be something that you will maintain as you go forward into the next growth cycle?

Absolutely, yes. We have committed to five sustainability pillars and we have maintained a steady momentum in moving the business towards a more sustainable model of operation. Both Board and executive management agree that a proactive approach to building a more sustainable business is essential to good business. We are highly ranked by external ratings agencies (see Sustainability Report) but what I am most proud of is the fact that I see and hear colleagues taking sustainability into account as they are making their day-to-day business decisions. It is part of who we are.

However, we remain focused on always doing better. This year, we are supporting the 100 Million Trees Project which is focused on planting 100 million native trees in Ireland in the next 10 years, bringing huge environmental benefits in terms of biodiversity as well as acting as carbon sinks. We have also recently completed our first Sustainability Awareness Week across the business and appointed a Group Head of Sustainability, whose role is to embed good sustainability practices and support efforts towards achieving our sustainability goals across the business.

Under the Community Pillar, we ran the Unity for Hope charity fundraising initiative again in 2023, raising much needed funds for mental health charities in our major markets. We are proud to have raised a total of €150,000 in 2023 with this being the fourth consecutive year of our Unity for Hope fundraising initiative.



Can you give us an overview of performance in the year?

EBITDA has increased 17.7% on last year, which is an excellent result, achieving ROCE of 15.2% which is at the upper end of our 12–15% medium-term target range. Each of our three divisions have performed well in the year highlighting the strength of our diverse portfolio.

Unipharm Supply Chain & Retail achieved 34.5% Gross profit growth in the year, with 5.9% being organic growth. This Irish-based business remains our steady cash generating engine, which allows us to invest in our growth platforms and which has consistently delivered above expectations. We are strengthening the Supply Chain & Retail division with investment in our new Dublin-based high-tech distribution centre. Although we hold a market-leading position today, we believe there remains room for significant growth, with both demographics and health sector changes in our favour, including the increasingly important role of the pharmacist as a primary healthcare provider.

Unipharm Medtech had another strong year, with 9.8% organic growth delivered. There are opportunities for Medtech both in its traditional strongholds of Ireland and the UK as well as in Europe. The Medtech team has been successful this year in attracting existing clients to move into new markets and therapeutic areas with us. We are now active in 16 countries, up from just three at IPO and we now represent 72 manufacturers in two or more countries. We see considerable scope for growth in the coming years.

We believe there is huge potential for growth with Unipharm Pharma, which delivered 34.4% Gross profit growth in the year. The On Demand business has performed very well in 2023 driven by the acquisitions of BModesto and Orspec Pharma in 2022 which has given the business a truly global reach in the supply of difficult to source medicines. In 2023, the Pharma Services business has been refocusing and aligning the constituent businesses and services behind the single Unipharm Pharma brand together with further expanding the services we offer our customers.

What are the key strategic priorities for Unipharm as you look to 2024 and beyond?

Working with the Board and Executive Team, we have set a course for Unipharm for the coming years. The Group has been transformed since IPO and, together with the new capabilities we offer, we believe the business is well positioned to capitalise on the opportunities in each of our divisions. We will continue to focus on growth towards our new medium-term EBITDA target of €200m and, as a management team, we are focused on keeping a close eye on the business fundamentals and investing for the long term.

Looking at the key strategic objectives for each division over the medium-term: Supply Chain & Retail this has been the foundation of our Group and its capabilities are leveraged across the Group. We have maintained and grown our leadership position and increased our margins steadily since IPO. Because of our leading market position and in combination with the investments we are making, we see more scope to grow our market share, margin and profitability. Unipharm Medtech has strong margins with organic gross profit growth in the high single digits. Our focus is on continuing to deliver profit growth, growing through bringing existing therapeutic specialities and relationships to new markets. In Unipharm Pharma, we are targeting double digit gross profit growth and we will do this by leveraging our global commercial platform to bring a range of pharma services to manufacturers across the product lifecycle. Furthermore, On Demand will leverage this platform and our SC&R infrastructure to provide unlicensed medicines, or medicines that are otherwise difficult to source, to healthcare professionals all over the world. We believe that we are in a position to provide a seamless, global solution for manufacturers in this area.

Our industry is changing more quickly than it has ever before, structurally, commercially and technologically. The companies that will thrive in that environment are those, like Unipharm, that can adapt to those constant changes, and that can provide the innovative services that support manufacturers to do the same, working together in partnership to deliver for customers and patients.



Gerard Rabbette
Chief Executive Officer



“ The healthcare needs of the world are changing and we are evolving to meet them. The Group has been transformed since IPO and, together with the new capabilities we offer, we believe the business is well positioned to capitalise on the opportunities in each of our divisions. We continue to be growth-focused towards our new medium-term EBITDA target of €200m. ”

What we do and how we do it

Our **mission** guides...

Our mission and vision
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...our **strategy** for growth built on leading positions...

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...in large and attractive **markets**...

Snapshot of Unipharm
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...driven by strong **market tailwinds**.

Market opportunity
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We serve our customers across **three divisions**...

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...underpinned by our **five sustainability pillars**.

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Our **business model** summarises how we work...

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...with performance measured by our **KPIs**...

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.....summed up by our **investment case**.

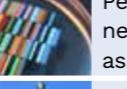
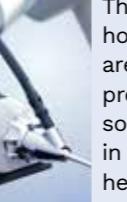
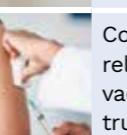
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Market trends and growth drivers

We see six key trends driving and shaping global healthcare markets.

These trends provide opportunities and challenges for manufacturers and guide the solutions they require to bring their products to patients in global markets.

What trends are impacting our customers

Ageing populations		The number of people worldwide aged over 65 is expected to double to 1.6bn by 2050 ¹ . Older age is associated with an increasing need for healthcare services and medications with increasing life expectancy also contributing to this growth.
Personalised medicine		Personalised medicines such as gene therapies account for an increasing proportion of new drugs approved by the FDA. Such treatments often require sophisticated patient assessment and product handling prior to patient treatment.
Complex local health systems		Navigating the varying approval, reimbursement and market access hurdles by territory is a challenge especially for smaller bespoke manufacturers that may not have experience outside their home country. Only 60% of FDA-approved products in the US make it to Europe. Marketing a product in the world's major healthcare markets is essential for manufacturers to successfully commercialise their assets.
Medtech innovation		The Medtech industry is highly innovative and has provided considerable advances in how chronic diseases such as cardiovascular, diabetes and musculoskeletal diseases are treated. Scientific advances offer patients better outcomes through less invasive procedures with shorter recovery times and fewer complications. The increasing sophistication of products require manufacturers to work with clinical professionals in the field who have the network and knowledge to communicate with the frontline healthcare professionals.
Digital healthcare		Technology disruption continues to transform the healthcare industry. Patients increasingly expect to have visibility of their health data as healthcare professionals adopt a digital-first approach. Robotics and intelligent automation drive the industry's push towards increased efficiencies and better patient outcomes. Healthcare practitioners themselves seek personalised education and engagement through media convenient to them instead of mass marketing.
Evolving role of pharmacy		Community pharmacies are taking an increasingly prominent role in primary care, relieving pressure on GPs. Community pharmacy plays a prominent role in annual vaccination programmes and pharmacists are consistently ranked as amongst the most trusted professionals in their local communities.

Solutions required to meet manufacturers' challenges

- » Deep knowledge of pharma wholesale market
- » Access to community retail pharmacies
- » High-tech supply chain infrastructure
- » Strong relationships with healthcare professionals
- » Clinically trained team
- » Broad geographic reach
- » Full suite of commercialisation services
- » Proven partner with global capability
- » Local market intelligence and know-how

These solutions are delivered through our three divisions



1. Source: United Nations World Social Report 2023

Growth-Focused Strategy Built on Leading Positions



Uniphar has built leading market positions in each of our three divisions. Our ability to leverage relationships, infrastructure and solutions across all three divisions provides our clients with a unique proposition as they seek to commercialise their products across markets.



How we create sustainable value

We have an integrated, sustainable and flexible business model. Our business model provides the platform for our growth strategy and generates value for our stakeholder groups.



Key Performance Indicators

Measuring Success

The Group has a number of Key Performance Indicators (KPIs) that monitor progress against the achievement of our strategy. Each division has its own KPI measures, which are aligned with the Group measures and are included in the divisional reports.

FINANCIAL			
KEY PERFORMANCE INDICATORS	WHY WE MEASURE IT?	PERFORMANCE IN 2023	
Gross Profit €390.0m 2023: €390.0m 2022: €306.7m 2021: €274.5m	Gross profit is viewed by the Board as the best measure of top-line performance. It allows management to assess the performance of the business and is a key measure in the assessment of divisional performance.	Gross Profit has increased by 27.1% driven by strong organic gross profit growth of 5.6%, in conjunction with the impact of acquisitions in both 2022 and 2023. The Group expects another strong year of profit growth in 2024.	
EBITDA* €116.0m 2023: €116.0m 2022: €98.6m 2021: €86.7m	EBITDA provides management with an assessment of the underlying trading performance of the Group and excludes transactions that are non-recurring, allowing for comparison of the trading performance of the business across periods and/or with other businesses.	Our EBITDA increased by 17.7% to €116.0m in 2023. The result reflects the strength of the business model, the quality of our business and our expanding geographic and product diversity. During 2023, the Group achieved its target of doubling pro-forma EBITDA within five years of IPO.	
Free Cash Flow Conversion* 78.5% 2023: 78.5% 2022: 82.0% 2021: 77.4%	Free cash flow conversion represents the funds generated from the Group's ongoing operations. These funds are available for reinvestment and for future acquisitions, as part of the Group's growth strategy. We use free cash flow to assess and understand the total operating performance of the business.	A free cash flow conversion of 78.5% reflects a strong performance, together with tight working capital management and growth delivered from cash reinvestment. Cash generation and working capital management remain a key focus of the Group in 2024.	
Return on Capital Employed* 15.2% 2023: 15.2% 2022: 17.3% 2021: 17.6%	Return on Capital Employed (ROCE) is the key benchmark the Group uses to evaluate the performance of existing businesses and potential investment opportunities.	The Group continues to generate strong returns on capital employed, despite its continued growth and investment. Strong returns on capital will continue to be a key focus in future capital allocation decisions by the Group.	
Adjusted Earnings per Share (cent)* 18.3c 2023: 18.3c 2022: 18.6c 2021: 16.3c	Adjusted EPS is used to assess the after-tax underlying performance of the business, in combination with the impact of capital structure actions on the share base. This is a key measure used by management to evaluate the operating performance of the business, generate future operating plans and make strategic decisions.	Adjusted EPS fell by 1.6% during 2023 - from 18.6c (2022) to 18.3c (2023). It was driven by a 1.3% decrease in Profit after Tax excluding exceptional items. It was further decreased by a small increase in the weighted average number of shares, as a result of the timing impact of LTIP shares which met the performance conditions in 2022. As noted above, the Group expects growth to continue in future periods.	

* This is an Alternative Performance Measure (APM) not defined under IFRS. Details on how this is calculated are included in the APM section on pages 208 to 212.

NON-FINANCIAL			
KEY PERFORMANCE INDICATORS	WHY WE MEASURE IT?	PERFORMANCE IN 2023	
Number of Expanded Access Programs 89 2023: 89 2022: 75 2021: 65	A key strategic priority of Unipharm Pharma is the successful operation of Expanded Access Programs (EAPs), facilitating the supply of specialised medicines to patients who require them. Continued growth in the number of these programmes is a key metric in measuring progress against this priority, as well as the strength of our manufacturer relationships.		During 2023, the number of Expanded Access Programs (EAPs) in progress or completed by the Group grew to 89. Recent acquisitions in the Pharma division have increased the capabilities of the Group to offer global EAP solutions to manufacturers.
Symbol Group Pharmacy Numbers 429 2023: 429 2022: 386 2021: 378	The Unipharm Symbol Group consists of owned and franchised pharmacies operating under our Allcare, McCauleys, Life and Hickey's pharmacy brands, as well as wholesale customers who we support through our range of innovative retail support services. The number of pharmacies operating under the Symbol Group provides management with insight into the strength of these brands and our service offering in the marketplace.		The growth in pharmacy numbers demonstrates the strength of our market offering and the key role we play in the national health infrastructure. We support our pharmacies through our best-in-class supply chain e-commerce platform providing a tailored solution for each group member.
Number of medicines supported in On Demand 14,200 2023: 14,200 2022: 12,600	On Demand focuses on ensuring equitable access to medicines for patients worldwide. The number of medicines supported by the business is a key metric of performance and indicative of our ability to source and supply these products.		The business achieved 13% growth in the number of medicines supported during 2023. This growth was supported by acquisitions during the year together with organic growth. 2023 saw continual shortage challenges with the supply of medicines which Unipharm was able to support our customers with sourcing.
Number of Medtech manufacturers supported in 2 or more countries 72 2023: 72 2022: 69	Unipharm Medtech seeks to grow manufacturer relationships across geographies deepening our relationships with them. Growth in these relationships into new countries is a key metric of the strength of these relationships and our progress against our strategic targets.		During 2023, the Group grew the number of manufacturers that we support across 2 or more countries from 69 to 72. This growth arises from continued focus and investment in building our pan-European platform. The rebranding of the division as Unipharm Medtech in 2023 will further support our ability to offer a streamlined service offering to customers across Europe.

Investing for Future Growth

€116m

EBITDA
(2022: €98.6m)

15.2%

Return on Capital Employed
(2022: 17.3%)

Delivered
IPO target

of doubling 2018 pro-forma
EBITDA within five years

“ Strong divisional performance with overall Gross profit growth of 27.1%. Healthy cash flows together with a robust balance sheet leave the Group well positioned to continue to invest for future growth. ”



Tim Dolphin Chief Financial Officer

Summary Financial Performance

Year ended 31 December	2023 €'000	2022 €'000	Reported	Growth Constant currency
IFRS measures				
Revenue	2,553,062	2,070,669	23.3%	23.6%
Gross profit	389,984	306,744	27.1%	27.8%
Operating profit	67,708	53,155	27.4%	27.8%
Basic EPS (cent)	16.4	16.7		
Alternative performance measures				
Gross profit margin	15.3%	14.8%		
EBITDA	115,985	98,575	17.7%	17.9%
EBITDA %	4.5%	4.8%		
Adjusted EPS (cent)	18.3	18.6		
Net bank debt	(149,947)	(91,217)		
Return on capital employed	15.2%	17.3%		

2023 Financial Highlights



Divisional Gross Profit

Year ended 31 December	2023 €'000	2022 €'000	Reported	Constant currency	Growth Organic
Unipharm Medtech	99,870	90,931	9.8%	10.7%	9.8%
Unipharm Pharma	103,187	76,801	34.4%	36.0%	1.2%
Unipharm Supply Chain & Retail	186,927	139,012	34.5%	34.5%	5.9%
	389,984	306,744			5.6%

Financial Review

Robust Balance Sheet

1.6X

Leverage

€149.9m

Net bank debt

Administrative Expenses

Administrative expenses have increased by €68.4m to €235.6m in 2023. This increase is principally attributable to the full year impact of the 2022 acquisitions together with the acquisition of the McCauley Pharmacy Group in early 2023.

EBITDA

EBITDA increased by €17.4m to €116.0m. This represents growth of 17.7% in the year (constant currency 17.9%). The full year impact of 2022 acquisitions including the BModesto Group, Orspec Pharma and Inspired Health together with the 2023 acquisition of McCauley Pharmacy Group has driven an increase in EBITDA. There has been a continued focus on cost management and this has been particularly important given the inflationary challenges experienced in the year.

Exceptional Items

Exceptional items in the year amounted to a charge of €0.4m before tax (2022: €3.2m). This includes costs of €10.0m primarily relating to acquisition, integration, redundancy, restructuring, loss on disposal of businesses and assets and strategic business transformation costs. This was offset by a release of deferred contingent consideration of €9.6m, following a review of the expected performance against earn-out targets and contractual obligations. Further details can be found in Note 4 of the financial statements.

Summary Cash Movements

Year ended 31 December	2023 €'000	2022 €'000
Net cash inflow from operating activities	52,511	82,831
Net cash outflow from investing activities	(90,428)	(106,332)
Net cash inflow from financing activities	19,630	50,405
Foreign currency translation movement	235	(1,225)
(Decrease)/increase in cash and cash equivalents in the year	(18,052)	25,679
 Movement in restricted cash	173	-
Non-cash movement in borrowings	577	14,423
Cash flow from movement in borrowings	(41,428)	(83,022)
Movement in net bank debt	(58,730)	(42,920)

Earnings Per Share

Basic earnings per share for the year at 16.4 cent is a reduction of 0.3 cent on 2022 which reflects strong growth in operating profit being offset by an increase in finance costs due to increased levels of borrowing together with the impact of significantly higher interest rates. The weighted average number of shares also marginally increased in 2023, reflecting the full year impact of LTIP shares on which the performance conditions were satisfied.

Adjusted earnings per share is calculated after adjusting for amortisation of acquisition related intangibles, exceptional costs and share-based payment expenses. The Group's adjusted earnings per share for 2023 was 18.3 cent (2022: 18.6 cent). Underlying earnings have decreased marginally by 1.3% from €50.6m in 2022 to €50.0m in 2023. There was a 0.2% increase in the weighted average number of shares in issue compared to 2022.

Cash Flow and Net Bank Debt

The Group delivered a strong cash performance during the year, with a free cash flow conversion of 78.5% and a net bank debt position of €149.9m (2022: €91.2m).

The Group continues to maintain a strong focus on working capital management, and this is reflected in the cash generated from operating activities of €52.5m. The main year-on-year movements in cash generated from operating activities reflects higher interest and tax paid in the year together with a one off increase of €15m in 2022 relating to an increase in our non-recourse facility. Free cash flow conversion for the period was 78.5%, which exceeds the medium-term free cash flow conversion target of 60-70%.

The net cash outflow from investing activities of €90.4m principally consisted of acquisitions completed during the year of €29.8m (net of cash acquired), capital investment of €32.0m (including strategic capital invested), deferred and deferred contingent consideration payments of €9.4m and repayment of debt acquired on the McCauley acquisition of €22.7m. This is offset by receipts from disposals of property, plant and equipment and businesses (net of cash disposed and disposal expenses) of €1.7m and receipts from disposal of assets held for sale of €1.6m.

The net cash inflow from financing activities of €19.6m was due to a net increase in borrowings and invoice discounting facilities offset by principal lease payments and the payment of dividends.

Debt Facility

In August 2022, the Group refinanced its debt facility and entered into a new five-year facility (with one option remaining to extend by a further one year) which provides a revolving credit facility of €400m with an additional uncommitted accordion facility of €150m. There are seven international banks in the current banking syndicate. Net bank debt was €149.9m (2022: €91.2m) at year-end and leverage remained modest at 1.6x. The expanded facility combined with modest leverage and strong free cash flow provides the Group with the platform to support future growth and investment.

Taxation

The Group's tax expense has decreased by €1.2m to €7.8m driven largely by the reduction in pre-exceptional profits on account of the higher global interest rates environment. The effective tax rate before exceptional items has decreased from 17.4% to 16.6% reflective of the financial performance over multiple tax jurisdictions. The effective tax rate is calculated as the pre-exceptional income tax expense for the year as a percentage of the profit before tax and exceptional items.

Currency Exposure

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

On a constant currency basis, revenue increased by 23.6% vs. 23.3% reported growth, gross profit increased 27.8% vs. 27.1% reported growth and operating profit increased by 27.8% vs 27.4% reported growth.

	2023 Average	2022 Average
GBP	0.870	0.852
US Dollar	1.081	1.051
Swedish Krona	11.473	10.623

Return on Capital Employed (ROCE)

Group ROCE in 2023 of 15.2% (2022: 17.3%) is lower than prior year but ahead of the Group's target of 12%-15%. The reduction from 2022 reflects the impact of the multi-year investment in a new high-tech distribution facility in Ireland. This facility will be operational in the second half of 2026 delivering efficiencies and supporting growth in the longer term. The investments made during 2023 are performing well and will deliver further benefits and growth in the future.

Details on how this was calculated are included in the APMs section on page 208 to 212.

Dividends

The Board remains committed to a progressive dividend policy as stated at the time of IPO. The Directors are proposing a final dividend of €3.2m (€0.0119 per ordinary share), subject to approval at the Company's AGM. It is proposed to pay the dividend on 14 May 2024 to ordinary shareholders on the Company's register at 5pm on 19 April 2024. Together with the interim dividend of €1.8m (€0.0064 per ordinary share) paid in October 2023 this brings the total dividend for the year to €5m (€0.0183 per ordinary share) representing an increase of 5.2% on 2022.

Tim Dolphin
Chief Financial Officer

Market-leading, vertically integrated pharmaceutical distribution and retail pharmacy division

Supply Chain & Retail delivered another outstanding performance in 2023 with volume and profitability growth in all segments.

Who we are

Uniphar Supply Chain & Retail is the integrated pharmaceutical distribution and retail pharmacy division of the Group. Our mission is to make a positive impact on the provision of healthcare in Ireland by supplying the medicines patients need every day. The division comprises Pre-wholesale, Wholesale and Retail pharmacy businesses that work together to supply medicines, consumer products and value-adding pharmacy services to our customers. Uniphar holds c.53% of the wholesale market and c.60% of the hospital market.

What we do

Pre-Wholesale

The pre-wholesale business unit supports pharmaceutical manufacturers with tailored and innovative distribution solutions to bring their products to the Irish market. Pre-wholesale comprises a key element of the vertically integrated offering that Supply Chain & Retail brings to the market. The business has continued to support manufacturers in navigating the challenges posed by supply chain disruptions in recent years to ensure continued supply of product into Ireland. The Pre-wholesale business performed strongly in 2023.



Key performance highlights include:

- » 34.5% growth in gross profit of which 5.9% is organic growth
- » Wholesale volumes increased by 4% with growth seen in several categories
- » Continued growth in our consumer business with both our agency and own brands performing well
- » Acquisition of the McCauley Pharmacy Group completed in January 2023 with integration substantially complete and expected synergies being realised
- » Multi-year investment in a new state-of-the-art distribution facility and IT infrastructure progressing to plan

5.9%

Organic gross profit growth

53%

Market share in pharma wholesale market

429

Retail pharmacy network

Year ended 31 December	2023 €'000	Growth		
		2022 €'000	Reported	Constant Currency
Revenue	1,711,620	1,557,035	9.9%	9.9%
Gross profit	186,927	139,012	34.5%	34.5%
Gross profit margin	10.9%	8.9%		

The business enters 2024 in a strong position with contract renewals completed with a number of long-standing manufacturers and new business opportunities being progressed with some key client partners. The increasing growth in specialist medicines that require temperature-controlled storage and distribution together with the expertise provided by the Pre-wholesale business make it well positioned to meet the increasing demand from customers.

Wholesale

The Wholesale business supplies critical medicines to pharmacies and hospitals in Ireland efficiently, reliably and securely to positively impact the health of patients. The core of the business is the provision of prescription and OTC (over the counter) products. Furthermore, we supply a wide range of consumer products, which continue to be a source of strong growth, and provide pharmacies with a reliable and integrated offering across a range of brands to fully service the needs of the customer. Shortages of medicines continued to be an issue in 2023 as manufacturers faced supply chain challenges but the business was well positioned to respond to the challenge and support customers with strong procurement know-how, market intelligence and flexible stock levels.

Investment in next generation distribution and IT infrastructure continued throughout 2023. This multi-year investment is essential to provide the increased capacity required to deliver distribution excellence and future-proof our market-leading Uniphar Supply Chain & Retail division, whilst also enabling us to scale our Pharma platform. The investment will deliver a state-of-the-art distribution facility supported by an upgraded ERP platform that provides the necessary infrastructure to support the Group's growth strategy.

Retail

Our Retail pharmacy business unit comprises 429 pharmacies that are owned, franchised or supported by the Group. The business operates across four brands – Hickeys, McCauleys, Allcare and Life Pharmacy – and together form one of the largest pharmacy groups in Ireland. Community pharmacy plays a prominent role as a trusted support to patients and increasingly as a primary care destination in the provision of vaccinations and other services. During 2023, the AllCare Pharmacy brand

was voted number one retail brand in Ireland and number two brand overall for Customer Experience both of which highlight the commitment of our teams to servicing their customers and communities.

In January 2023, the division completed the acquisition of the McCauley Pharmacy Group which added 34 pharmacies to the Uniphar network. McCauley is widely regarded as a leading brand across health, wellbeing and beauty and its expertise and advanced digital offering complements our growing consumer business. The integration of the McCauley acquisition is substantially complete and the acquisition has performed to plan in 2023.

Performance in 2023

The Uniphar Supply Chain & Retail division delivered a very strong performance in 2023 with gross profit growth of 34.5% of which 5.9% was organic growth. This growth was achieved by robust volume growth in Wholesale in addition to new business opportunities in the Pre-wholesale business. The Retail division has performed strongly in 2023 against the backdrop of increasing costs and ongoing supply challenges and was further enhanced by the impact of the McCauley acquisition.

Outlook

The success of the Uniphar Supply Chain & Retail division continues to be defined by its commitment to operational excellence and service delivery that our customers rely on. The relationships we hold with manufacturers, suppliers, community pharmacists and patients, combined with the knowledge of our people, are leveraged across the Group to enable us to offer a wider range of services to clients. The focus for 2024 is to continue to provide an essential service in the Irish market while using our deep market expertise to respond to market challenges and identify the growth opportunities that these challenges present. The medium-term organic gross profit growth target for the division is low single-digit growth. The investment in our new distribution facility and IT platform will provide the infrastructure needed to scale the division further and deliver the comprehensive range of products and services that both community and hospital pharmacies are seeking in addition to supporting the digital pharmacy of the future.

Enabling patient access to specialist medtech

Unipharm Medtech performed strongly in 2023 ahead of market growth and is well positioned to capitalise on future growth opportunities.

Who we are

Unipharm Medtech is the partner of choice for manufacturers seeking to bring innovative Medtech products to market. We provide expertise across sales, marketing, quality, compliance, regulatory and market access to the world's top medical device manufacturers across a pan-European platform. The business is headquartered in Ireland with a presence in 16 markets primarily across Europe. During 2023, the business opened a facility in the US to support clients seeking to access this market.

What we do

Unipharm Medtech was formerly a business unit within the Commercial & Clinical division and in 2023 became a standalone division. This change allows the Group to better showcase the role Medtech plays in delivering critical products and transformative solutions at the forefront of modern healthcare whilst positively impacting patients' health.

We are a high-growth diversified healthcare services provider, offering best-in-class products and services across multiple specialities to both public and private sectors. We are experts across a wide range of specialisms with market-leading positions in interventional cardiology/radiology, orthopaedics, ophthalmology, minimally invasive surgery, diagnostic imaging and critical care. Unipharm Medtech holds long-standing exclusive distribution agreements with some of the world's pre-eminent manufacturers of medical devices.



Key performance highlights include:

- » Gross profit growth of 9.8% all of which is organic
- » 72 manufacturers represented in more than one country
- » Realigning and rebranding of the Unipharm Medtech business to capitalise on the market opportunity in the European medtech market with a number of new supplier contracts signed
- » Establishment of a US facility that enables us to support our medtech partners supply the US market

9.8%

Organic gross profit growth

16

Number of countries operating in

72

(2022: 69)
Number of manufacturers supported across 2+ geographies

Year ended 31 December	2023 €'000	2022 €'000	Reported	Growth Constant Currency
Revenue	249,216	233,204	6.9%	7.8%
Gross profit	99,870	90,931	9.8%	10.7%
Gross profit margin	40.1%	39.0%		

Innovation

The Medtech sector has been at the forefront of the healthcare industry in harnessing the power of innovation to improve the quality of patients' lives. New products and technologies have been developed in recent years that deliver operational and cost efficiencies for healthcare providers and better clinical outcomes for patients. The use of robotics in surgery is one area that continues to experience growth as physicians increasingly look to technology to augment their skills with greater precision especially for routine procedures. Unipharm Medtech is representing global robotic manufacturers in the orthopaedic and minimal access surgery specialisms, further supporting the acceleration of healthcare's digital transformation.

Relationships

People and the relationships they nurture are at the centre of Unipharm Medtech and the business focuses on fostering and growing these connections. Supplier expansion is a key strategic pillar of our growth strategy. The long-standing relationships with manufacturers enables our growth into new geographical regions as well as a number of other opportunities. Unipharm Medtech is one of only a handful of companies in Europe that is fully accredited with service licence agreements for several global brands. Our specialist teams work hand-in-hand with our manufacturer partners to deliver tailored end-to-end solutions for our customers.

Our manufacturers trust us to represent them in daily interactions with healthcare professionals and so our relationships with the medical community are critical. The majority of our sales representatives in the Medtech division have a clinical background which enables them to engage with customers in a peer-to-peer manner. Our specialist experts are trusted partners in sourcing and supporting the delivery of innovative technology in the clinical setting to meet the varying needs of patients. As Medtech solutions become more sophisticated, decision-making is increasingly physician-led as they seek to ensure the right solution for their patients' circumstances. Our relationships with these frontline professionals are a critical asset for the business.

Performance in 2023

The business performed strongly in the year delivering continued growth in earnings and executing its strategy of consolidating its position as a leading pan-European medical device player. The division achieved Gross profit growth of 9.8% all of which was achieved through organic growth. This growth was achieved due to a combination of market and supplier expansion across five targeted growth specialisms.

The rebranding exercise completed in the year has simplified the division and enables the team to focus on growing the service offering under a common brand identity.

The business will continue to leverage its position as a leading distributor of medical devices in Europe to offer manufacturers access to a broad network of healthcare professionals in the market. Continued investment in our UK and European infrastructure throughout 2023 further supports the platform to facilitate strong growth in those markets in the future.

Outlook

The outlook is strong for Unipharm Medtech with organic gross profit growth of high single-digit over the medium-term. The Medtech industry is a leader in innovation and continues to experience high rates of growth as a result of structural tailwinds in the industry. Such tailwinds include ageing populations with associated chronic disease management needs, innovative emerging technologies and an increasingly complex regulatory environment that specialists such as Unipharm Medtech can support manufacturers in navigating through. Unipharm Medtech has the market access, strong platform, leadership team, skilled expertise and proven track record to capitalise on the opportunities before it.



Providing access to speciality and difficult to source medicines worldwide

Uniphar Pharma continues to focus on building a global platform for future growth and expansion.

Who we are

Uniphar Pharma unites what was previously our Product Access division and the pharma services business unit of the former Commercial and Clinical division. The division operates a global business, providing integrated high value services across the lifecycle of a pharmaceutical product.

What we do

We work with pharma and biotech companies to meet the challenges of today's healthcare market, whether it is bringing innovative medicines to global markets or providing healthcare professionals with access to medicines they cannot source through traditional channels.

Over recent years, we have increased our scale and geographical reach and invested in our infrastructure and resources to create a global sourcing and service platform that provides solutions to manufacturers and healthcare professionals to the challenges of getting medicines to patients. We have created a world-class set of capabilities across the pharma product lifecycle to meet the needs of our global clients.



Key performance highlights include:

- » Gross profit growth of 34.4% achieved in 2023 of which 1.2% was organic
- » Gross profit generated from outside of Ireland representing 74% of divisional gross profit
- » New divisional structure that brings together On Demand and Pharma Services leveraging common platforms and infrastructure to better serve our clients
- » Strong performance in the On Demand business responding to the challenge of shortages in the market
- » 14 new Expanded Access Programs (EAPs) onboarded in the year

1.2%

Organic gross profit growth

160+

Number of countries operating in

14,200

(2022: 12,600)
Number of medicines supported
(Medicines are either unlicensed or otherwise difficult to source)

Year ended 31 December	2023 €'000	Growth		
		2022 €'000	Reported	Constant Currency
Revenue	592,226	280,430	111.2%	112.8%
Gross profit	103,187	76,801	34.4%	36.0%
Gross profit margin	17.4%	27.4%		

On Demand

Our On Demand teams performed strongly in 2023. The acquisitions of BModesto Group and Orspec Pharma in late 2022 significantly expanded the business' reach. Well established in Ireland and the UK, our On Demand business now has a sizeable presence in Europe, along with a growing footprint in the important US and Asia-Pacific markets. With this strong and growing platform with worldwide reach, we are focused on providing medicines that are unlicensed, difficult to source or in short supply to healthcare professionals on a global basis.

Pharma Services

During 2023 we attracted a number of new major pharma clients as well as biotechs, particularly in our Expanded Access business, where our unparalleled experience in areas like cell and gene therapy is differentiating us in the market. 2023 created a strong platform for growth in 2024 and beyond.

Our service platform supports pharma and biotech through high value-add services across the lifecycle of a product globally, with particular strength in Europe and the US. Our capabilities include Outsourced Product Development, Regulatory Affairs, Clinical Trial Supply, Medical Affairs, Insights driven Sales & Marketing, Quality and Supply Chain. We continue to build our capabilities in this division both in Europe and the US. The business was reorganised and rebranded during 2023 and we look forward to seeing the benefit of these efforts in 2024.

Future of Pharma

There are a number of important changes in the pharmaceutical industry that present challenges for both manufacturers and healthcare professionals and their patients. New complex treatments, reduced production capacity, growing regulatory burden and a focus on larger markets have changed the balance and the flow of the healthcare sector. As a result, pharma/biotech companies are seeking partners with the global expertise and reach to help them to supply and commercialise their specialist products in smaller markets, and healthcare professionals everywhere are looking for support to deal with ongoing shortages in the medicines they need to treat their patients. We have built the capabilities to meet these differing needs, right across the product lifecycle.

Performance in 2023

Uniphar Pharma delivered a solid performance in 2023 with gross profit growth of 34.4% and organic growth of 1.2% being reflective of a year of refocusing and investing in the division's capabilities to address evolving market opportunities. Growth was driven by On Demand, with the 2022 acquisitions of BModesto Group and Orspec Pharma providing growth platforms into the continental European and Asia Pacific markets. The gross profit margin of the division has reduced to 17.4% in the year attributable to the differing margin profile of the newly acquired BModesto Group. The Uniphar Pharma global sourcing and service platform is well positioned to take advantage of market opportunities.

Outlook

Uniphar Pharma has strengthened its service offering considerably in recent years through acquisition and the development of new capabilities. Uniphar Pharma's target for organic gross profit growth is to deliver double digit growth over the medium-term. Our flexible and progressive approach to providing solutions, combined with our enhanced scale and reach, will allow us to take a leadership position in this market in the medium-term.



Developing our Talent Capabilities

Unleashing the power of our people's capabilities is the cornerstone of our future success.



By fostering a culture of adaptability, continuous learning, and collaboration, we pave the way for innovation and resilience, ensuring we thrive in the ever-evolving landscape ahead. In our annual report, we celebrate the diverse and talented individuals who contribute their passion and expertise to our patient-centric vision and mission. Their dedication is the driving force behind our collective success, shaping a vibrant and collaborative community that propels us forward.



Embedding Equity, Diversity, and Inclusion

Unipharm continued its focus on ED&I during 2023 where we established our ED&I Committee consisting of senior leaders from across the divisions helping us to further share our overall ambition and support our continued progress. We developed training programmes and materials to support increased awareness among our staff of unconscious bias and gender neutrality in all aspects of our operations and we continued our work in building talent frameworks promoting diversity across key roles. Our Unipharm Pharma Division was accredited as a Disability Committed Employer in the UK.



During 2023 we were proud to launch several new development programmes across all our divisions. We launched the 'Lead to Succeed' Programme which supports experienced leaders in their optimisation of their leadership competencies. Supporting early career new managers has also been a key focus for Unipharm and our new Manager Essential Programme was also launched in 2023. Meeting and surpassing our customers' expectations remains a core value for our divisions with the development of customer service training, conflict management and negotiation skills training programmes supporting this core value.

Talent Through Development

This year, our organisation continued to invest significantly in learning and development, recognising the pivotal role it plays in both individual and organisational growth. Through tailored training programmes, skill-building workshops, and regulatory compliance trainings, we empowered our team members to adapt to evolving industry landscapes and embrace innovation.

Development opportunities have been cultivated with both internal and external subject matter experts offering bespoke and thought-leadership content for our people. From targeted skill-building workshops to personalised learning paths, we are committed to cultivating a culture of ongoing learning. This investment not only empowers our people to stay ahead of industry trends but also enhances their ability to contribute meaningfully to the company's growth.



During 2023 we have been delighted to welcome new colleagues to our organisation across all divisions who bring external expertise to Unipharm. To support their integration, we developed a new corporate Unipharm Talent Development brand and welcome programme imparting key information and creating lasting connections for future collaboration. Our dedication to learning and development underscores our belief that an educated and agile workforce is not only an asset to our organisation but also crucial for driving innovation and maintaining a competitive edge in our diverse markets.

Crafting the Next Generation

At Unipharm, we have always recognised the importance of continuous learning and growth. Our industry is dynamic and ever evolving, and it is crucial that we surround ourselves with talented graduates with the energy, knowledge, and enthusiasm to shape and drive our company forward. In 2023 we launched a new Graduate Development Programme tailored specifically to meet our growing need for world-class young talent. Our Programme is designed to be a launch pad for professional growth, equipping the graduates with the skills, knowledge and experiences necessary to thrive. Graduates have been recruited from partnering universities and more will continue to be onboarded into our business in 2024 across all divisions and functions.

These graduates will have the opportunity to learn from seasoned professionals, engage in challenging projects and make a tangible impact on our mission to enhance healthcare outcomes.

Giving Back to Our Community

A major initiative which was brilliantly supported again in 2023 was our Unity for Hope Campaign, which raised much needed funds for several mental health charities focused on ending suicide and beginning hope for families dealing with suicide. In total €150,000 was raised, supporting several mental health charities around the world. Our activity-based challenge targeted the coverage of 20 million steps over the course of the week with colleagues organising walks, runs, swims and cycles all over the world.

As we reflect on the past year, one of our best supported initiatives was our Wellbeing Week where a wellness coach and fitness expert held information sessions and competitions to promote well-being and work-life balance. We recognise that a thriving workplace is built upon the well-being of its people, and we remain resolute in our commitment to sustaining a culture that prioritises the health and happiness of every member of the Unipharm family.



Looking Forward

During 2024 we are committed to building on the solid foundations we have laid in 2023 in terms of strategic HR initiatives supporting our talent-attraction, development, and retention objectives as we grow our business. Learning and development remains a key focus supporting our strategic objectives along with the retention of our top talent. We are committed to developing an even more inclusive, equitable and diverse workforce who can bring their unique self to Unipharm through continuous awareness sessions and advocacy of our respective alliances. We have exciting plans ahead to support the physical, mental and financial wellbeing of our workforce with a new programme of supports being rolled out in 2024.

Sustainability driving our performance

Glenstal Abbey Tree Planting - See case study page 53

CEO Sustainability Statement

“We have continued our efforts in 2023 to progress the Group’s sustainability agenda, and we are delighted with the progress we are making across all five sustainability pillars. **”**

Sustainability remains a priority for the Group, and we are actively integrating sustainability into everything we do. In 2023, we recruited a Group Head of Sustainability to lead and support our organisation as it grows in a strategic and sustainable way. Our executive remuneration continues to be linked to the achievement of sustainability objectives.

People & Culture

The Unity@Uniphar initiative has built momentum over 2023 and it continues to focus on inclusivity and uniting our workforce for common purposes. We ran a number of initiatives under the Unity@Uniphar umbrella this year, including the Unity for Hope events. We launched our first global ED&I employee training in 2023 taking everyone on a journey of discovery and increasing awareness and knowledge and we will continue to build on this foundation during 2024 and beyond.

Our Talent Development platform has been a focus for 2023 with emphasis from hire to retire in all aspects of our employee life cycle including talent retention and a tailored learning strategy. A new programme under Talent Development is focusing on strategic talent attraction with the launch of our new three year Graduate Development Programme.

Supporting our Community

In October, we ran our annual fundraising event, Unity for Hope, raising €150,000 for mental health charity partners globally with Uniphar colleagues, family and friends completing over 20 million steps over the period of the fundraiser, and raising awareness within our team of the valuable work these charities do. We continued to sponsor a variety of sporting teams at both a local and national level including the U21 Irish Women’s hockey squad. These are just a few examples of the great community work done by Uniphar colleagues around the world. I am really proud of the huge efforts made by so many of our team to support those in need of assistance.

Emissions Targets and Climate Reporting

During 2023 we continued our work to embed climate awareness and reporting in each of our businesses and broadening our climate reporting to include a Scope 3 analysis. This was our fourth year of Group-wide carbon emissions reporting and we are pleased to have maintained our CDP (Carbon Disclosure Project) rating of ‘B’ during the year.

Having completed our decarbonisation workshops with our senior leaders at group and divisional level in 2022 our divisional Green Teams were tasked with assessing historic emissions data and preparing a decarbonisation plan for their division.

Environmental ratings



CDP B rating maintained



AAA
MSCI rating increased from an ‘AA’ to ‘AAA’



Committed level

In 2023, the decarbonisation plans for each division were completed so as to ensure that we meet our internal interim target to reduce our absolute Scope 1 & 2 emissions by 5% per annum between 2019 and 2030, in line with the SBTi 1.5°C aligned pathway for targets which would see us achieve our climate ambition of at least 50% reduction in our absolute Scope 1 & 2 emissions by 2030.

In early 2023, we formally submitted our Science Based Targets to SBTi, and we are awaiting validation of those targets. We have also launched our supplier engagement programme focusing on responsible sourcing and activities to ensure that we work together to reduce our collective impact on the environment.

Sustainability is at the core of what we do, we are focused on ensuring that the five pillars of our sustainability strategy are a fundamental part of our decision-making process. We want to contribute positively to the people around us and the planet we live on. We are purposefully trying to build a planet-positive culture within Uniphar. Uniphar has joined the 100 Million Trees Project for the planting season 2023/24. Sponsoring this project reaffirms our commitment to a greener and healthier environment and a more sustainable future.

Responsible Sourcing through Supplier Engagement

In 2023, we have taken our first step in supplier engagement through our responsible sourcing commitment. We are committed to conducting our business in a responsible, ethical and sustainable manner, and we recognise the importance of ethical, environmental and social considerations in our supply chain and procurement activities.

In 2023, we also published our Supplier Code of Conduct as we understand engaging with our suppliers is key in this process and our efforts for responsible sourcing can only be achieved through collective action.

Looking Forward

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

As we look ahead to 2024, we will continue to keep sustainability at the heart of how we run our business. We are also actively preparing to align our sustainability reporting with the Corporate Sustainability Reporting Directive (CSRD) to ensure compliance with CSRD.

Ger Rabbette

Ger Rabbette
Chief Executive Officer

Sustainability and Governance Report

SUSTAINABLE DEVELOPMENT GOALS

Sustainable Development Goals

Uniphar fully endorses the UN Sustainable Development Goals ('SDG') and we consider the following goals to be the ones where we can make the most significant contribution. Achieving these goals will entail partnering with both private and public entities, sharing our knowledge, skills and expertise to effect lasting change. We acknowledge the importance of all 17 SDGs and will work together with our stakeholders to contribute to each of them.



To show our commitment, we have taken a step further and have joined the United Nations Global Compact as a network member which aligns their ten principles to the 17 SDGs and this further reinforces Uniphar's commitment to working to achieve a sustainable future.



The Ten Principles of the United Nations Global Compact

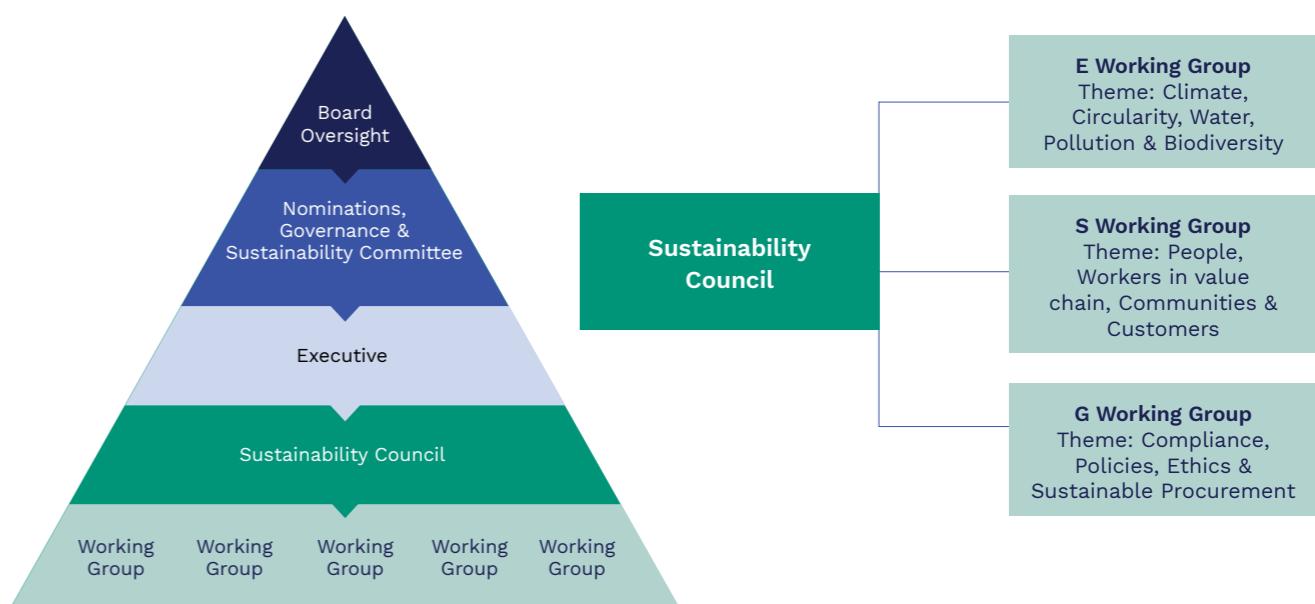
● Human Rights ● Labour ● Environment ● Anti-Corruption

1. Support and respect the protection of internationally proclaimed human rights.
2. Not be complicit in human rights abuses.
3. Uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Support the elimination of all forms of forced and compulsory labour.
5. Support the effective abolition of child labour.
6. Support the elimination of discrimination in respect of employment and occupation.
7. Support a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage the development and diffusion of environmentally friendly technologies.
10. Work against corruption in all its forms, including extortion and bribery.



Sustainability Governance and Oversight

In early 2023, the Board resolved to expand the remit of the Nominations & Governance Committee to include sustainability oversight and the Committee was renamed the Nominations, Governance and Sustainability Committee. The Committee is supported in its work by the Sustainability Council, which has been in place across the business since 2020. In 2024, the Group will be appointing a number of working groups, namely E, S and G working groups across the business to drive the sustainability and environmental agenda and initiatives locally in each division. These working groups together with the newly recruited Head of Sustainability will work together on Uniphar's sustainability journey in achieving Corporate Sustainability Reporting Directive compliance and the Group's overall sustainability mission.



“ Uniphar fully endorses the UN Sustainable Development Goals ('SDGs') and we work together with our stakeholders to contribute to each of them. ”

Financial Review
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Pillars and Materiality

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

Sustainability Review
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People & Culture
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	WHAT THIS PILLAR MEANS TO US	RELEVANT SDGS	MATERIALITY	INITIATIVES DURING 2023
	PILLAR 1 People & Workplace Our people are our most important resource, and we are committed to making Uniphar a fulfilling and inclusive place to work.	  	<ul style="list-style-type: none"> » Diversity & Inclusion Practices » Employee Health & Safety » Employee Wellbeing » Employee Training » Employee Labour Practices 	<ul style="list-style-type: none"> » Launch of ED&I Groupwide training » Development of Wellbeing Support eLearning Courses » Launch of New Leadership Development Programme » Enhanced Hybrid Working Supports » Employee Assistance Programme
	PILLAR 2 Community Involvement Supporting employees to actively participate in the local communities where we are based is a long-standing objective for the Group and is achieved through serving the community and supporting good causes.	  	<ul style="list-style-type: none"> » Charity & Fundraising » Active Community Support » Customer Privacy » Customer Welfare 	<ul style="list-style-type: none"> » Unity for Hope Annual Fundraiser » Local Charity Initiatives » Data Privacy & Cyber Security
	PILLAR 3 Environment & Sustainability As the business grows and our geographical footprint expands, we remain committed to managing our environmental responsibilities effectively.	  	<ul style="list-style-type: none"> » Energy Management » Greenhouse Gas Emissions » Waste & Hazardous Waste Management » Pollution Prevention » Sustainable Transport & Logistics 	<ul style="list-style-type: none"> » Science-based targets submitted to SBTi for validation » Maintained CDP Rating 'B' » Improved MSCI rating from 'AA' to 'AAA' » Groupwide Decarbonisation Plans » Improved EcoVadis score » Launch of the Supplier Engagement Programme
	PILLAR 4 Governance, Quality & Compliance Operating in healthcare markets that are highly regulated and demand high quality and compliance standards drives our quality focus and culture of continuous improvement. Ensuring the highest standards of governance, quality and compliance is fundamental to our business.	  	<ul style="list-style-type: none"> » Product Quality & Patient Safety » Business Ethics » Systemic Risk Management » Critical Incident Risk Management » Legal & Regulatory Requirements » Selling Practices & Product Labelling 	<ul style="list-style-type: none"> » Aligned to UK Corporate Governance Code » 5-year Sustainability Roadmap » Data Protection Structure » Preparation for double materiality assessment » Published Supplier Code of Conduct
	PILLAR 5 Business Solutions & Innovation We believe a positive difference will be achieved through collaboratively developing innovative business solutions across all our divisions, resulting in a more sustainable business and better outcomes for our stakeholders.	  	<ul style="list-style-type: none"> » Business Model Resilience » Innovation » Supply Chain Management 	<ul style="list-style-type: none"> » Investment in digital transformation » Continued cyber security awareness » Responsible sourcing commitment



PILLAR 1

People and Workplace

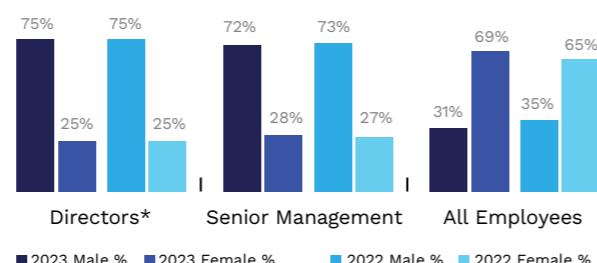


Equity, Diversity & Inclusion

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

In 2023, we have refocused our ED&I (Equity, Diversity and Inclusion) plans to drive our commitment:

- » We established our ED&I Committee to drive action across the Group.
- » We launched group-wide ED&I awareness training for all staff. This course included 'culture busters' and general awareness of acceptable behaviours reiterating Unipharm's commitment to ED&I goals.
- » We sponsored the Women in Leadership forum for International Women's Day.
- » We reviewed and updated job specifications to ensure inclusive language.
- » We appointed external consultants to develop an ED&I Roadmap for the Group.



*In January 2024, female directors at Board level increased from 25% to 37.5%.

Unipharm is committed to an ongoing focus on developing our global talent pool and building a more diverse leadership team for the future. As of 31 December 2023, women accounted for 28% of senior management and 69% of total employees.

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

WORKING TOWARDS EQUITY @ UNIPHAR

Female representation at Unipharm

69%
All employees

28%
Senior management

25% → 37.5%
Board directors at January 2024 *

* In line with Balance for Better Business Guidance, in January 2024, female directors at Board level increased from 25% to 37.5%

Diversity was also a key topic at Board level during 2023, as the Chair and Company Secretary embarked on a shareholder engagement programme with investors. In 2023, the Board approved a Board Diversity Policy, that sets out the Board's commitment to diversity in succession planning, to ensure an inclusive and diverse Board. In January 2024, female representation on the Board increased to 37.5% which demonstrates Unipharm's commitment to diversity at every level of the business.



Gender Pay Gap Reporting

In 2023 Unipharm continued its commitment to tracking and reporting on the Gender Pay Gap as required by the Gender Pay Gap Information Act 2021. As a consequence of our continued growth Unipharm reported on a total of five entities which qualify under the headcount legislative requirement of 250 staff or more.

Published on the Unipharm Group website on 30th December each year, the gender pay gap measures the difference between the average earnings of all women and men across the business, irrespective of the work they do, expressed as a percentage of men's earnings. In 2023, Unipharm initiated several actions which are designed to address the gender pay gap, including a new group-wide training programme addressing Equity, Diversity and Inclusion illuminating the potential for unconscious gender bias in decision-making, talent attraction, promotion, progression, and recognition. In 2024, we will continue to understand and work towards addressing the gap where possible.



“ Learning and talent development (L&D) has been a central tenet to our HR strategy. ”

Health and Safety

The health and safety and wellbeing of our people is imperative to Unipharm. With large operational facilities across numerous locations, it is essential that we adhere to the highest standards of health and safety throughout the organisation, ensuring that best practice is always adhered to.

Our aim is to monitor and investigate all safety concerns, analyse this data and use this to continually improve in this key area of our business including training on Good Distribution Practices (GDP), manual handling and first aid.

We are committed to continuing to improve our health and safety risk assessment processes and incident reporting as well as embedding more detailed health and safety KPIs across our businesses. This is a key area of focus for the Group for 2024.

Wellbeing

In 2023, our focus on wellbeing continued as we strive to build an environment which sustains a productive, inclusive, and healthy work-life balance. Central to the achievement of the balance of work and life is our Future of Work – Guiding Principles on Hybrid Working which are applicable to qualifying staff considering the nature of their work. We have invested in additional software allowing for more inter-connectivity for remote workers with additional security measures to protect data integrity. Our redesigned Head Office space continues as our hub for collaboration and in-person engagement with colleagues supported by an onsite cafeteria offering healthy meal choices.

Our Employee Assistance Programme continues to provide critical support to our staff and their families, who require professional confidential assistance during times of need. We have structured our Wellbeing Programme in alignment with Physical, Mental and Financial Wellbeing and during 2023, open information sessions and communications have been run for staff to familiarise themselves with the comprehensive range of services provided.

Unipharm continues to develop a suite of training programmes designed to equip staff with practical ways to manage pressure, build resilience, deal with conflict and negotiate as they navigate their career journey. Through the utilisation of our new Learning Management System, a range of self-directed eLearning modules have been developed addressing Mental Health Awareness, Managing Stress, and Managing in a Remote Work Environment.

Learning and Talent Development
Learning and talent development (L&D) has been a central tenet to our HR strategy. During 2023 a new L&D function was launched with a mandate to create a long-term strategic talent development framework and strategy to support our continued growth and people agenda. In 2023, we launched a new training programme in Leadership Development entitled Lead to Success specifically designed to develop values-based leadership for experienced leaders across our business which will continue into 2024.

Aligned with this programme we have developed a new ‘Management Essentials’ training programme for recently appointed or promoted frontline managers. This programme imparts salient fundamentals of people and performance management culminating in an enhanced people management skillset. Unipharm has incorporated its management and leadership courses along with coaching and mentoring and financial management into an umbrella ‘Leaders’ programme in 2023. This 12-month development journey supports existing and new senior managers as they transition into new positions and with enhanced responsibilities.

Talent Development
Unipharm continued its focus on talent in 2023 seeing our organisation grow to new levels and the onboarding of a new Group Talent team focused on developing a truly world-class employee experience. From hire to retire all aspects of the employee life cycle are examined and enhanced to drive engagement and retention in a highly competitive talent environment.



Labour Practices

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

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



PILLAR 2

Community Involvement

Unipharm's Charity Partners

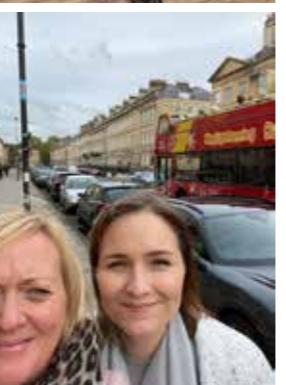
The Unity@Unipharm initiative is an umbrella for inclusivity, community and charitable activities that Unipharm colleagues get involved in across all divisions and geographies.

Our major initiative in 2023 was Unity for Hope which is now in its fourth year of raising money for cancer and mental health charities around the world. This is an activity-based challenge that encourages teams to raise their step counts. In 2023, we achieved our 20 million step challenge and we collectively raised €150,000 for mental health charities in Ireland, USA and UK all benefitting from our fundraiser.

Active Community Support

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

Unipharm also supports a variety of local community initiatives across each of our businesses and locations that we operate in.



Relevant SDGs



Community Sponsorship

During 2023, the Group sponsored a variety of local and national events including several Irish women's hockey teams and local basketball and football teams.



Customer Privacy and Data Privacy

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

The Group applies the following data protection principles:

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

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

Customer Welfare

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



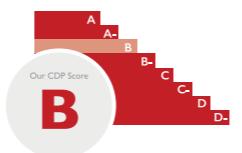
PILLAR 3

Environment and Sustainability



Sustainability Journey

Uniphar has made significant progress in recent years in the area of sustainability and has taken a further step in creating a Sustainability Roadmap. The Sustainability Roadmap details Uniphar's plan to comply with the Corporate Sustainability Reporting Directive (CSRD) and relevant legislations, our awareness and communications plan and the overall strategy for implementing sustainability at the core of Uniphar. In 2023 we published our Group Environmental Policy (available on the Group website: www.uniphar.ie) and became network members of the United Nations Global Compact. In 2023, we set firm sustainability foundations which we will continue to build upon in 2024 and beyond.



Energy Management

We recognise that our actions can have a lasting impact and we believe in protecting our environment for the benefit of future generations. As members of the United Nations Global Compact, we are committed to achieving our Sustainable Development Goals (SDGs) of Responsible Consumption and Climate Action.

We are now in our fourth year of Group-wide carbon reporting and the data gathered over this period has given the Group an understanding of the energy usage of the Group as a whole.

Greenhouse Gas Emissions

In 2023, we completed the Group's third Group-wide carbon footprinting exercise to assess our Scope 1 & 2 carbon emissions (based on 2022 data) and we also completed our second assessment of our Scope 3 emissions. The outcome of that assessment was reported through CDP, and we were pleased to maintain our CDP score of 'B' in light of the increasing requirements.

In early 2024, we completed our carbon footprinting exercise in respect of our Scope 1 & 2 emissions during 2023. The results of this exercise are set out below (excluding entities acquired during

2023). In 2023, we saw a slight increase in Scope 1 & 2 emissions of 0.5% on an absolute basis. This represents a 21.8% overall reduction in absolute Scope 1 & 2 carbon emissions since our baseline reporting year of 2019. The Group calculates its total portfolio carbon intensity by the volume of carbon emissions against our total revenue: the carbon intensity measurement decreased by 21% during the year.

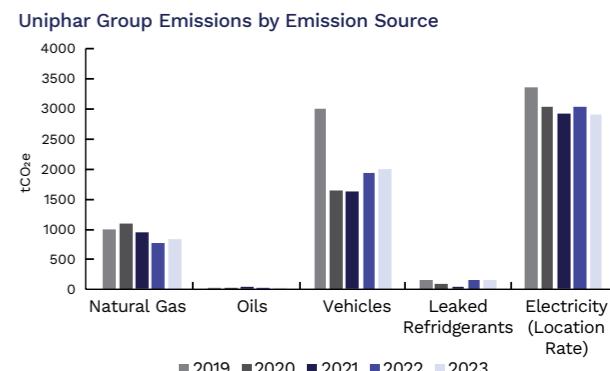
According to the analysis carried out, a large proportion of the reduction in Group emissions, to date, has arisen as a result of a reduction in company car usage across the Group. We believe the rationale for this is that in recent years and post-Covid-19, our Pharma Division has shifted to an omni-channel engagement model which facilitates the teams to engage with healthcare professionals through media other than in-person office visits. We believe that the transition to the omni-channel model and modifications in the preferences of healthcare professionals will mean that emissions from company cars will remain significantly lower than pre-Covid levels. It is also noted with the increasing accessibility of electric vehicles, we anticipate this reduction to continue.

Uniphar will continue to ensure that our activities are aligned to energy reduction efforts through existing and new builds as well as the implementation of energy efficiency initiatives.

Group Intensity Measure	2019	2020	2021	2022	2023
tCO ₂ e/Million € Revenue	4.35	3.23	2.88	2.92	2.31

	Emissions (tCO ₂ e)				
	2019	2020	2021	2022	2023
Scope 1	4,190.79	2,814.74	2,637.60	2,854.42	2,980.45
Scope 2 (Location Rate)	3,360.37	3,039.09	2,935.26	3,018.84*	2,923.33
Total:	7,551.16	5,853.83	5,572.86	5,873.26	5,903.78

*2022 Scope 2 reporting figure has been amended



Scope 3

In 2023, we completed our second Scope 3 emissions screening with the support of external environmental consultants. This process identified the immense significance of purchased goods and services as a contributor to the Group's overall carbon footprint. Our purchased goods and services category analysis was based on spend data which was inputted to the EEIO spend-based tool.

As can be seen from the diagram below, purchased goods and services represent 91.6% of the Group's overall carbon emissions. As such, measures and initiatives to reduce emissions from the goods and services that we purchase are necessary to reduce the environmental impact of our business. Given the relative significance of Scope 3 in our overall emissions, in 2023 we published our Supplier Code of Conduct which sets out the standards expected of our suppliers to assist with our decarbonization programme.



Targets

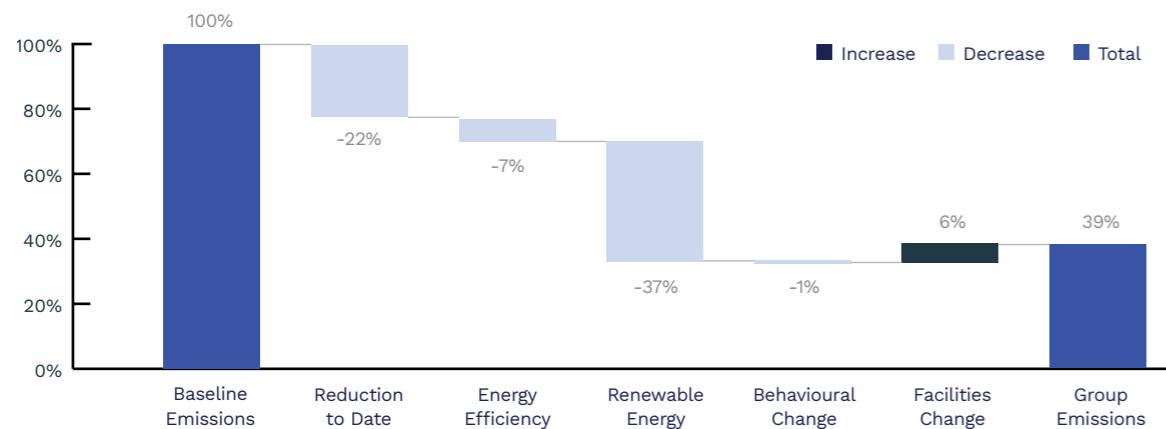
The Group formally committed through the Science Based Target Initiative (SBTi) to setting a science-based target in 2023 and, in early 2023, we submitted our targets for validation to the SBTi. We have progressed onto the final stage of validation and our pending validated SBTi targets are set as internal targets to reduce our absolute Scope 1 & 2 emissions by 5% per annum between 2019 and 2030, in line with the SBTi 1.5°C aligned pathway for targets which would see us achieve our climate ambition of at least 50% reduction in our absolute Scope 1 & 2 emissions by 2030. As of 31 December 2023, the Group has reduced absolute Scope 1 & 2 emissions by 21.8% from our baseline reporting year of 2019.

As part of our commitment to SBTi, we have also submitted a target that 71% of our suppliers covering purchased goods and services will have science-based targets for emissions by 2027. In order to achieve this, we have started an active supplier engagement programme to work with our suppliers and partners in tackling the challenges of reducing emissions and identifying ways in which we can work together with them to reduce our collective emissions.

Sustainability and Governance Report

Decarbonisation

Our 'Green Teams' functioning as part of the Environmental Working Group represent each division and assist with the technical information and implementation of environmental programmes. Uniphar Group supported externally facilitated training on the topic of decarbonisation, whereby each division member was tasked with assessing the emissions for their respective divisions and developing a decarbonisation plan outlining how that division could achieve our climate ambition of at least 50% reduction in our absolute Scope 1 & 2 emissions by 2030. A consolidated output from that exercise is presented below and the Group is completing its decarbonisation plans which involves the timelines for implementation of these decarbonisation initiatives.



CASE STUDY

A Growing and Green Investment



Tree Planting Case Study

Sustainability is at the core of what we do and is deeply embedded in our business strategy. We are focused on ensuring that the five pillars of our sustainability strategy are a fundamental part of our decision-making process. We want to contribute positively to the people around us and the planet we live on. We are purposefully trying to build a planet-positive culture within Uniphar. Sponsoring the 100 Million Trees Project for the 2023/24 planting season reaffirms our commitment to a greener and healthier environment and a more sustainable future.

We sponsored and volunteered by planting trees at Glenstal Abbey as these mini forests have wonderful effects on plant and animal biodiversity in a community, on air quality and often on local morale – they put something beautiful and sustainable in a place that was potentially previously a scrubland or wasteland. Uniphar's sponsorship of the 100 Million Trees Project speaks directly to our planet-positive culture and our belief that any investment that helps the earth to heal itself is an investment in all our futures.

TCFD and EU Taxonomy

In 2023, there was continued discussion around environmental matters and emissions by the Board. The Board received regular reports from the Sustainability Council and considered specific climate-related risks and opportunities as part of its bi-annual Risk Register Review. Further details in relation to the Group's actions, in alignment with Taskforce on Climate-Related Financial Disclosures (TCFD) are set out in the following table.

Taskforce on Climate-Related Financial Disclosures (TCFD)

	Recommendation	Response	Page
Governance	Describe the Board's oversight of climate-related risks and opportunities	The Board is liable for overall Group climate-related risks and opportunities oversight. The Risk Register of the Group is submitted to the Board twice a year and as part of this process, the Board now considers a specific subset of climate-related risks and opportunities. In addition, the Nominations, Governance and Sustainability Committee oversees the Group's sustainability strategy and monitors the progress being made in reaching the Group's sustainability KPIs.	Environment & Sustainability Section Page 39
	Describe management's role in assessing and managing climate-related risks and opportunities	Climate-related risks are measured and managed as part of the Group's overall risk management process.	Risk Management Section Page 63
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term	Climate Change Risk is a risk identified and included on the Group's Risk Register. As part of the Board's Risk Review the Board also considered specific climate risks and opportunities and these are set out in further detail below.	Risk Management Section Page 63 Environment & Sustainability Section Page 39
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	See the disclosures below in respect of specific climate-related risks and opportunities identified by the Group.	Environment & Sustainability Section Page 39
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Uniphar conducted a qualitative transitional scenario analysis, using the IEA NZE 2050 (1.5°C) scenario and a qualitative physical scenario analysis, using the RCP 8.5 (>3°C) scenario. This analysis supported Uniphar in detecting material risks and opportunities for future climate scenarios. See further details below in relation to the completed scenario analysis.	Environment & Sustainability Section Page 39

Table continued on following page →

In addition, the Group carried out its first assessment of the extent to which the Group's activities are aligned to The EU Taxonomy Regulations and the results of this assessment are set out in the Director's Report on page 110 of this report.

Sustainability and Governance Report

Taskforce on Climate-Related Financial Disclosures (TCFD) continued

	Recommendation	Response	Page
Risk Management	Describe the organisation's processes for identifying and assessing climate-related risks	Climate-related risk management is included in Uniphar's overall risk management structures and considered by the Board as part of the Risk Management process.	Risk Management Section Page 63
	Describe the organisation's processes for managing climate-related risks		
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management		
Metrics and Targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities, in line with its strategy and risk management process	In addition to greenhouse gas emissions data, Uniphar discloses waste metrics for annual CDP reporting.	Environment & Sustainability Section Page 39
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	Uniphar has disclosed Scope 1 & 2 emissions since 2020. Uniphar has conducted a full screening of Scope 3 emissions.	Environment & Sustainability Section Page 39
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Uniphar have submitted targets in respect of Scope 1, 2 and 3 emissions to the Science Based Targets Initiative (SBTi) for validation. Pending validation of those targets, Uniphar have set internal Scope 1 and 2 emissions targets.	Environment & Sustainability Section Page 39

Climate-Related Risks and Opportunities

	Risk	Driver	Description	Potential Impact	Response to Risk / Opportunity
Risk	Emerging Regulation		An increase in carbon tax has the potential to significantly increase operating costs for the business	Medium	Currently conducting a supplier engagement programme for third party logistic providers. Reviewing renewable energy options as part of decarbonisation planning
	Acute Physical		Disruption of activities due to increased flooding	Medium	The operation of regional depots mitigates the risk of full operational stoppage due to an individual weather event
	Reputation		A failure to implement appropriate data collection strategies in relation to carbon emissions and develop and implement decarbonisation plans could impact negatively in tender processes, resulting in the loss of business and potentially the loss of existing customers	Medium	Each division has a decarbonisation plan in place in respect of its business and the Group has started to implement and roll-out the supplier engagement programme, which is to work with our suppliers and partners in tackling the challenges of reducing emissions
Opportunity	Markets		Uniphar is well positioned to develop new services and solutions to ensure that both our business and that of our partners meet our climate-related requirements and ambitions	Medium	Entrenching climate-related risks and opportunities into the core business strategy and continual implementation of the supplier engagement programme throughout the entire business
	Resource efficiency		Potential to increase energy efficiency and to reduce costs through reduced consumption	Low	Upgrading external lighting at our main facility to energy efficient LED lighting and reviewing potential solar panel installation
	Markets		The ability to demonstrate meaningful progress on climate-related issues increases access to capital from institutional investors and fund managers	Medium	Developing defined environmental objectives, including carbon reduction targets with a clear pathway to monitor performance against those targets

“ In 2023, we launched our responsible sourcing programme to ensure that the Group is working closely with its suppliers and partners to reduce our collective impact on the environment. ”

Climate Scenario Analysis

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

The Group also conducted a physical scenario analysis, using the RCP 8.5 scenario. RCP 8.5 refers to the concentration of carbon that delivers global warming at an average of 8.5 watts per square metre across the planet. The RCP 8.5 pathway delivers a temperature increase of about 4.3°C by 2100, relative to pre-industrial temperatures. This was a qualitative analysis, where we assessed the high-level impacts in this scenario, to identify if any material risks or opportunities would arise. In this scenario, there is a potential risk for disruption to activities, due to increased severe weather events and damage to transport infrastructure. Rising sea levels pose a risk to Group operations in the Netherlands, which is at or below sea level. Water scarcity and loss of biodiversity are potential risks for the Group in this scenario as they could affect the production and supply of medicines.

Waste and Hazardous Waste Management

Throughout all our facilities we are continuously investigating ways to reduce, reuse, recycle and recover. We have been a member of Repak since 1999 and we make substantial efforts across the business to reduce plastic waste. As part of our overall Scope 3 emissions assessment and CDP reporting, the Group collated data from our locations across the business in relation to waste. In 2023, 88% of the Group's waste (approximately 874 tonnes of waste) was diverted from landfill.

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

Pollution Prevention

The Group acknowledges the significance of protecting the environment around us and ensuring that our operations do not emit pollution into our surrounding environment. During 2023, there were no reportable instances of pollution across the Group.

Sustainable Transport

We are conscious that a significant portion of our carbon footprint arises through outsourced activities such as logistics and through our supply chain and we are committed to working with our supply chain partners in this area. In 2023, we launched our programme for supplier engagement and responsible sourcing, to ensure that the Group is working closely with its suppliers and partners to reduce our collective impact on the environment. The Group also launched our new Supplier Code of Conduct and Responsible Sourcing Commitment Statement in 2023, demonstrating our commitment to embedding sustainability across Unipharm and the broader supply chain.

CASE STUDY

Green Fleet

Greening the way to a sustainable future

Unipharm in partnership with a leading pharmaceutical supplier trialled a green fleet solution to assist with carbon emissions reduction in our fleet management. This initiative was successfully launched in September 2023 with Unipharm's first fully electric Transit van. This E-van emits zero emissions while travelling through its West Dublin route. This is a collaborative initiative which highlights what collective action can deliver through sustainability.



- » **Regular Review.** We commit that our sourcing practices will consistently meet the highest ethical, social, and environmental standards. We are dedicated to regular reviews of our policies and procedures. Through these regular reviews, we aim to stay at the forefront of responsible sourcing, maintaining transparency, and accountability in all aspects of our supply chain.
- » **Resourcing for success.** We understand that responsible sourcing is not just a statement of intent but a tangible commitment that requires adequate support. We commit to investing in the training, technology, and expertise needed to monitor and improve our supply chain practices continually.

At Unipharm, responsible sourcing is not just a statement; it is an integral part of our corporate culture. We believe that by adhering to these principles and working closely with our suppliers and stakeholders, we can create a positive impact, protect human rights, preserve the environment, and contribute to a sustainable and responsible global supply chain.



PILLAR 4

Governance, Quality and Compliance



Adopting the highest standards of Governance, Quality and Compliance is essential to the success of our business. The Board approved the adoption of the UK Code as the corporate governance code of the Group in 2022 and we continue to adhere to the UK Code in 2023. See details of our compliance on page 76. The governance of our business is dealt with in extensive detail in the Corporate Governance section of this report on page 76.

Product Quality and Patient Safety

The healthcare industry is a highly regulated industry, and this regulation is essential to protect the health and safety of people who use the products and services we supply. The Group is committed to ensuring that the products we supply reach the patient in perfect condition and that we provide all services in an ethical and compliant manner. Through extensive training the Group places a focus on a quality culture and a strong understanding of quality risk management. This allows us to meet or exceed the requirements and expectations of our customers and partners. In 2023, we continued to reinforce our expectations of our suppliers through our recently published Groupwide Supplier Code of Conduct.

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

Uniphar has a robust digital quality management system (QMS) in place, underpinned by the core GxP regulatory requirements, which ensures alignment and ongoing certification with ISO 9001 2015. The Group complies with the relevant regulations in place in the jurisdictions that it operates in including Good Distribution Practice (GDP) and Good Manufacturing Practice (GMP) and other pharmaceutical Good Practice requirements (GxP) together with Medical Device Regulation (MDR) for medical devices. Uniphar employs regulatory subject matter experts locally to ensure that each of its entities is compliant both with local regulations and Uniphar standards.

Business Ethics

Uniphar is committed to promoting a corporate culture that is based on sound ethical values and behaviours. The Group's Code of Conduct is an overview of our responsibilities to each other and to the many different constituencies we serve – to our clients, customers, principals and to the communities where we live and work. It defines business conduct standards for everyone who works for us, in all business areas, in every function, geography and role. In 2023, Uniphar launched its Supplier Code of Conduct and Responsible Sourcing programme which outlines our expectations of our suppliers and their responsibilities to us. The Group also has a Whistleblower Policy in place, establishing a structure where behaviours which depart from this ethical culture can be reported whilst protecting the rights of the whistleblower. This policy includes an external reporting line.



Anti-Bribery and Corruption

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

Human Rights

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

Conflict of Interest

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

Risk Management

Systemic Risk Management

The Group has a robust risk management process in place, which provides the structure for managing the principal risks of the business. Details of this risk management process are detailed on pages 63 to 70. In addition, the quality and regulatory personnel across the Group perform regular risk assessments and have robust validation processes in place.

Critical Incident Risk Management

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

Legal and Regulatory Requirements

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

Selling Practices and Product Labelling

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

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



PILLAR 5

Business Solutions and Innovation

Relevant SDGs



Business Solutions and Innovation

Business Solutions and Innovation is a critical element under our Sustainability Pillars and 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. Business solutions and innovation is something we are enthusiastic about. It underpins our 'can-do' culture and entrepreneurial spirit and is central to our organic growth. It is also a key factor in identifying appropriate M&A targets.

Business Resilience

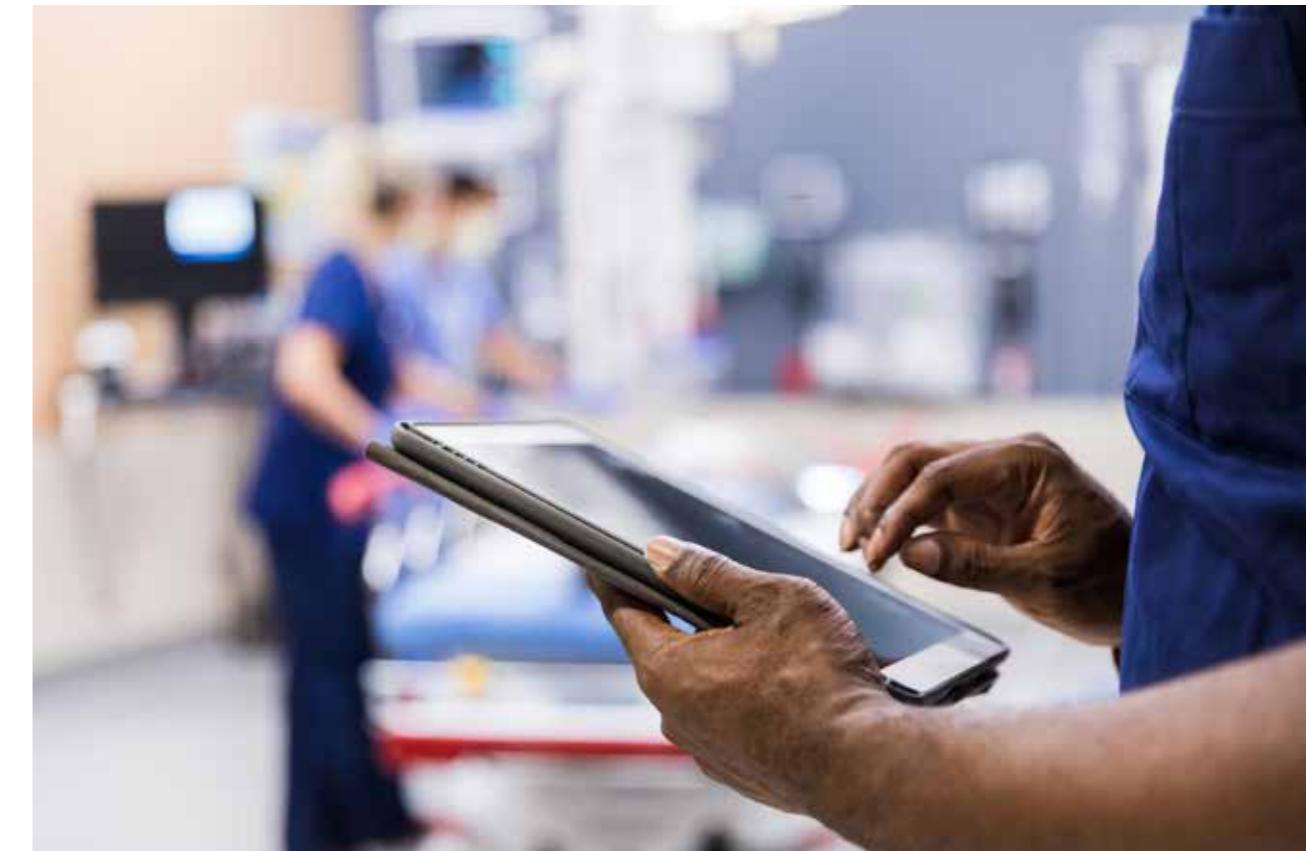
Business resilience remained a key focus during 2023, as businesses globally were impacted by macroeconomic and geopolitical challenges across all markets. In 2023, we continued the development of our new state-of-the-art distribution centre in Ireland. The team on this project has shown enormous commitment and skill in managing what is a very complex and demanding project. The resilience and dedication of our teams coupled with clear strategic objectives and agility to adapt traditional business models mean Unipharm is well positioned to continue to deliver for all of our stakeholders.

The Group continues to implement its digital transformation strategy, which includes back-office systems to support our expansion and growth plans, as well as new ways to engage our customers with innovative digital solutions. With cybersecurity evolving we are continuing to enhance our awareness and improvement programme, deploying best-in-class security controls to reduce risk and improve resilience. The programme is enhancing the detection of cyber threats, as well as improving our ability to respond to attacks and recover from incidents.

Innovation

Unipharm thrives on its innovative and entrepreneurial culture. This is evident in all regions of the business, from implementing improvements in existing systems to recognising new market opportunities, evaluating acquisition targets, and enhancing our digital capabilities.

“ The Group continues to implement its digital transformation strategy, which includes back-office systems to support our expansion and growth plans. **”**



Supply Chain Management

As set out above, a large proportion of our carbon footprint derives from our purchased goods and services. In 2023, we published our Supplier Code of Conduct which reinforces our expectations of our suppliers and their responsibilities to us. As part of our commitment to setting a science-based target, we have committed to a supplier engagement target that 71% of our suppliers by emissions covering purchased goods and services, will have science-based targets by 2027. In order to achieve this target, we need to actively engage with our suppliers to improve data collection in our supply chain and to work together to not only set targets, but to find innovative solutions to how we can collectively reduce the impact of our supply chain on the environment. In 2023, Unipharm launched its Supplier Code of Conduct and Responsible Sourcing programme, which will embed our sustainability mission into the greater supply chain and broader business.

Effectively managing Risk

The Group's risk management framework is integral to managing risk and uncertainty in an ever-evolving environment, supporting the Group's strategy and ensuring a sustainable and resilient business.

Risk Management and Internal Control

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

The Board has overall responsibility for risk management, the Group's system of internal control, and for reviewing its effectiveness. The Audit, Risk and Compliance Committee has responsibility for reviewing the Group's risk management and internal control systems, along with making recommendations to the Board regarding the operation of the Group's Risk Management Framework.

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



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Key Principal Risks and Uncertainties
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Risk Register Process
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Risk Management Framework

The Group's Risk Management Framework provides the structure for managing the principal risks. The Group has implemented a 'three lines of defence' approach to ensure that there is clear ownership and delegation of responsibility for the management and oversight of risk to support the appropriate flow of information throughout the Group. Each of these three 'lines' plays a distinct role within the Group's wider governance framework.

Risk Management Framework



Risk Management

Risk Register Update Process

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

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

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

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

2023 Highlights

The Group continues to ensure that the Risk Management Framework is integrated in the day-to-day activities of the business. During the year ended 31 December 2023, the Group carried out the following:

- » Reviewed the Group Risk Register, updating for all the key risks facing the Group at this time
- » Performed a review of emerging and new risks, including considering the risks associated with ongoing geopolitical events
- » Reviewed the relevance of existing risks and identified the current principal risks, noting some risks such as Brexit have reduced in materiality
- » Continued to focus on Cybercrime related risks.

Emerging Risks

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

Principal Financial and Reporting Risks and Uncertainties

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

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

Key Principal Risks and Uncertainties

The principal risks and uncertainties for the year ended 31 December 2023 are summarised below.

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

STRATEGIC RISKS

Risk	Impact	Mitigation	Trending
 Economic, geopolitical & external environment risk	The global macroeconomic, regulatory, political, and legal environment may impact the markets in which we operate and, in turn, our client and supplier base. The ongoing conflicts in Ukraine and the Middle East combined with elevated interest rates and inflation levels present an increased risk for the Group. This may adversely affect the Group's financial and operational results.	The Group closely monitors global political and economic conditions and responds quickly to any changes in circumstances or events. The Group has increased its geographical footprint which now includes Ireland, the UK, the US, Europe and Asia Pacific, thus decreasing the reliance on any particular geographic market. The Group has deep experience in navigating supply chain challenges with extensive international relationships, strong procurement know-how and flexible stock levels to support continuity of supply. The Group actively manages its cost base, to ensure that margins are maintained and to reduce margin erosion.	
 Acquisitions	Growth through acquisition continues to remain a key strategy for the Group. Failure to identify, complete and integrate acquisitions successfully may directly impact the Group's projected growth.	All potential acquisitions are assessed to measure their strategic fit and financial return. Specialist advisers are appointed to provide robust and thorough due diligence. Experienced management and project teams ensure integration is managed effectively, to achieve identified benefits and minimise potential risks. The Group carries out a Goodwill Impairment assessment annually, or more frequently, if required, to ensure the carrying value remains appropriate.	
 Key personnel & succession planning	The success of the Group is directly correlated to the effectiveness and talent of its people, including Directors, senior management, and colleagues across all divisions. If the Group fails to attract, retain, and develop the skills and expertise of colleagues, this may adversely impact the Group's performance.	Succession planning and talent management is implemented across the Group, ensuring that the appropriate skills, knowledge, and diversity are in place to ensure the future success of the Group. The Group have developed a number of new talent development programmes across our divisions to support talent development and retention. The Group looks to appropriately incentivise teams, to ensure long-term alignment with shareholder objectives.	
 Market perception & reputational risk	Uniphar plc is a publicly listed company and must communicate to the market and stakeholders regularly with updates on financial performance and key metrics. Failure to deliver in line with expectations may result in reputational damage impacting the Group's ability to achieve strategic targets.	The Group has financial reporting structures and timelines in place to ensure accurate and timely reporting. The Board reviews the financial and operating performance, together with the implementation of the strategic plan. The Group Investor Relations team actively engages with the investment community. The team ensures a timely and accurate communication of information to the market. A positive corporate culture reinforces ethically responsible behaviour in the business.	

Risk Management

STRATEGIC RISKS continued

Risk	Impact	Mitigation	Trending
Loss of competitive position 	Changes in the competitive environment in which the Group operates may occur as a result of new market entrants, loss or material change in the terms of key customers or key suppliers, new technologies or regulatory changes. Failure of the Group to respond to any of these may result in the loss of its competitive edge and market share, which may put pressure on profitability and margins.	The Group continues to monitor market trends and demands, to maintain its competitive edge. Individual business management teams manage the supplier and customer relationship and keep informed of any changes in their business strategies. Value-add and unique services are offered to enhance the relationship and promote customer loyalty. Strategic acquisitions enhance the commercial relationships within the pharmaco-medical market and provide a wider and more diverse service offering, protecting the competitive position.	
Environment & Sustainability 	The increasing global focus on environmental and sustainability governance is recognised by the Group, and its stakeholders. Failure to appropriately assess, monitor, report and manage the Group's impact on the environment and the communities in which it operates may result in reputational damage, impacting the Group's ability to deliver results. The Group is subject to an increasing number of environmental and climate change regulations and legislation, which may negatively affect the Group's business if it fails to adequately comply with them.	The Group recognises the lasting impact its actions can have on the environment and is committed to operating sustainably and reducing its environmental impact. During 2023, the Group appointed a Head of Sustainability to drive the sustainability agenda. The Group's Sustainability Council drives the sustainability agenda across the Group and ensures that sustainability targets are integrated across all businesses. The Group engages with external advisors to ensure it is prepared for upcoming reporting obligations. The Group's banking facilities incorporate sustainability provisions that will enable discounted rates of interest for achieving specified ESG goals and benchmarks. Furthermore, bonus metrics for Executive Directors and some senior management include specific sustainability and governance targets to ensure focus on achieving continuous improvements in this area.	
Transformational project execution 	The Group has embarked on several transformational projects that will provide it with the platform and capacity to grow over the coming years. Significant transformation programmes bring inherent risks such as an inability to manage change in the organisation or to deliver projects within time and budget constraints. Failure of the Group to satisfactorily deliver such projects may result in cost overruns or reputational damage impacting the Group's ability to deliver strategic targets.	The Group has implemented appropriate project management structures to ensure projects are delivered in line with their plans. Appropriate Project Management resources have been added to the organisation to facilitate this. Furthermore, the Group utilises external advisors to supplement our internal knowledge where specialist skills are required.	

OPERATIONAL RISKS

Risk	Impact	Mitigation	Trending
Cybercrime 	In common with all large organisations, the Group is exposed to risk relating to cyber events threatening the availability or integrity of our systems and data. There is a constant threat of sophisticated cyber-attacks including ransomware, phishing and malware. An adverse event could result in significant reputational, operational and financial damage. The Group is also exposed to the risk of an attack on our business partners that could negatively impact the Group.	The Group has IT security processes in place to minimise the occurrence of cyber-attacks. Continuous user awareness is a key measure used in helping to protect against the threat of a cyber-attack. External audit and penetration testing is carried out to identify vulnerable areas and put in place mitigating controls. The Group has invested in a dedicated IT Security team, led by the Director of Information Security to continuously review, monitor and strengthen the preventative and detective controls required to protect against a cyber related incident and draws on appropriate external support to achieve this objective.	
IT systems 	Digital capabilities are a specific strategic offering of Unipharm, and the alignment of the IT strategy with the business strategy is essential. The Group is reliant on the effectiveness of its IT systems and network. Any interruption or downtime may have a negative impact on the Group's operations, financial conditions, and competitive position.	The IT strategy is a key factor in the Group's strategic planning process. This ensures that the development of our IT systems and processes remains aligned with Group objectives. The Group actively monitors the performance and robustness of our IT systems. The in-house IT team works in tandem with external providers to ensure all business-critical processes are safeguarded. Business continuity plans are in place to ensure the uninterrupted provision of services and to enable the restoration of key systems, if necessary. Continued technology investment is essential to support the enlarged Group, and a multi-year technology transformation programme has commenced, with the initial focus on ERP platforms.	
Pandemic risk 	Global pandemics have the potential to cause significant disruption to the Group and the wider global economy. Covid-19 no longer represents an immediate threat but there is still a risk that other variants or pandemics may arise in the future. Such a pandemic could severely impact our financial results or cause supply chain disruption that would impact the business and its operations.	The safety and wellbeing of our people is our first priority in all circumstances. The Group has developed mitigation strategies during the Covid-19 pandemic that could be relied upon in another pandemic. Unipharm plays a significant role in the healthcare infrastructure of the countries we operate in and the Supply Chain & Retail infrastructure was considered an essential service during the Covid-19 pandemic. The Group continues to monitor the preparedness of the business for another pandemic to ensure that appropriate response strategies are in place.	

Risk Management

OPERATIONAL RISKS continued			
Risk	Impact	Mitigation	Trending
Business interruption 	The Group may be unable to provide a service to customers, due to external factors affecting its operations such as, natural disasters, environmental hazards, or industrial disputes, resulting in potential lost sales and loss of customer loyalty.	A business continuity plan is in place and is updated and reviewed continuously to mitigate the risks to operational continuity.	
Health & Safety 	Unipharm distributes pharmaceuticals and medical devices to pharmacies, hospitals, and patients. Unipharm also provides consultancy services to a range of healthcare practitioners. Failure to follow all applicable regulations and guidance could impact patient safety. The health and safety and wellbeing of our staff is also paramount. With large operational facilities in various locations, it is essential we adhere to the highest standards of health and safety throughout the organisation. Failure to implement and follow proper health and safety procedures could have adverse effects on our people or patients.	Dedicated quality functions are in operation across the Group, ensuring that we adhere to and comply with good distribution practice, pharmacovigilance and regulatory requirements. A robust health and safety framework is in place to ensure that we have effective health and safety processes.	
Laws, regulations and compliance 	Unipharm operates in a highly regulated environment and is subject to both local and international laws and regulations in the jurisdictions where we operate. Failure to operate under any of these stringent laws and regulations could result in financial penalties, reputational damage, and risk to business operations.	The Board has overall responsibility for the Group's corporate governance environment. Our strong corporate governance culture prioritises continuous improvement. The Group General Counsel and Company Secretary is responsible for the oversight of compliance across the Group. The Group also has an extensive quality and regulatory team, who ensure compliance with all applicable regulations relating to our service offerings. In the area of data privacy, the Group has a dedicated Data Protection Compliance Officer and Data Protection Officers within each division. The Data Protection Compliance Officer provides group guidance and governance to the divisional Data Protection Officers. In addition, the Group ensures that professional and appropriately qualified personnel are employed in positions of responsibility. Education and internal training are provided on updates to laws and regulations, as appropriate.	

FINANCIAL RISKS			
Risk	Impact	Mitigation	Trending
Foreign currency 	The Group's reporting currency is the euro. Exposure to foreign currency occurs in the normal course of business, as the Group operates in jurisdictions outside of the Eurozone.	The Group's activities are primarily conducted in the local currency of the operation, which results in low levels of transactional risk. The foreign currency risk has increased in recent years, due to expansion in jurisdictions outside of the Eurozone. The Group reduces its exposure to currency fluctuation by matching foreign currency payments and receipts across business units. The current banking facility permits drawdown across multiple currencies, which can create a natural hedge.	
Treasury 	The Group is exposed to liquidity, interest rate and credit risks. Further increases in interest rates impact the Group by increasing interest costs on outstanding borrowings thereby limiting the available cash flows for reinvestment	The Group Treasury Policy sets out how these risks are managed. The policy is reviewed and approved by the Audit, Risk and Compliance Committee. Cash forecasting and effective management reports are in place to monitor and minimise the financial risk. The current banking facility agreement provides sufficient headroom for the Group in terms of liquidity. The Group monitors and manages its net bank debt and leverage and seeks to actively manage cash flow conversion, to minimise debt levels and associated interest costs.	

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

Enabling through Innovation

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Board of Directors
M. Pratt (Chairman)
G. Rabvette (Chief Executive Officer)
T. Dolphin (Chief Financial Officer)
J. Berkowitz (Resigned 16 January 2024)
J. Gaul
L. Hoctor
P. Hogan
S. Webb
V. Sick (Appointed 29 January 2024)

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is available on the Group's website:
www.unipharm.ie

Leadership and Experience



Maurice Pratt
Non-Executive Chairman

Nationality
Date of Appointment
July 2003
Independent
No
Committee Memberships
N

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

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



Ger Rabbette
Chief Executive Officer

Nationality
Date of Appointment
March 2010
Independent
No
Committee Memberships
N

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

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



Tim Dolphin
Chief Financial Officer

Nationality
Date of Appointment
July 2010
Independent
No
Committee Memberships
N/A

Experience
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.

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



Sue Webb
Non-Executive Director

Nationality
Date of Appointment
June 2019
Independent
Yes
Committee Memberships
A

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

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



Executive and Non-Executive Directors
N Executive 25%
Light Blue Non-Executive 75%



Gender Diversity
Dark Blue Female 37.5%
Light Blue Male 62.5%



Geographic Locations
Dark Blue Ireland 5
Orange UK 1
Light Blue Europe 1
Dark Blue USA 1



Board Independence
Dark Blue Independent 62.5%
Light Blue Non-Independent 37.5% (Chairman and Executive Directors)



Valerie Sick
Non-Executive Director

Nationality
Date of Appointment
January 2024
Independent
Yes
Committee Memberships
N R

Experience
Valerie has over 25 years' senior international experience in private and publicly listed pharmaceutical and life science companies in Europe. She currently serves as Chief Financial Officer of bioMerieux Deutschland GmbH and previous appointments include Director of Finance and Administration of Yves Rocher GmbH. Valerie is fluent in French, German and English and also has a strong interest in climate friendly business models and long-term sustainable business.

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



Paul Hogan
Non-Executive Director

Nationality
Date of Appointment
June 2019
Independent
Yes
Committee Memberships
N R

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

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



Jim Gaul
Non-Executive Director

Nationality
Date of Appointment
January 2021
Independent
Yes
Committee Memberships
A N

Experience
Jim is a certified public accountant and former Chief Financial Officer of Sanofi Ireland, OPKO Ireland & Mount Carmel Private Hospital. He has a strong track record in financial management and global healthcare and is a former non-executive director of Carraig Insurance and Valeant Pharmaceuticals Ireland.

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



Liz Hooton
Non-Executive Director

Nationality
Date of Appointment
January 2021
Independent
Yes
Committee Memberships
A

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

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



Aisling McCarthy
General Counsel & Company Secretary

Nationality
Date of Appointment
May 2019

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

A **Audit, Risk and Compliance Committee**
Chair: Sue Webb
See pages 87 to 92 for **Committee Report**

N **Nominations, Governance and Sustainability Committee**
Chair: Jim Gaul
See pages 93 to 96 for **Committee Report**

R **Remuneration Committee**
Chair: Paul Hogan
See pages 97 to 109 for **Committee Report**

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

Dear Shareholder,

On behalf of the Board, I am pleased to introduce the Group's Corporate Governance Report for 2023. 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.

Board and Committee Composition Changes

In early 2024, we were delighted to welcome Valerie Sick to the Board. Valerie brings a wealth of international experience in private and publicly listed pharmaceutical and life science companies across Europe, a key market for our strategic growth plans and I, and the Board, look forward to working with Valerie.

Jeff Berkowitz also resigned from the Board in January 2024 following a three-year term and on behalf of the Board I would like to thank Jeff for the support and commitment he has shown to the Board over the last three years.

Following these Board changes, independent representation on the Board remains at 62.5% and female representation on the Board has increased to 37.5% in line with commitments made during 2023 following shareholder engagement arising from our 2022 AGM.

During 2023 and early 2024, the Nominations, Governance and Sustainability Committee also reviewed the composition of each Board Committee and resolved to refresh the role of Chair on each Committee following a three-year term of each previous Committee Chair.

External Board Evaluation

During 2023 we also concluded our external Board evaluation conducted by Deloitte. The evaluation involved a desktop review of corporate governance documentation, including minutes, board packs, policies and terms of reference as well as a detailed survey which was distributed to all Directors and the Company Secretary. Deloitte conducted interviews with each Director and the Company Secretary and also observed a Board meeting. The results of the evaluation were extremely positive and demonstrated the improvements made to our corporate governance practices in recent years. Some areas for improvement were identified which the Nominations, Governance and Sustainability Committee have focused on implementing and details of these areas are set out in further detail on pages 95 and 96.

Shareholder Engagement Programme

At the Company's 2023 AGM, Resolution 4 (remuneration of auditors) passed with a majority of less than 80% (67.55% votes in favour). Following the AGM result, a shareholder engagement programme was commenced which saw the Company contact its' top 24 shareholders, which represented more than 43% of the issued share capital, including the vast majority of those who voted against this resolution in order to better understand and discuss the reasoning behind their vote. We understand from these engagements, including engagement calls held prior to the AGM, that those who voted against this resolution did so as a result of the level of non-audit fees relative to audit fees during 2022. The Audit, Risk and Compliance Committee continued to closely monitor the level of non-audit fees paid to the Company's auditors as well as other firms during the year and the level of non-audit fees decreased below the level of audit fees during 2023.

Looking ahead

As we look forward, in 2024 the Board will continue to focus on the strategic objectives of the Group and each of the Group's divisions. Monitoring corporate governance compliance and performance against sustainability targets will also be key objectives for the Board. The Board and the Nominations, Governance and Sustainability Committee will continue to work on implementing the improvements recommended in the external Board evaluation.

I look forward to continuing to work closely with my fellow Directors during 2024 and to ongoing engagement with our shareholders, to ensure that we are continuing to meet their expectations from both a strategic and governance perspective.



Maurice Pratt
Chairman

Corporate Governance Report

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

In recent years the Board has made significant progress in bringing the Group's corporate governance regime in line with the requirements of the UK Code and the Board has formally adopted the UK Code as its corporate governance code since 2022.

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

- » **Provision 19** – The Chair's tenure exceeds nine years. During 2023, the Board, on the recommendation of the Nominations, Governance and Sustainability Committee, approved a Chair succession plan that will see Mr Pratt step down from his role as Chair at the Company's AGM in 2026. Further details in relation to Chair succession planning are set out on page 95 and 96.
- » **Provision 32** – The Chair of the Remuneration Committee has not served on the Committee for a period of 12 months prior to his appointment as Chair of that Committee. Mr Hogan served on the Remuneration Committee alongside Mr Berkowitz since September 2023 and whilst he had not served 12 months on the Committee prior to taking over as Chair of the Committee in January 2024 he was the longest serving member of that Committee at the time of Mr Berkowitz's resignation and was therefore deemed the most appropriate person to take over the position as Chair.

Audit, Risk and Compliance Committee	Nominations, Governance and Sustainability Committee	Remuneration Committee	Chief Executive Officer
Chair: Sue Webb See pages 87 to 92 for our Committee Report	Chair: Jim Gaul See pages 93 to 96 for our Committee Report	Chair: Paul Hogan See pages 97 to 109 for our Committee Report	Ger Rabbette See pages 15 to 18 for our CEO Report

- » **Provision 36** – The share options granted to Executive Directors during 2022 are subject to a vesting period of four years and two months and vesting of all awards granted to Executive Directors will occur, subject to achievement of the performance condition, on 31 December 2026. The Board believes that, notwithstanding this variance from the terms of the UK Code, the scheme supports alignment with long-term shareholder interests.

Board of Directors

The Board comprises eight Directors, two of whom are Executive Directors and six of whom, including the Chairman, are Non-Executive Directors, reflecting a blend of different experience and backgrounds. Of the Non-Executive Directors, five members have been deemed by the Board to be independent. Biographies of all of the Directors are set out on pages 73 to 74.

Corporate Governance Report

Division of Responsibilities

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

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

Chairman

The Chairman has overall responsibility for corporate governance throughout the Group. He leads and chairs the Board, ensuring that Committees are properly structured and that they operate with the appropriate terms of reference. He ensures that all Directors contribute effectively to the development of the Group's strategy and consider the inherent risk included in the implementation of the chosen strategy. The Chairman is involved in the development of strategy and setting objectives, together with the Chief Executive Officer, and oversees communication between the Company and its shareholders.

Chief Executive Officer

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

Non-Executive Directors

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

Company Secretary

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

Senior Independent Director

Paul Hogan holds the position of Senior Independent Director of the Board. This role provides a sounding board for the Chairman and serves as an intermediary for the other Non-Executive Directors, when necessary. The Senior Independent Director is also available to shareholders if they have concerns. The Board acknowledges the important role the Senior Independent Director plays in reviewing the Chair's performance annually and in succession planning for the Chair, particularly in circumstances where the Chair has been determined not to be independent.

Director for Workforce Engagement

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

Committees

The Board is supported in its function by the Audit, Risk and Compliance Committee, the Nominations, Governance and Sustainability Committee and the Remuneration Committee and Reports from each of these Committees are contained on pages 87 to 109.

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;
- » Approving the Group's purpose, strategic aims and objectives;
- » Promoting the long-term sustainable success of the Group, generating value for shareholders and contributing to wider society;
- » Embodying and promoting a corporate culture that is based on sound ethical values and behaviours and using it as an asset and a source of competitive advantage;
- » Undertaking an assessment of the prospects of the Group, over a defined period and determining why it considers that period to be appropriate;
- » Ensuring maintenance of an effective system of internal control and risk management;

- » Approving changes to the structure, size and composition of the Board, following recommendations by the Nominations, Governance and Sustainability Committee;
- » Undertaking a formal and rigorous review of its own performance, that of its Committees and individual Directors, and the division of responsibilities; and

- » Considering the balance of interests between shareholders, employees, customers and the community.

In 2024, the Schedule of Matters Reserved for the Board was also updated to include specific references to the Board's remit in overseeing the sustainability practices of the Group in line with recommendations of the external Board evaluation.

During 2023, the key matters considered by the Board included:

Strategy & Management

- » Two-day Board Strategy Event (Nov 2023)
- » Acquisition of McCauley Pharmacy Group and purchase of certain assets of Pivot Digital Health
- » Monitoring active pipeline of value accretive M&A across all divisions
- » Strategic investments in organic growth opportunities
- » New significant contractual arrangements
- » Strategic investment in ERP implementation and digital transformation
- » New divisional structure with updated organic gross profit growth guidance

Risk & Internal Controls

- » Approval of Risk Management Policy, Risk Appetite Statement and updates to Risk Register
- » Consideration of climate-related risks and their potential impact on the business
- » Cyber Security Review
- » Updates from Audit, Risk and Compliance Committee on internal controls and audit process
- » Update from Head of Internal Audit

Appointment of Directors

The Board has a formal Board Appointments Policy in place which sets out the procedure and criteria to be applied when considering the appointment of new individuals to the Board. As part of this procedure, the Nominations, Governance and Sustainability Committee evaluates the balance of skills, experience, independence, diversity and knowledge currently on the Board. During 2023, the Nominations, Governance and Sustainability Committee led a process to appoint a new Non-Executive Director to the Board resulting in the appointment of Valerie Sick to the Board in January 2024.

Conflicts of Interest

The Group has a Conflicts of Interest Policy in place which provides that where incoming or existing Directors retain or accept new appointments with other companies, including related companies, this should be fully disclosed to the Company Secretary

Financial Reporting & Compliance

- » Interim and Final results announcements
- » Annual Report and Financial Statements
- » Interim and final dividends
- » Annual Budget and 5 Year Plan
- » Updates to Group Policies
- » Compliance Review

Corporate Governance and Stakeholder Engagement

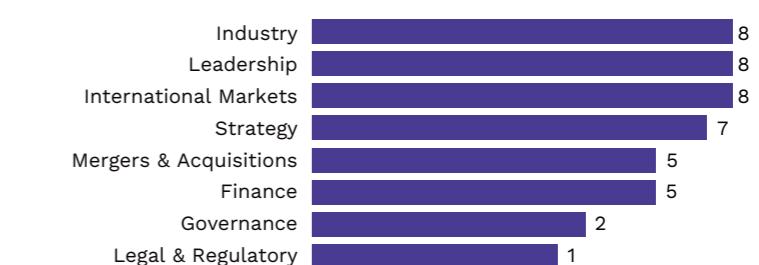
- » Appointment of New Non-Executive Director
- » Changes to Board Committee compositions
- » Expansion of remit of Nominations & Governance Committee to include Sustainability oversight
- » AGM voting results and proxy advisor recommendations
- » Shareholder Engagement Programme
- » Analysis and implementation of recommendations of External Board Evaluation

Sustainability/ESG

- » Climate reporting and SBTi emissions target submission
- » CDP Response 2023
- » Board Sustainability training
- » Group's external Sustainability ratings and reporting
- » Group's Sustainability roadmap and CSRD readiness

Induction, Development and Training

The Directors believe that the Board has significant industry, financial, strategic and governance experience, possessing the necessary mix of experience, skills, personal qualities, and capabilities to deliver the strategy of the Group for the benefit of shareholders over the medium to long-term. The skills of each of our Directors are highlighted in the Director biographies on pages 73 to 74 and the skills matrix below.



Corporate Governance Report

The Board notes that certain shareholders and proxy advisors have highlighted the importance of cyber security and sustainability experience at Board level. In assessing the skills of the members of the Board, the Board has not identified any Director with specific skills or experience in the areas of cyber security or sustainability. During 2023, the Director of Information Security presented updates to the Audit, Risk and Compliance Committee at two Committee meetings and the Chief Technology Officer separately provided cyber and digital transformation updates in May and November 2023 to the Board. These regular updates will be supplemented with externally facilitated cybersecurity training in 2024. As cyber security has also been identified as a key business risk, the assessment, monitoring and mitigation of that risk is a matter currently under the remit of the Audit, Risk and Compliance Committee.

In the area of sustainability, the Nominations, Governance and Sustainability Committee's remit includes sustainability oversight and in January 2023, the full Board received training provided by external consultants on this topic. During 2023, the Group also appointed a dedicated Head of Sustainability, demonstrating the continued focus of the Group in this important area.

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 advisors. The Company's legal advisors provide updates on relevant legal and governance issues with the Nominated Adviser and Euronext Growth Adviser providing the Board with training on the AIM Rules and Euronext Growth Rules (as applicable) and refresher training as and when required. The Company Secretary also helps to keep the Board up to date on corporate governance developments and liaises with the Nominated Adviser and Euronext Growth Adviser on areas

of AIM and Euronext Growth Rules requirements.

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

The Board also has a formal Board induction procedure in place. When new Directors join the Board, they are provided with extensive briefing materials on the Group and its operations, as well as training, where appropriate.

Board Evaluation

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

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

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

ongoing commitment to their role as Director and, if relevant, Committee membership.

In November 2022, in line with the requirements of the UK Code, the Board appointed Deloitte to conduct an external Board evaluation and this evaluation process was completed in Q2 2023. Prior to the Company's IPO in 2019, Deloitte conducted a review of Board composition and developed a roadmap for the Company to meet UK Code compliance within three years of IPO. The Board has since implemented those recommendations and over the past three years has transformed Board and Committee composition in line with the requirements of the UK Code. Deloitte were not involved in the implementation of the 2019 recommendations. Deloitte also provide application management IT support services to the Group since 2013. The Board believes, based on Deloitte's experience in the market and understanding of Unipharm, that they were well placed to review the current Board and its effectiveness.

The external Board evaluation included a review of a broad variety of Board materials and policies, a Director questionnaire, individual Director interviews and attendance at a Board meeting of the Company.

Some particular areas of focus for that review were:

- » Role and Responsibilities of the Board
- » Board Dynamics
- » Board Composition & Succession Planning
- » Chair Leadership
- » Governance Structure
- » Board Planning.

The report presented to the Board (the '2023 Report') concluded that the Board is operating effectively and called out specific positive findings in relation to Chair leadership, Board dynamics, understanding of the Board's role and Board composition.

While the 2023 Report identified a number of areas of strength in the way the Board currently operates, the 2023 Report also identified some areas for improvement, including the following specific recommendations.

Topic	Findings	Agreed Actions
Board Planning	Ensure forward planning for Board and Committee meetings is aligned with the Schedule of Matters Reserved for the Board and the Terms of Reference for each Committee.	Review of the Schedule of Matters Reserved for the Board and the Terms of Reference for each Committee has been carried out to ensure that the annual Board calendar includes all relevant items.
Board meetings and interactions	Review the balance of hybrid and in person meetings to ensure sufficient in person interactions, including informal Board interactions.	Updated Annual Board Calendar includes details of meeting format (i.e. hybrid or in person) and also schedules time for informal interaction.
Succession Planning	Review and update Board Succession Plan to provide further detail with continued structured focus on Chair succession planning.	Nominations, Governance and Sustainability Committee are continuing to review and update the Board Succession Plan, including planning for Chair succession.
Sustainability Responsibilities Review	Ensure sustainability responsibilities are adequately covered by Board and Board Committees and update the Schedule of Matters Reserved for the Board and the Committee Terms of Reference to reflect responsibilities.	The Schedule of Matters Reserved for the Board and the Terms of Reference of each Committee have been updated to reflect the respective sustainability linked responsibilities.
Nominations, Governance and Sustainability Committee	Increase the frequency of meetings of the Nominations, Governance and Sustainability Committee to reflect its broadened sustainability remit.	Number of Nominations, Governance and Sustainability Committee meetings increased during 2023 and three meetings per annum are scheduled for 2024 and beyond with further meetings to be scheduled where required.
Board Succession Planning	The Non-Executive Directors also met with the Chair during 2023, without Executive Directors present, and discussed a wide range of issues, including those considered by the various standing Board Committees. In addition, the Non-Executive Directors, led by Paul Hogan as Senior Independent Director, met without the Chair present in December 2023, to review the performance of the Chair during the year.	Diversity, to include gender, social and ethnic backgrounds, and cognitive and personal strengths, is also a key feature for the Board in succession planning, particularly in light of the views expressed by shareholders, as part of the 2022 shareholder engagement programme.
		The results of the external Board evaluation were used to inform the Board's appointment priorities when conducting the Non-Executive Director recruitment process during 2023 and will also inform future succession planning priorities.

Corporate Governance Report

Chair Succession

One area in which the Company is not currently in line with the UK Code relates to Chair tenure. The Board is aware that where the tenure of the Chair exceeds the recommendations of the UK Code a clear explanation for this should be provided. As Chair, Mr Pratt continues to demonstrate strong and ethical leadership while fostering a productive and working relationship with the Executive Directors. Whilst Mr Pratt's tenure exceeds the recommendations set out in the UK Code, the Board notes the findings of the external Board evaluation which called out the Chair's leadership as a specific positive in the findings. The Board also believes that the appointment of a Senior Independent Director and an externally facilitated board evaluation mitigate, in the short-term, any impact of non-independence or long tenure of the Chair. Furthermore, Mr Pratt is put forward for annual re-election at each AGM and has received overwhelming shareholder support to date.

In reviewing the Group's corporate governance practices in line with the UK Code, during 2023, the Nominations, Governance and Sustainability Committee reviewed the Board's Chair succession plan and, on the recommendation of that Committee, the Board approved a plan that will see Mr Pratt step down as Chair of the Board at the Company's 2026 AGM which gives the Nominations, Governance and Sustainability Committee and the Board a period of two years to identify a suitable successor and to transition such person into the role of Chair.

Independence

Of the existing Non-Executive Directors, the Board has determined that Paul Hogan, Sue Webb, Jim Gaul, Liz Hoctor and Valerie Sick are independent in character and judgement and that there are no relationships or circumstances which could materially affect or interfere with the exercise of their independent judgement. Maurice Pratt is not deemed to be independent, as a result of his tenure on the Board.

Time Commitment

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

There were nine formal meetings of the Board during 2023. Details of Directors' attendance at those meetings are set out in the table below. The Chairman sets the agenda for each meeting, in consultation with the Chief Executive Officer and the Company Secretary. Board papers are circulated to Directors in advance of meetings.

Board Committees

The Board has three permanent Committees to assist in the execution of its responsibilities. These are the Audit, Risk and Compliance Committee, the Nominations, Governance and Sustainability Committee and the Remuneration Committee. Ad hoc committees are formed from time to time to deal with specific matters.

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

The composition of each of the committees is in line with the UK Code. The current membership of each Committee, details of attendance, each member's tenure, and the roles and responsibilities of each Committee are set out in the individual Committee reports on pages 87 to 109.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee consists of three Non-Executive Directors: Sue Webb, Jim Gaul and Liz Hoctor. Sue Webb was appointed as Chair of this Committee during 2023 following Paul Hogan leaving the Committee. Sue Webb is considered by the Board to be independent. Jim Gaul also has extensive financial experience and expertise. It can be seen from the Directors' biographical details appearing on pages 73 to 74 that the members of the Committee bring to it a wide range of experience and expertise. The Committee met eight times during 2023.

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

Nominations, Governance and Sustainability Committee

The Nominations, Governance and Sustainability Committee consists of the Chairman, the Chief Executive Officer and three Non-Executive Directors: Jim Gaul, Paul Hogan and Valerie Sick. Jim Gaul was appointed Chair of this Committee during 2023 and is considered by the Board to be independent. The Committee assists the Board in ensuring that the composition of the Board and its Committees is appropriate to the needs of the Group.

In early 2023, the terms of reference of this Committee were expanded to include oversight of sustainability matters and the Committee was renamed as the Nominations, Governance and Sustainability Committee.

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

Remuneration Committee

The Remuneration Committee consists of two Independent Non-Executive Directors: Paul Hogan and Valerie Sick. Paul Hogan was appointed Chair of this Committee in January 2024 and is considered by the Board to be independent.

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

Attendance at Board and Board Committee meetings in 2023

Board	Audit, Risk and Compliance Committee	Nominations, Governance and Sustainability Committee	Remuneration Committee
Director			
M. Pratt	9/9	-	3/3
G. Rabbette	9/9	-	3/3
T. Dolphin	9/9	-	-
P. Hogan	9/9	6/6	3/3
S. Webb*	8/9	8/8	-
J. Berkowitz*	8/9	-	3/3
J. Gaul*	8/9	8/8	3/3
L. Hoctor*	8/9	8/8	-

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

*Director absences related to different Board meetings. No individual meeting had less than seven directors in attendance.

Corporate Governance Report

Stakeholder Engagement

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

Stakeholder	How we Engage with Stakeholders
Shareholders	The Group believes that understanding and meeting shareholder needs and expectations is a key business objective in and of itself. The Group has an active investor relations programme and details of shareholder engagement and other communications with shareholders during 2023 are set out in greater detail in this report.
Employees	With a workforce of over 3,000, communication is a key priority for the Group. The Group recognises that an essential part of its continued success is the support and involvement of its employees. Given the diverse range of functions throughout the Group, there is no 'one size fits all' approach to employee engagement and communication. The Group also recognises the trade unions of which some of its employees are members and engages with them as necessary. Jim Gaul has been appointed designated Non-Executive Director for workforce engagement and further details of workforce engagement during 2023 are set out in this report.
Customers / Suppliers	Customer and supplier satisfaction is key to the business of the Group and therefore the Group must continually engage with its customers and suppliers to ensure satisfaction and achievement of KPIs. The method of communication depends on the nature of the relationship and the effectiveness of the communication strategy is kept under constant review by the Group.
Advisers	The Group has a number of long-standing and trusted advisers, in addition to new engagements on an as-needed basis. Open communication between the Group and its advisers ensures expectations are managed and optimum service levels are achieved. Where appropriate, the Group encourages communication between its advisers to ensure a cohesive approach.
Regulators	The Group takes its obligations to make notifications, filings and returns to various Regulators seriously and seeks to ensure prompt, effective and transparent communication with its Regulators.
Press / Media / Public	The Group engages the services of a public relations consultancy to handle its media and press communication and the Group Head of Strategy and Investor Relations also plays a key role in communicating with this important stakeholder.

Communications with Shareholders

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

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

During 2023, the Company conducted more than 200 meetings and conference calls across over 140 existing and prospective investors. A summary of key conferences is included below:

Date	Activity
Mar-23	Full-year Results and Roadshow
Mar-23	Davy/Peel Hunt UK & Ireland Equity Ideas Conference (Frankfurt)
Mar-23	Berenberg Conference (The Grove)
Mar-23	Goodbody Conference (Paris)
May-23	Edinburgh Roadshow
May-23	Copenhagen/Stockholm Roadshow
May-23	TP ICAP Midcap Conference (Paris)
May-23	Berenberg European Conference (New York)
Jun-23	Stifel Healthcare conference (Bordeaux)
Jul-23	London/Milan/Madrid Roadshow
Jul-23	US Roadshow (Toronto, New York, Denver, Salt Lake City)
Sep-23	Interim Results and Roadshow
Oct-23	London Roadshow
Oct-23	Berenberg UK opportunities conference (London)
Oct-23	Liberum Healthcare Conference (London)
Nov-23	Goodbody Conference (Dublin)

The Group's focus on investor relations and the growing interest from equity market participants is evidenced by the growing pool of independent equity analysts providing research coverage on the Group. Engaging with the analyst community is a key part of how Unipharm communicates with the capital markets. During the year, Unipharm carried out over 40 calls with analysts providing market updates and ongoing Company education. Eight 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. Up-to-date details and a variety of information that may be of interest to shareholders are available on the Group's website: www.unipharm.ie. The Chair, the Senior Independent Director and the Chairs of each Board Committee are also available to investors to discuss matters relating to their respective roles.

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

The Board views the Annual Report, as well as its Interim Results, as key communication channels through which progress in meeting the Group's objectives and updating its strategic targets can be given to all shareholders. The Company's AGM is an opportunity for shareholders to meet with the Chairman and other members of the Board. The meeting is open to all shareholders, giving them the opportunity to ask questions and raise issues during the meeting or, more informally, following the meeting. The results of the Company's AGM are announced via the regulatory news service. In 2023, the Company's AGM took place in-person and was also transmitted via conference call.

Corporate Governance Report

The Company also has a Significant Votes Against a Resolution Procedure which ensures that when 20% or more of votes have been cast against the Board's recommendation for a resolution at a general meeting of shareholders, the Board will engage with shareholders and seek to understand their views in relation to the significant vote against. Following the 2023 AGM result, the Company acknowledged that the voting results in respect of Resolution 4 (remuneration of auditors) passed with a majority of less than 80% (67.55% votes in favour). In line with the requirements of Provision 4 of the UK Code and the Company's policy, the Company commenced a shareholder engagement programme which saw the Company contact its top 24 shareholders including the vast majority of those who voted against this resolution in order to better understand and discuss the reasoning behind their vote. We understand from these engagements, including engagement calls held prior to the AGM, that those who voted against this resolution did so as a result of the level of non-audit fees relative to audit fees during 2022.

During 2023, the Audit, Risk and Compliance Committee continued to closely monitor the level of non-audit fees and in that period the level of such fees decreased to a level below the audit fees. Further details on the level of non-audit fees is included on page 91.

Workforce Engagement

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

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

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

Workforce engagement activities in 2023 across the divisions included:

- » Unipharm Supply Chain & Retail reached a three year pay agreement expiring in December 2025 following extensive direct and third party engagement. The acquisition of the McCauley Group and the subsequent integration of the support office and pharmacy teams was central to the retail focus.
- » The Unipharm Pharma division carried out an engagement survey across the Pharma business unit, to support the creation of the new divisional structure, bringing together our Product Access division with our Pharma Services business unit.
- » The re-branding in the Unipharm Medtech division, creating an umbrella brand for all our UK, Ireland and continental European Medtech businesses, provided multiple engagement touchpoints with the divisions workforce.

In 2023, we established an ED&I Committee with participation from across all geographies and disciplines within the business and this Committee drove the launch of group-wide Equity, Diversity, and Inclusion (ED&I) awareness training for all staff.

Compliance with Section 172 U.K. Companies Act 2006

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

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

Section 172 Matters	How the Board had regard to these matters	Relevant Annual Report Section
(a) The likely consequences of any decision in the long-term	<ul style="list-style-type: none"> » Strategic planning » Budgets and forecasting » Sustainability Metrics » ROCE 	Strategic Report pages 11 to 70
(b) The interests of the Company's employees	<ul style="list-style-type: none"> » Designated Workforce Engagement Non-Executive Director » Employee polls 	People & Culture pages 37 to 38 Sustainability and Governance pages 39 to 62
(c) The need to foster the Company's business relationships with suppliers, customers and others	<ul style="list-style-type: none"> » Strategic planning » Business Model considerations » Divisional updates 	Our Strategy page 21 Business Model page 23 Business Review pages 31 to 36
(d) The impact of the Company's operations on the community and the environment	<ul style="list-style-type: none"> » Integrating Sustainability into strategy discussions » Regular Sustainability updates to Board » Targets and metrics to monitor performance against KPI » Unity for Hope and community involvement initiatives 	Sustainability and Governance Report pages 39 to 62
(e) The desirability of the Company maintaining a reputation for high standards of business	<ul style="list-style-type: none"> » Whistleblower Policy including external reporting line » Group-wide Code of Conduct » Group-wide ED&I Policy » Modern Slavery Policy » Anti-bribery and Corruption Policy 	People & Culture pages 37 to 38 Corporate Governance Report page 76
(f) The need to act fairly between members of the Company	<ul style="list-style-type: none"> » Extensive Investor Relations Programme » 20% Votes Against Policy 	Corporate Governance Report page 76

Internal Control and Risk Management

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

The Group's Risk Management Policy is designed to provide the framework to identify, assess, monitor, and manage the risks associated with the Group's business. Further details on the Group's material risks and risk management framework are set out on pages 63 to 70.

Culture

2023 saw a continued focus on culture and values at Board discussions with updates on these topics presented to the Board during the year.

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

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

During 2023, the Board received regular updates on a number of culture initiatives. Further details on culture at Unipharm during 2023 are set out in the People & Culture section on page 37.

The Committee plays a key role in the governance of the Group's financial reporting, risk management, compliance processes and overseeing internal and external audit processes.

Committee Members

Sue Webb (Chair)
Jim Gaul
Liz Hoctor

I am pleased to present the Audit, Risk and Compliance Committee report for the 2023 financial year. This report provides details on how the Committee has discharged its responsibilities and an update on its areas of focus during the 2023 financial year together with the priorities for the Committee for 2024. I am pleased to have taken the Chair role in August 2023 after the departure of Paul Hogan from the Committee.

Roles and Responsibilities

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

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



Sue Webb Chair

Attendance Record

●	Number of meetings held where member was eligible to attend
○	Number of meetings attended out of eight
●	Sue Webb (Chair) 
●	Jim Gaul 

Length of Tenure	Appointment date
Sue Webb (Chair)	Sep 2020
Jim Gaul	Jan 2021
Liz Hoctor	Jan 2021
Paul Hogan (former member)	Jun 2019 – Aug 2023

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

Membership

The Committee is currently composed of three independent Non-Executive Directors. The biographical details of each member are set out on page 73 to 74. Each member brings considerable commercial, governance and regulatory experience to the Committee. Paul Hogan, who had formerly held the role of Chair, left the Committee in August 2023. I would like to thank my fellow colleagues on the Committee for their support during the year and, in particular, Paul Hogan, for his valuable contribution to the work of the Committee over several years.

Meetings of the Committee

The Committee met eight times during 2023. The Chief Financial Officer, the Group Finance Director, the Group Financial Controller

and the Head of Internal Audit attend meetings of the Committee while the Chief Executive Officer attends when necessary. When required, other key executives and senior management are invited to attend, to present and provide deeper insights on various topics as required by the Committee. The external auditor attends as required and has direct access to the Committee Chair at all times. During the year, the Committee met with the external auditors without management being present.

Areas of Focus

The focus of the Committee during the year continued to be the review and monitoring of the integrity of the financial statements and significant judgements therein; the review of internal controls and risk management processes; the effectiveness of the Internal Audit

function; overseeing the external audit relationship and advising the Board on whether the Annual Report, taken as a whole, is fair, balanced and understandable. Further details on the work carried out in these areas are set out on the following pages.

In addition, the Committee spent time on the following:

- » Reviewing the Group Risk Framework including the risk strategy, risk appetite and the principal risks described on pages 63 to 70
- » Reviewing the Group's insurance programme
- » Receiving updates on functional areas including tax, treasury, data protection, cybersecurity and related policies
- » Reviewing detailed presentations from divisional finance leaders on their individual business units.

AUDIT, RISK AND COMPLIANCE COMMITTEE ACTIVITIES

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

Audit, Risk and Compliance Committee Report

Financial Reporting and Key Areas of Focus

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

The Committee reviewed the following in respect of the year to 31 December 2023:

- » The Group's Interim Report for the six months ended 30 June 2023
- » The Preliminary Announcement and Annual Report for the year ended 31 December 2023
- » The Group's Trading Updates issued in July 2023 and January 2024.

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

» Assessment of the Carrying Value of Goodwill

The Committee considered the carrying value of goodwill in the 2023 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 group of CGUs, including future cash flows and discount rates applied in the calculation of the value in use, along with the sensitivity analysis performed. PwC also presented the Committee with their evaluation of the impairment review process.

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

» Business Combinations

During the financial year, the Group announced the acquisition of two businesses, plus the acquisition of three 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.

» Exceptional Items

The Committee constructively challenged management's judgement on the classification of exceptional items. The Committee also considered the appropriateness of the related disclosures and concluded that both the judgements made and disclosures proposed were reasonable.

» Going Concern and Viability Statement

The Committee assessed the effectiveness of the process undertaken by management to evaluate going concern. This included reviewing and challenging the assumptions used by management in modelling projected cashflows considering the principal risks and uncertainties facing the Group. The Committee also considered the Group's financing facilities, future funding plans and committed outflows including deferred contingent consideration and committed capital expenditure. The Committee is satisfied that there

were no material uncertainties that cast a significant doubt on the Group's ability to continue as a going concern. The application of the going concern basis of preparation of the financial statements continued to be appropriate and the Committee recommended the approval of the Viability Statement.

Internal Audit

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

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

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

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

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

The Committee considered the following in reaching its conclusion:

- » The timetable for the co-ordination and preparation of the Annual Report and Consolidated Financial Statements;
- » Management's process for review of content with a focus on consistency and balance; and
- » The senior finance management process through which the narrative and financial sections of the 2023 Annual Report were assessed to ensure that the criteria of 'fair, balanced and understandable' were achieved.

Management ensured that the draft Annual Report and Consolidated Financial Statements were available to the Committee in sufficient time for review in advance of the Committee meetings to facilitate adequate discussion at the meetings.

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

Viability Statement

The Committee is responsible for ensuring that there is a robust process in place to allow the Board to make the Viability Statement, in accordance with Provision 31 of the 2018 UK Corporate Governance Code. The Committee reviewed the process that management have

adapted and the stress testing of assumptions performed. The Committee confirmed to the Board that it is comfortable with the process that has been followed to make the Viability Statement on page 113.

Whistleblowing and Fraud Arrangements

The Board is responsible for overseeing whistleblowing and ensuring that the Group maintains suitable whistleblowing arrangements. The Group has a Whistleblowing Policy and an external service that enables employees to raise concerns in a confidential and anonymous manner. During the year, the Committee reviewed this policy and process. The Committee is updated if any cases are raised, and none have been reported in 2023.

External Audit

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

Audit plan

The external auditor presented their audit plan to the Committee prior to the commencement of the 2023 year end audit highlighting their areas of focus, work plan and resources. During the year, the Committee met with the external auditor, without management being present. This provided an opportunity for direct dialogue with the Committee on their areas of focus along with the key audit management letter points.

Independence and Objectivity

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

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

As an acquisitive Group, Unipharm is cognisant of the efficiencies which arise from its transaction advisors having essential historic knowledge of tax and transactional matters, and this also gives rise to efficiencies and effective cost control. As a Group operating across multiple jurisdictions, the Committee believe that it is essential for its transaction advisors to have an overarching understanding of the broader tax considerations of the Group and as such, believe the ongoing use of PwC to perform transaction related tax due diligence is justified in the best interest of the Group.

Audit, Risk and Compliance Committee Report

During 2023, as presented in the financial statements, the total non-audit fees received by PwC was €1,121,000 and less than the total audit fees of €1,369,000. A breakdown between PwC Ireland and overseas offices is presented below. This represents a ratio of 1:0.82 of audit fees versus non-audit fees paid to PwC Ireland and 1:0.82 (2022: 1:1.33) of audit fees versus non-audit fees paid to PwC globally.

The non-audit services performed by PwC during the year can be broken down as follows:

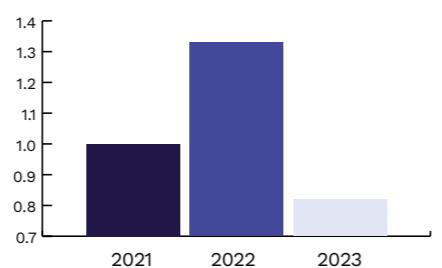
- 1) Taxation services (including tax compliance, tax due diligence and advisory in respect of M&A and other tax consultancy)
- 2) M&A due diligence and advisory (non-tax).

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

	2023				2022			
	PwC Ireland €'000	PwC Overseas €'000	Total €'000	PwC Ireland % of Audit Fee	PwC Ireland €'000	PwC Overseas €'000	Total €'000	PwC Ireland % of Audit Fee
Audit of Group accounts	1,147	222	1,369		1,125	–	1,125	
M&A – Advisory other	300	–	300	26%	230	–	230	20%
	1,447	222	1,669		1,355	–	1,355	
Tax compliance services	181	182	363	16%	181	81	262	16%
M&A – Tax advisory services	455	3	458	40%	536	426	962	48%
Other – Tax advisory services	–	–	–	0%	31	10	41	3%
	636	185	821		748	517	1,265	
Total	2,083	407	2,490	82%	2,103	517	2,620	87%
Audit fee: Non-Audit fee ratio	1 : 0.82				1 : 0.87			1 : 1.33

The ratio of non-audit fees to audit fees paid to PwC as auditor was closely monitored by the Committee during 2023. Prior to the Company's AGM in 2023, the Chair of the Committee, together with the Chair and Company Secretary, engaged with several large shareholders in relation to the level of non-audit fees paid to PwC in prior years. At the Company's 2023 AGM, Resolution 4 (remuneration of auditors) passed with a majority of less than 80% (67.55% votes in favour). Following the AGM result, a shareholder engagement programme was commenced which saw the Company contact its top 24 shareholders including the vast majority of those who voted against this resolution in order to better understand and discuss the reasoning behind their vote. We understand from these engagements, including engagement calls held prior to the AGM, that those who voted against this resolution did so as a result of the level of non-audit fees relative to audit fees during 2022. The Committee continued to closely monitor the level of non-audit fees paid to the Company's auditors as well as other firms during the year and the level of non-audit fees decreased below the level of audit fees during 2023.

Ratio of Audit fees:Non-audit fees



At year end 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 2023. Following this review and the confirmation in writing received from the Group's external auditor re-affirming its independence and objectivity, the Committee is satisfied as to PwC's independence and objectivity. The Committee will continue to closely monitor the non-audit services provided by the external auditor.

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

Priorities for 2024

The Committee will continue to focus on the key areas of judgement, financial reporting processes and risk management. The Committee will also take a proactive approach in anticipating and preparing for upcoming legislative and regulatory changes, particularly in the area of climate change and sustainability. Global macroeconomic challenges remain omnipresent and the Committee and Board remain committed to the ongoing enhancement of risk and financial management across the Group.

On behalf of the Committee:

Sue Webb

Chair of the Audit, Risk and Compliance Committee

Nominations, Governance and Sustainability Committee Report

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

Committee Members

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

On behalf of the Nominations, Governance and Sustainability Committee, I am pleased to present the report of the Committee for the year ended 31 December 2023. This provides a summary of the Committee's role and responsibilities, and how the Committee discharged these during 2023.

Membership

The members of the Committee are set out in the table opposite, along with the date of appointment of each member and details of their attendance at Committee meetings during the year. The biographies and skills of each Committee member are set out on pages 73 to 74.

The Committee is appointed by the Board and the terms of reference of the Committee state that the composition should comprise of a minimum of three Directors, the majority of whom must be Independent Non-Executive Directors. This Committee comprises a majority of Independent Non-Executive Directors, in line with UK Code requirements.

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



Jim Gaul Chair

Attendance Record

●	Number of meetings held where member was eligible to attend
●	Number of meetings attended out of three
Jim Gaul (Chair)	3
Jeff Berkowitz	3
Maurice Pratt	3
Ger Rabbette	3
Paul Hogan	3

Length of Tenure	Appointment date
Jim Gaul (Chair)	Jan 2021
Paul Hogan	Sept 2020
Maurice Pratt	Oct 2009
Ger Rabbette	Sept 2020
Jeff Berkowitz*	Sept 2020
Valerie Sick	Jan 2024

* Jeff Berkowitz resigned from the Board in January 2024

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

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 to enable it to compete effectively. The Committee also oversees the Group's corporate governance compliance. In early 2023, the role of the Committee was extended to include oversight of the Group's sustainability strategy. The Committee will be supported in its work by the Group's newly appointed Head of Sustainability who works with the Sustainability Council which has been in place across the business since 2020. The terms of reference of the Committee were updated to include oversight of the Group's sustainability strategy.

The Committee's specific roles include:

- » Reviewing the structure, size and composition of the Board including the skills, knowledge, experience and diversity of the Directors
- » Making recommendations to the Board with regard to any changes to its composition or that of the Committees
- » Identifying and nominating candidates to fill Board vacancies
- » Reviewing the results of Board performance evaluation processes that relate to composition of the Board
- » Succession planning for senior management
- » Monitoring the Company's compliance with corporate governance best practice
- » Overseeing of the Group's sustainability strategy and monitoring progress against the Group's sustainability KPIs.

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

Meetings of the Committee
The Committee met three times during 2023. The principal matters dealt with by the Committee during 2023 included:

1. Expanding the remit of the Committee to include sustainability oversight
2. Board appointment process and the appointment of Valerie Sick as a new Non-Executive Director
3. Approval of the Board Diversity Policy and related diversity targets
4. Review of Board Committee composition and the recommendation of changes including new Committee Chairs
5. Review of findings of the external Board evaluation and development of a roadmap to achieve the recommendations put forward in that report
6. Chair succession planning including a recommendation of proposed timeline for Chair succession
7. UK Code compliance review
8. Shareholder engagement strategy in respect of 2023 AGM
9. Review of new Group-Wide Supplier Code of Conduct aligned to the Group's sustainability objectives and updated Modern Slavery Statement
10. Review of Group roadmap for compliance with the Corporate Sustainability Reporting Directive.

Board and Committee Composition

Appointments and Resignations of Non-Executive Directors

During 2023, the Committee engaged in a recruitment process to identify a suitable Non-Executive candidate for appointment to the Board. As part of this process the Committee evaluated the balance of skills, experience, independence, diversity and knowledge on the Board in light of the Group's current strategic objectives, taking into account succession planning considerations. In this regard the Committee referenced the external Board evaluation (which had not

identified any particular skills gaps on the Board) and the Board's commitment to increase female representation on the Board.

Following that process, the Committee prepared a description of the role and capabilities required for the new appointment which included European experience in a relevant market with a commercial focus. Korn Ferry, an external recruitment consultancy which does not have any other connections with the Company or its directors, provided a list and biographical details of suitable candidates for the role and this list was supplemented with proposed candidates identified by Board members. Following the compilation of a list of potential candidates, the Committee identified a short-list of candidates who met the sought criteria. Each candidate was assessed against an objective list of criteria and three candidates were brought forward for interview by the Chair and the Committee Chair. Following the interview process, the Committee met to consider the candidates and to receive feedback on the interviews conducted. In January 2024, Valerie Sick was appointed to the Board on the recommendation of the Committee.

In January 2024, Jeff Berkowitz resigned from the Board following a three-year term. On behalf of the Committee and the Board I would like to extend thanks to Jeff for his commitment and contributions to the Committee and the Board during his term.

Elections and re-elections at AGM

The Articles currently provide that, in line with the provisions of the UK Code, all Directors must retire annually and, if eligible, present themselves for re-election to the Board. At the Company's AGM on 11 May 2023, each Director was put forward for re-election and each Director was re-elected to the Board by the shareholders.

Nominations, Governance and Sustainability Committee Report

External Board Evaluation

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

The external board evaluation included a review of a broad variety of board materials and policies, and each director responded to a formal board evaluation questionnaire and individual interviews were conducted with each director. The evaluation also included attendance at a Board meeting of the Company by the external evaluator. The findings and recommendations of the Board evaluation (the 'Report') were presented to the Board in May 2023 and a summary of the key findings and recommendations are set out on page 80.

The Committee has met a number of times since the Report was presented to the Board and has prepared a plan for implementing the recommendations from the Report and to considering the findings of the Report in matters such as new appointments and succession planning.

Boardroom Diversity

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

Diversity and equality in all aspects remain key values in relation to Board appointments, to include gender, social and

ethnic backgrounds, cognitive and personal strengths, skills, professional and industry backgrounds, geographical experience and diversity of thought. The Board is conscious that in a business operating on a global scale, diversity of geographic location of Directors, representative of the geographic location of the Group's main operations, is essential to provide context and insight to market conditions and the Committee continues to keep ethnic diversity and geographic location of Directors under consideration in succession planning.

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

Following the appointment of Valerie Sick to the Board in January 2024, three out of eight of the Directors on the Board are female, which represents 37.5% of the Board and an increase in female representation on the Board in the period from 25% to 37.5%.

Unipharm is also committed to an ongoing focus on developing our global talent pool and building a more diverse leadership team for the future. During the year, the Group launched Group-wide ED&I training. Further details on this training and other Group-wide initiatives to promote ED&I are set out in the Sustainability and Governance Section on page 45. As at 31 December 2023, women accounted for 28% of senior management and 69% of total employees across the Group.

Board Committee Composition

The composition of all Board Committees is in line with the recommendations of the UK Code.

The Audit, Risk and Compliance Committee and the Remuneration Committee each comprise 100% Independent Non-Executive Directors and the Nominations, Governance and Sustainability Committee comprises a majority of Independent Non-Executive Directors.

During 2023, the Committee reviewed the composition of the Committees and recommended the rotation of the Chairs of each of the Board Committees with each having served a three-year term in that role. In January 2024, following the resignation of Jeff Berkowitz and the appointment of Valerie Sick to the Board, the compositions of the Committees were also updated. Details of the current composition of each Committee are set out on pages 73 and 74.

Succession Planning

Ensuring that there are robust succession plans in place at Board and senior management level is fundamental to the long-term success of the Group. Board succession was a continued focus of the Committee in 2023. One of the recommendations from the external Board evaluation was the review and updating of the Board succession plan to provide further detail with continued structured focus on Chair succession planning.

The Committee is actively reviewing the Board succession plan and the appointment of Valerie Sick in early 2024 followed a review of the needs of the Board and the skills the Committee and the Board believed were most relevant to the Board at this time. Board succession planning will continue to be an area of focus for the Committee into 2024 to take account of the recent changes to the Board composition.

Length of Tenure

The length of tenure on the Board and on the three main Board Committees as at 31 December 2023 is set out below:

	Board of Directors Years	Audit, Risk and Compliance Committee Years	Remuneration Committee Years	Nominations, Governance and Sustainability Committee Years
Executive Directors				
Ger Rabbette	13.8	-	-	3.3
Tim Dolphin	13.4	-	-	-
Non-Executive Directors				
Maurice Pratt	20.5	-	-	14.2
Paul Hogan	4.5	-	0.3	3.3
Sue Webb	4.5	3.3	-	-
Jeff Berkowitz*	3.3	-	3.3	3.3
Jim Gaul	3.0	3.0	-	3.0
Liz Hoctor	3.0	3.0	-	-
Valerie Sick*	-	-	-	-
Average tenure	8.25	3.1	1.8	5.42

* Valerie Sick was appointed to the Board and Jeff Berkowitz resigned from the Board following the end of the relevant reporting year.

Chair Tenure

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

Effective succession planning for the Chair is a key objective of the Committee and the Senior Independent Director and the Committee are aware that where the tenure of the Chair exceeds the recommendations of the UK Code, a clear explanation for this should be provided.

During 2023, the Committee reviewed the Chair succession plan in light of the provisions of the UK Code and following consultation with the Chair and the Senior Independent Director, the Committee recommended to the Board that Mr Pratt continue

in his role as Chair until the Company's AGM in 2026 and that in the interim period the Committee will work to identify a suitable successor for the role and will assist in transitioning that person into the role of Chair. The Chair will not be involved in the successor selection process. The Committee and the Board believe that this timeline allows for an effective transition period whilst also being cognisant of the requirements of the UK Code and reflects the very positive conclusions in the external Board evaluation in relation to the Chair's leadership.

Corporate Governance Compliance

During the year the Committee reviewed the findings of the external Board evaluation and prepared a plan to ensure implementation of the recommendations set out in that plan. The Committee also conducted a gap analysis against the UK Code and considered the views expressed by shareholders as part of the Group's shareholder engagement during the year.

Sustainability Oversight

The Group's sustainability strategy revolves around five pillars of sustainability – 1) People & Workplace, 2) Community Involvement, 3) Environment and Sustainability, 4) Governance Quality & Compliance and 5) Business Solutions and Innovation. During 2023, the Committee received updates in

relation to the Group's progress in setting and monitoring key performance indicators across each pillar together with details of the Group's roadmap towards compliance with the Corporate Sustainability Reporting Directive. The Committee also considered the Group's external submissions to CDP and SBTi and in early 2023, the Committee recommended a new Board Diversity Policy outlining key objectives for the Board's diversity targets.

Areas of Focus for 2024

In 2023, the Committee focused on applying the recommendations of the external Board evaluation with further changes to Board and Committee composition. 2023 also saw an extended focus of the Committee into sustainability matters. In 2024, the Board will continue to focus on Board and senior management succession planning, including planning for Chair succession from 2026 and will also continue to work with senior management to further the Group's sustainability objectives and prepare for compliance with the Corporate Sustainability Reporting Directive.

On behalf of the Committee:

Jim Gaul

Chair of the Nominations, Governance and Sustainability Committee

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

Committee Members

Paul Hogan (Chair)
Jeff Berkowitz
Sue Webb
Valerie Sick

As Chair of the Remuneration Committee, I am pleased to present the report for the Committee for the year ended 31 December 2023.

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 key senior management
- » Review the notice periods for Executive Director employment contracts
- » Determine compensation arrangements for early termination of employment contracts
- » Administer LTIP schemes and Share Option Schemes for Executive Directors and key senior management
- » Review the performance of Executive Directors against key performance indicators for the purposes of determining annual bonus entitlements and make recommendations to the Board about pay out level.

Committee Composition

I was appointed Chair of the Committee in January 2024 following the resignation of Jeff Berkowitz. The Committee currently consists of three non-executive directors that are considered by the Board to be independent 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 73 to 74.



Paul Hogan Chair

Attendance Record

● Number of meetings held where member was eligible to attend	3
● Number of meetings attended out of three	3
Paul Hogan (Chair)	3
Jeff Berkowitz	3
Sue Webb	3

Length of Tenure	Appointment date
Paul Hogan (Chair)	Sept 2023
Jeff Berkowitz	Jan 2021 – Jan 2024
Sue Webb	Jun 2019 – Sept 2023
Valerie Sick*	Jan 2024

*Valerie Sick was appointed to the Committee after the end of the relevant reporting year.

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 2023.

Performance in 2023

The Group delivered a strong performance during 2023 and saw Gross Profit increase by 27.1% from €306.7m to €390.0m, with gross profit organic growth of 5.6% and EBITDA increasing by 17.7% from €98.6m to €116.0m. The strong profitability is reflected in a robust Return on Capital Employed for the year of 15.2%. This performance in 2023 was during a year that saw global inflationary pressures together with economic and political uncertainty. A detailed summary of the Group's financial performance during 2023 is set out in our Financial Review section of this Report on page 27.

Shareholder Return in 2023
In May 2023, the Group paid a final dividend to shareholders of €3.1m in respect of the year ended 2022 and in October 2023 the Group paid an interim dividend of €1.8m. As a result of the Group's strong performance in 2023, it is proposed that, subject to shareholder approval at the Group's AGM in May 2024, a final dividend of €3.2m will be paid to shareholders on the register at 19 April 2024.

UK Code Compliance

The Committee believes that the current Remuneration Policy is effective in aligning to the Group's purpose and values, links to the successful delivery of the Group's long-term strategy and shareholder interests and reflects the Group's strong performance during the year.

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

Meetings of the Committee

The Committee met three times in 2023 and each member serving on the Committee attended all meetings during their respective terms in 2023.

Remuneration Policy in 2024

The Committee has determined that the core substance of the Remuneration Policy continues to align with our Group business strategy and priorities in 2024. The performance metrics for the 2024 annual bonus scheme mirror those for 2023.

On behalf of the Committee:

Paul Hogan

Chair of the Remuneration Committee

EBITDA

€116m



2023 Executive Director Remuneration, at a glance

G. Rabbette

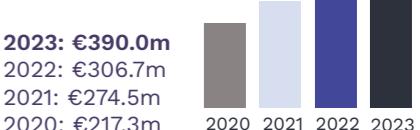
■ Salary/Fees	€643,000	Total 2023	€1,574,000
■ Pension/Allowance	€45,000		
■ Other Benefits	€50,000		
Total Fixed Pay	€738,000		
■ Bonus	€836,000		
Total Variable Pay	€836,000		
LTIP	€nil		
Total 2023	€1,574,000		
Total 2022	€1,316,000		

T. Dolphin

■ Salary/Fees	€428,000	Total 2023	€1,062,000
■ Pension/Allowance	€32,000		
■ Other Benefits	€45,000		
Total Fixed Pay	€505,000		
■ Bonus	€557,000		
Total Variable Pay	€557,000		
LTIP	€nil		
Total 2023	€1,062,000		
Total 2022	€889,000		

Gross Profit

€390m



Remuneration Committee Report

Remuneration Policy

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

UK Code	Unipharm Remuneration Policy
Clarity	Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce. The annual bonus, 2018 LTIP scheme and the 2022 Share Option Plan have been designed to incentivise Executive Directors to achieve defined, stretch targets in line with the Group's growth strategy. Performance measures and targets are reviewed each year by the Committee to ensure that they continue to be clear and appropriate.
Simplicity	Remuneration structures should avoid complexity and their rationale and operation should be easy to understand. There is a grid-based bonus structure in place, to reflect a scale of performance, which has been externally benchmarked. This supports the Committee's aim of operating a simple remuneration structure designed to align the Executive Directors' interests with those of shareholders in achieving the Group's growth strategy.
Risk	Remuneration arrangements should ensure that reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated. The Remuneration Policy was designed to provide an appropriate level of remuneration to recruit and retain the necessary skill and talent to develop and deliver the business strategy, with the objective of delivering strong growth in a sustainable and focused way to deliver long-term value to stakeholders.
Predictability	The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy. The Committee believes that it is important that a significant proportion of the remuneration package of Executive Directors and senior management is performance related. The potential value and composition of Executive Directors' remuneration packages at minimum, on target, and maximum scenarios are outlined on page 107.
Proportionality	The link between individual awards, the delivery of strategy, and the long-term performance of the Company should be clear. Outcomes should not reward poor performance. Payments of the annual bonus requires the delivery against ambitious strategic targets for the Group. The performance measures are directly aligned to the Group's strategy and KPIs. The vesting of share options, granted pursuant to the Group's 2022 Share Option Plan, is linked to Total Shareholder Return ('TSR') over the period to 31 December 2026. The Committee has direction to exercise judgement and discretion in authorising remuneration outcomes, to ensure that they are appropriate and reflective of overall performance.
Alignment to Culture	Incentive schemes should drive behaviours consistent with company purpose, values and strategy. The Committee is cognisant that the Remuneration Policy is aligned and benchmarked to market leaders, competitors, and industry standards, to ensure that it is fair and competitive. Unipharm places a strong emphasis on working responsibly and sustainably, and for this reason a specific sustainability and governance measure is included as part of the bonus grid. Details of how the performance measures are linked to the delivery of the Group's strategy are outlined on pages 100 to 101.

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 remuneration trends throughout the Group which has a diverse range of operations across the globe when determining the remuneration of Executive Directors. Executive Director pension contributions are aligned with that of the wider workforce of the Unipharm Group. The appointment of Jim Gaul to the Board in January 2021 with his remit covering the area of employee engagement, further

enhances consideration of wider workforce conditions when making Board decisions.

Consultation with Shareholders on Executive Remuneration

As an Irish incorporated company listed on AIM and Euronext Growth the Company is not subject to the provisions of the Second Shareholder Rights Directive nor equivalent legislation in the UK. The Committee did not engage in formal shareholder consultation during the year in relation to Executive remuneration. The Company has engaged extensively with investors on various topics and welcomes

feedback on corporate governance topics including remuneration and endeavours to incorporate that feedback where appropriate into its decision making and response.

Directors' Remuneration Policy Report

Executive Directors

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

Key	Purpose & Link to Group Strategy	Operation	Detail	Performance Metric
Salary	Provide an appropriate level of fixed remuneration to attract and retain the necessary skill and talent to enable the Group 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: <ul style="list-style-type: none">» Skills and experience» Specific role and level of responsibility» External benchmarks, including economic indicators and geographical scope.	Base salaries and increases are aligned and benchmarked to market leaders, competitors and industry standards.	Not Applicable
Bonus	To drive and reward for the delivery of business objectives over the financial year.	The Committee reviews the performance of the Executive Directors for the purposes of determining annual bonus entitlements and makes recommendations to the Board as to the payout level.	There is a bonus grid in place which is designed to align management's interests with those of shareholders. The maximum potential bonus opportunity for Executive Directors is up to a maximum of 130% of base salary. The bonus opportunity for the achievement of on-target Group and personal performance targets is up to 75% of maximum opportunity, being 97.5% of base salary. At the threshold performance level of 95% of target, a bonus opportunity of 37.5% of maximum, being 49% of base salary is payable. Where the threshold performance of 95% is not reached, no bonus is payable.	Based on the bonus grid, 80% of an Executive Director's bonus is linked to Group performance and specifically in achieving challenging financial performance targets.

The remaining 20% opportunity is linked to non-financial performance targets established by the Committee, being personal as well as sustainability and governance objectives.

In 2023, the Committee approved the deferral of 100% of Executive Directors' gross annual bonus entitlement in respect of 2022 for a period of 5 years in the form of in-market share purchases. No bonus deferral was made in 2024 in respect of bonus entitlement for 2023 in light of 'in-market' share purchases by the executive directors during the second half of 2023.

Remuneration Committee Report

Key	Purpose & Link to Group Strategy	Operation	Detail	Performance Metric
Pension	To provide a competitive, flexible retirement benefit that does not impose any unacceptable level of financial risk on the Group.	Executive Directors are enrolled into a defined contribution pension plan or are offered the alternative of cash allowances.	Pension contributions of 7.5% of annual base salary apply to all Executive Directors, aligning with the average contributions available to the Group's wider workforce.	Not Applicable
Benefits	To provide other market competitive monetary and non-monetary benefits.	Provide a level of benefits or specified monetary allowances including healthcare and car.	The level of benefits is set at an appropriate market rate.	Not Applicable
LTIP	To reward participants for the delivery of the Group's long-term goals and driving shareholder value.	The 2018 LTIP represents 4.8% of issued share capital, with Executive Directors and key employees participating in the arrangement. All shares in the 2018 LTIP were allotted prior to the Group's IPO in 2019 and therefore have had no dilutive impact since IPO. The 2022 Share Option Plan (the '2022 Plan') was introduced to incentivise Executive Directors and key members of senior management, in light of the fact that the performance conditions of the 2018 LTIP had been met during 2021.	The 2018 LTIP is fully allotted, and the details of each Executive Director's interest is set out below. Details of the share options granted to Executive Directors under the 2022 Plan are set out on page 106 and no new options were granted to Executive Directors during 2023. Awards of share options to Executive Directors under the 2022 Plan are subject to (i) a TSR condition (based on the average closing trading price per ordinary share in the 30-day period prior to 31 December 2026 against the exercise price of €3.48, and inclusive of any dividends in the period) and (ii) the Executive Director's continued employment with the Group through 31 December 2026.	The performance conditions attaching to the 2018 LTIP were met during 2021 and these shares remain subject to a service condition until 31 December 2024.
Non-Executive Directors				
The Board is committed to recruiting high-calibre Non-Executive Directors, with the necessary experience to make a substantial contribution to the Unipharm Group. 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 and cannot individually vote on their own remuneration.				
In accordance with the resolution passed at the 2019 AGM, the aggregate fees payable to the Non-Executive Directors shall not exceed €750,000. Changes to the total aggregate remuneration of all Non-Executive Directors is subject to shareholder approval.				
Non-Executive Directors are paid additional amounts to take account of increased time commitments, including acting as the Senior Independent Director and/or Chair of a Board Committee. In addition, all reasonable and documented expenses incurred in the performance of the Non-Executive Directors' duties are reimbursed.				

Annual Report on Remuneration 2023 (audited*)

The following table sets out the total remuneration for Directors for the years ended 31 December 2023 and 31 December 2022

Director	Salary €'000	Pension/ Fees €'000	Other Benefits ³ €'000	Fixed Pay €'000	Bonus €'000	LTIP €'000	Variable Pay €'000	Total 2023 €'000	Total 2022 €'000
Executive Directors:									
G. Rabbette	643	45	50	738	836		836	1,574	1,316
T. Dolphin	428	32	45	505	557		557	1,062	889
Non-Executive Directors									
M. Pratt	176	-	-	176	-	-	-	176	176
P. Hogan	100	-	-	100	-	-	-	100	100
J. Berkowitz¹	100	-	-	100				100	100
S. Webb	85	-	-	85	-	-	-	85	85
J. Gaul	76	-	-	76	-	-	-	76	70
L. Hoctor	70	-	-	70	-	-	-	70	70
V. Sick²	-	-	-	-	-	-	-	-	-
Total	1,678	77	95	1,850	1,393		1,393	3,243	2,806

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

1. J. Berkowitz resigned as a Director on 16 January 2024.
2. V. Sick was appointed to the Board on 29 January 2024.
3. Other benefits principally include health and car allowances.

Executive Directors' Remuneration

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

Base Salary

The base salaries of Executive Directors are reviewed annually, having regard to personal performance; skills and experience; changes in levels of responsibility; external benchmarks to market leaders, competitors, and industry standards; as well as the pay and conditions in the wider Group. During 2023, the Executive Directors received a 4% base salary increase in line with annual base salary increases of the wider workforce.

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

	2023 €'000	2022 €'000
G. Rabbette	643	618
T. Dolphin	428	412

Annual Bonus

For the year ended 31 December 2023, 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.

Remuneration Committee Report

The following table sets out the performance measures applied for Executive Directors for the year ended 31 December 2023:

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

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

Committee discretion

The Committee has retained the discretionary ability to adjust the value of an award under the annual bonus scheme, if the award in the Committee's opinion, taking all circumstances into consideration, produces an unfair result. In exercising this discretion, the Committee may take into consideration the individual or the Group's performance against non-financial measures. In respect of the financial year ended 31 December 2023, the Committee exercised its discretion to increase the bonus payout to 100% in recognition of the Company's performance in hitting the financial targets of doubling 2018 pro-forma EBITDA ahead of the projected five-year timeframe set at IPO. The Committee noted that discretion has been exercised in each of the prior two years to not award stretch bonus notwithstanding the achievement of targets in those years.

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

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

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

Measure	Definition	Performance Targets	Actual Performance
EBITDA	Earnings before exceptional items, share-based payments, net finance expense, income tax expense, depreciation and intangible assets amortisation.	The pay-out of the Group EBITDA bonus is based on the achievement of defined threshold and budget targets.	100% of bonus percentage awarded based on EBITDA of €116.0m
Stretch EBITDA	The impact of unbudgeted acquisitions and disposals is excluded.	Threshold performance equates to 95% of budget EBITDA. On achievement of threshold performance, 50% of the portion of the bonus attributable to EBITDA performance is payable. This increases to 100% pay-out of EBITDA bonus when 100% of Group EBITDA budget is achieved. Payment for performance between threshold and budget is on a pro-rata basis.	No portion of basic bonus is paid where actual EBITDA is below threshold performance.
Organic Gross Profit Growth	Organic gross profit growth is defined as the growth from restated prior period gross profit to current period gross profit as a % of the restated prior period value. The restatement to the prior year value is to include the corresponding prior period performance of acquisitions and exclude the prior period performance of disposals.	Achievement of the bonus required organic gross profit growth in the year.	100% of bonus percentage awarded based on Organic Gross Profit Growth of 5.6%.
Free Cash Flow Conversion	Free cash flow conversion is defined as EBITDA, less investment in working capital, less maintenance capital expenditure, divided by EBITDA.	The Group's free cash flow conversion target for the purpose of the annual bonus is in line with achieving the Group's medium-term outlook.	100% of bonus awarded based on Free Cash Flow Conversion of 78.5%.

Remuneration Committee Report

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. The Committee assessed the achievements by each Executive Director against the objectives and concluded they were met in 2023. Following this review, the Committee determined that the Executive Directors should be awarded bonuses based on the achievement of non-financial targets, as illustrated in the table below:

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

Personal objectives

The performance of the Executive Directors is also measured against personal and strategic objectives, which in 2023 focused on Leadership and Strategy, Portfolio Optimisation, Operating Model, Talent and Succession and Culture. Performance against these objectives is determined by the Committee by reference to key targets agreed with the Executives at the start of the year.

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

Achievements

G. Rabbette & T. Dolphin

- » **Leadership and Strategy:** Defined and set the Group's new medium term strategy and long term vision.
- » **Portfolio Optimisation:** Continued discipline in the identification, implementation and integration of M&A with increased focus on organic growth drivers and capabilities.
- » **Operating Model:** Continued to build Group commercial capabilities to accelerate growth in priority areas including enhanced international account management capability together with enhanced cross-selling capability.
 - Implemented a new divisional structure with scope and capabilities on an international/global scale.
 - Embedded significant enhancements to the Group's operating model (e.g. talent, technology and infrastructure), driving commercial excellence, global consistency, and agility.
 - Continued investment in strategic infrastructure projects to ensure long-term capacity, agility and scalability.
- » **Talent and Succession:** Supported the roll-out of a Group-wide talent development framework to attract and empower the next generation of leaders across the business with a continued emphasis on senior management succession planning to ensure the business' longer term leadership needs.
- » **Culture:** Worked closely with the Board and Leadership Team to build on the Group's solution focused culture with Group-wide community initiatives and divisional focused engagements.

Sustainability & Governance

Uniphar places a strong emphasis on working responsibly and sustainably. The Committee determined that, in order to align the Executive Directors to these interests, specific performance targets were 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:

Sustainability

- » Creation of new Head of Sustainability role and Group sustainability structure
- » Supported the implementation of groupwide Decarbonisation Plan including separate divisional plans
- » Supported the Supplier Engagement Programme and Supplier Code of Conduct
- » Promoted ED&I initiatives in line with Gender Pay Gap Reporting disclosures

Governance

- » Supported workforce engagement initiatives and increased workforce communication
- » Supported the expansion of the shareholder engagement programme in line with UK Code recommendations

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 100% of maximum bonus opportunity, being 130% of base salary. In light of in-market share acquisitions by the Executive Directors during 2023, the Executive Directors elected not to defer their 2024 bonus in the form of in-market purchases of shares.

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

Clawback Policy

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

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

Pension

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

Other Benefits

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

LTIP

The 2018 LTIP represents 4.8% of issued share capital of the Company, with Executive Directors and key employees participating in the arrangement. All shares in the 2018 LTIP were allotted prior to the Group's IPO in 2019 and, therefore, have had no dilutive impact since IPO. There were no LTIP share awards granted to Executive Directors in 2023 under the 2018 LTIP, which is now fully allotted. All share price performance conditions attributable to these LTIP share awards were satisfied during 2021. These shares remain subject to the satisfaction of the service condition and, as a result, will not vest until 31 December 2024.

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

Executive Director	Grant Date	Exercise Price	No. of share awards at 1 Jan 2023	No. of share awards at 31 Dec 2023			End of Performance Period
				Granted	Vested/Exercised	Lapsed	
G. Rabbette	28 April 2018	n/a	3,685,427	-	-	-	3,685,427 31 Dec 2024
T. Dolphin	28 April 2018	n/a	2,284,965	-	-	-	2,284,965 31 Dec 2024

Remuneration Committee Report

2022 Share Option Plan

Awards under the 2022 Plan take the form of options to subscribe for new ordinary shares in the Company. The share options granted to the Executive Directors, as outlined below, have been granted as conditional awards and will vest on 31 December 2026, subject to the grantee's continued service and the Committee's assessment of the extent to which the applicable performance condition has been satisfied. The performance condition is linked to Total Shareholder Return ('TSR') (based on the average closing trading price per ordinary share in the 30-day period prior to 31

December 2026 against the exercise price of €3.48, and inclusive of any dividends in the period) on a sliding scale basis, where TSR of $\geq 70\%$ will see 100% of the awards vest and TSR of $< 50\%$ would see no awards vest. The Committee and the Board believe that a TSR condition directly aligns Executive Director incentivisation with the long-term interests of shareholders.

During 2023, no new share options were granted to Executive Directors. Details of the number of share options held by the Executive Directors are set out below.

Executive Director	Grant Date	Exercise Price	No. of share awards at 1 Jan 2023	No. of share awards at 31 Dec 2023			End of Performance Period
				Granted	Vested/Exercised	Lapsed	
G. Rabbette	30 Nov 2022	€3.48	4,000,000	-	-	-	4,000,000 31 Dec 2026
T. Dolphin	30 Nov 2022	€3.48	2,700,000	-	-	-	2,700,000 31 Dec 2026

Minimum Shareholding Requirements

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

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

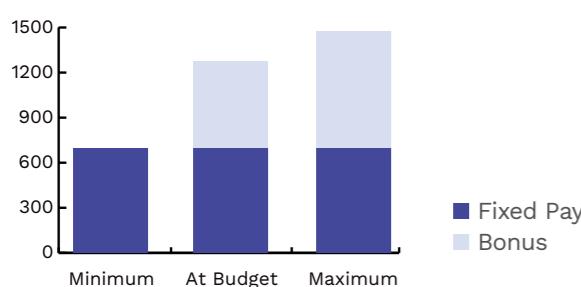
Current Executive Director shareholdings at 31 December 2023, as a multiple of their base salary:

	Minimum	Actual*
G. Rabbette	2.0x	33.0x
T. Dolphin	2.0x	36.0x

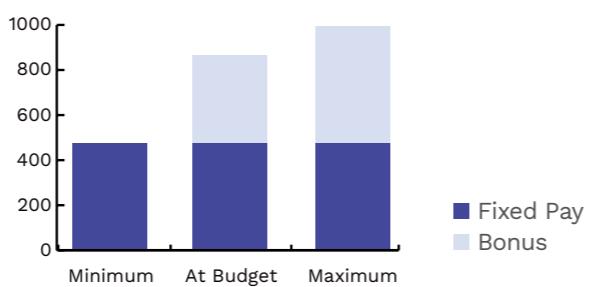
* Based on closing share price of €2.70 on 31 December 2023

Performance-related Remuneration Outcomes

CEO – Scenario Pay Structure €'000



CFO – Scenario Pay Structure €'000



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

Pay-out levels

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

Percentage change in Executive Directors' Remuneration

The following table sets out the relative change from 2022 to 2023 in the remuneration earned by the Executive Directors, compared with the average percentage change for the Group's employees:

	€'000	2023	2022	% Change
G. Rabbette		1,574	1,316	19.6%
T. Dolphin		1,062	889	19.4%
Total Executive Directors		2,636	2,205	19.5%
Average Employee Remuneration		59.9	55.7	7.5%

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	2023	2022	% Increase
Total Employee Remuneration*		195,253	164,595	18.6%
Gross Profit		389,984	306,744	27.1%
EBITDA		115,985	98,575	17.7%
Dividend**		5,000	4,800	5.2%

* Total employee remuneration includes €2,318,000 (2022: €1,063,000) of payroll costs which have been capitalised during the year and excludes share-based payment expense.

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

Remuneration Committee Report

Advisers to the Committee

The Committee did not engage the services of external remuneration consultants during 2023.

Payments to former Directors

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

Payments for loss of Office

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

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

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

Each of the Non-Executive Directors has been appointed under the terms of a letter of appointment. Appointment is terminable by either party giving one month's written notice or otherwise, in accordance

Name	Appointment	Date of Retirement
M. Pratt	July 2003	-
P. Hogan	June 2019	-
S. Webb	June 2019	-
J. Gaul	January 2021	-
L. Hoctor	January 2021	-
V. Sick	January 2024	-
J. Berkowitz	September 2020	January 2024

Non-Executive Directors' Remuneration

The Board aims to recruit high-calibre Non-Executive Directors, with broad commercial, international or other relevant experience. Fees paid to the Non-Executive Directors for the 2023 and 2022 financial years are outlined in the Remuneration table on page 102.

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

Service Contracts/Letters of Appointment

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

Directors' Report

Directors' Report

The Directors present their Director's report and audited Group financial statements for the year ended 31 December 2023.

Principal Activities and Review of the Development of the Business

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

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

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

» Uniphar Medtech is the partner of choice for manufacturers seeking to bring innovative Medtech products to market. We provide expertise across sales, marketing, compliance and distribution to the world's top medical device manufacturers across a pan-European platform. The business is headquartered in Ireland with a presence in 16 markets primarily across Europe. During 2023, the business opened a facility in the US to

support clients seeking to access that market.

» Uniphar Pharma's mission is to bring specialist and difficult to source medicines to patients around the world. Uniphar Pharma brings together under one division the companies and services of the former Product Access division and the Pharma business unit of the Commercial & Clinical division. The division is headquartered in Ireland with a global customer base serviced from facilities around the world.

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

The Group performed strongly in 2023 demonstrating the diversity and strength of our service offering, the ability of our teams and our continued focus on delivering for the customers and patients who rely on us. This result was against the backdrop of a challenging macroeconomic environment with ongoing inflationary and geopolitical headwinds. The year marked the achievement of a key strategic goal at IPO to double 2018 pro-forma EBITDA of €46m within five years. Substantial work was undertaken to develop and refresh the strategy to ensure our continued success into the future.

Gross profit increased to €390.0m from €306.7m, which was a rise of 27.1%. This increase was achieved through our acquisitions, completed in 2022 and 2023, together with organic gross profit growth of 5.6%. During 2023, the Group completed one major acquisition, being the McCauley Pharmacy Group, which led to an increase in the Group's goodwill from €483m to €517m. Acquisitions completed in 2022, including

BModesto Group, Inspired Health and Orspec Pharma, have all been successfully integrated into the business and are adding significant value to the Group, delivering previously identified synergies.

Strong cash generation continues across the Group, and this is reflected in the cash generated from operating activities of €52.5m. Free cash flow conversion for the period was 78.5%, exceeding the medium-term free cash flow conversion target of 60-70%.

The Group's debt is financed by a credit facility that was refinanced in August 2022 for a term of five years (with one option remaining to extend by a further one year). This facility provides a revolving credit facility of €400m together with an additional uncommitted accordion facility of €150m. Net bank debt was €149.9m (2022: €91.2m) and leverage remained modest at 1.6x, providing a solid platform to support future growth and investment as opportunities arise.

The Group has a number of key performance indicators (KPIs) which are used to monitor its performance. These KPIs are outlined further in our key performance indicators section on pages 25 and 26.

Acquisitions

The Group continues to leverage M&A to support our growth objectives. In 2023, we completed one significant acquisition being the McCauley Pharmacy Group together with the acquisition of certain assets of Pivot Digital Health. Acquisitions completed in 2022, including BModesto Group, Inspired Health and Orspec Pharma have all been successfully integrated into the business and are adding significant value to the Group, with previously identified synergies coming through.

Directors' Report

The McCauley Pharmacy Group further enhances the Group's offering in the Irish retail pharmacy market with the addition of 34 retail pharmacies net of three divestments which were completed as a requirement of receiving Competition and Consumer Protection Commission (CCPC) approval. The McCauley Pharmacy Group is widely recognised as a leading brand across health, wellbeing and beauty, and their expertise and advanced digital offering complements our fast-growing consumer business in the Uniphar Supply Chain & Retail division.

Pivot Digital Health is an omni-channel healthcare technology business based in the UK. Uniphar Pharma acquired the trade and certain assets of the business in 2023. Pivot provide omni-channel consultancy, digital strategy and execution services to global pharma and biotech clients. Pivot's capabilities will be integrated into the consultancy arm of Uniphar's Pharma division broadening the Group's digital offering.

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

The pre-tax exceptional charge in 2023 of €0.4m (2022: €3.2m) was driven largely by non-recurring administrative expenses offset by the release of deferred contingent consideration. Net exceptional income in the year amounted to €0.7m (2022: loss of €2.1m) and further detail is provided in note 4.

Results for the Year
The Group Income Statement for the year ended 31 December 2023 and the Group Balance Sheet at that date are set out on pages 127 and 129 respectively. The Group's gross profit was €389,984,000 (2022: €306,744,000) and EBITDA was €115,985,000 (2022: €98,575,000).

The Group's profit on ordinary activities before tax was €52,898,000 in 2023 (2022: €54,676,000). After including a tax expense of €7,750,000 (2022: €8,970,000) and profit attributable to non-controlling interests of €333,000 (2022: €119,000), the profit for the financial year attributable to owners is €44,815,000 (2022: €45,587,000).

There was a strong cash performance in 2023, and even with the Group's significant investment programme during the year, the strong free cash flow places the Group in a position of strength with a modest leverage of 1.6x and net bank debt of €149.9m at year end.

Total equity of the Group at 31 December 2023 was €333,620,000 (2022: €289,783,000).

Research and Development

The Group performs research and development activities to ensure that it continues to be a recognised innovator in the industry in which it operates. These activities support the introduction of new services, improved online customer experience and the development of better processes and systems. Continued research and development contribute to the Group's future growth and profitability. Expenditure on research and development applications and technical support amounted to €300,000 in 2023 (2022: €324,000).

Future Developments

Uniphar delivered on the target it set at IPO during 2023 to double pro-forma 2018 EBITDA within five years. Since this target has been achieved the Group set an ambitious new target to double EBITDA again to €200m over the medium-term. The Group also realigned its divisional structure in 2023 to better capitalise on the market opportunities available and set medium-term organic gross profit targets for each division.

The new organic gross profit growth targets for each of the new divisions over the medium-term are as follows: Uniphar Pharma: double-digit, Uniphar Medtech: high single-digit and Uniphar Supply Chain & Retail: low single-digit. There is a robust plan in place across the three divisions to deliver these targets; we remain committed to building a pan-European offering in Uniphar Medtech. In Uniphar Pharma, we will continue to develop our On Demand and Pharma Services platforms investing in digital technology and scalable infrastructure, while in Uniphar Supply Chain & Retail, we continue to leverage our key assets and grow our market share whilst investing for the long-term in our new high-tech distribution facility in Dublin.

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

Statement of Directors' Responsibilities

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

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

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

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

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

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

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

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

Each of the Directors confirm that they consider the Annual Report and Consolidated Financial Statements, taken as a whole, is fair, balanced and understandable

and provides the information necessary for shareholders to assess the Group and Company position, performance, business model and strategy.

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

Disclosure of Information to Auditors

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

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

Directors' Compliance Statement

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

The Directors confirm that:

- (1) A compliance policy statement setting out the Company's policies in respect of compliance by the Company with its relevant obligations has been drawn up
- (2) Appropriate arrangements or structures that are designed to secure material compliance with the Company's relevant obligations have been put in place
- (3) A review of the arrangements and structures, referred to in point (2) above has been conducted during the year ended 31 December 2023.

Audit, Risk and Compliance Committee

In accordance with Section 167 of the Companies Act 2014, the Group has established an Audit, Risk and Compliance Committee. Full particulars are provided in the Audit, Risk and Compliance Committee Report at pages 87 to 92.

Corporate Governance

Statements by the Directors in relation to the Group and Company's application of corporate governance principles and the Group's system of internal controls are set out in the Corporate Governance Report at pages 76 to 86.

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 committed outflows including deferred contingent consideration and committed capital expenditure. Consideration was also given to possible changes in trading performance and potential business risk. The forecasts indicate significant liquidity headroom will be maintained above the Group's borrowing facilities and applicable financial covenants will be met throughout the period.

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

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

Having regard to the factors outlined above and noting the financial impact of the recently announced acquisitions, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence

Directors' Report

for the foreseeable future, being a period of 12 months from the date of approval of these financial statements. As a result, the Directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Viability Statement

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

The Directors have carried out a rigorous review of the prospects of the Group over the medium-term. In assessing the prospects of the Group and its ability to meet its liabilities as they fall due, the Board has taken account of the Group's medium-term strategic planning cycle, capital investment plans, the business model, and its diverse portfolio. The Directors have also considered the Group's strong cash generation, capital structure and debt facilities in addition to the principal risks and uncertainties detailed on pages 66 to 70. This included a consideration of the impact of the current global macroeconomic climate, including cost inflation and interest rates. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are outlined in the Financial Review on pages 27 to 30.

Period of Viability Assessment

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

Assessment of Viability

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

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

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

Accounting Records

The measures taken by the Directors to secure compliance with the Group's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons as outlined in Sections 281 to 285 of the Irish Companies Act 2014. The

accounting records are kept at 4045 Kingswood Road, Citywest Business Park, Co. Dublin, D24 V06K.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Group and its subsidiaries are outlined on pages 66 to 70.

Financial Risk Management

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

The Group's financial risk management is carried out by a central finance department under policies approved by the Board. The Group Finance function identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The Board approves written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity. The Group uses financial instruments throughout its business. Borrowings, cash, and liquid resources are used to finance the Group's operations. Trade receivables and payables arise directly from operations. Further detail on financial risk management is disclosed in note 32.

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

Finance Interest and Currency Risk

The Group's procedure is to finance operating subsidiaries by a combination of retained profits and, to a lesser extent, non-recourse financing arrangements, invoice discounting and overdrafts, and to finance investments with a combination of Group funds and

borrowings. The majority of the Group's activities are conducted in Euro. Foreign exchange exposure arises from transactional currency exposures arising from the sale and purchase of goods in currencies other than the Group's functional currency (the Euro). The Group takes appropriate measures to manage its exposure to fluctuating foreign exchange rates associated with both transaction activity and the translation into Euro of its net investment in its non-Euro

subsidiaries. Forward foreign exchange contracts and the holding of foreign currency cash balances are used to hedge these currency exposures, where material.

Non-Financial Reporting Statement

Pursuant to the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 ('Regulations'), the Group is required to report on certain non-financial information

to provide an understanding of its development, performance, position and the impact of its activities, relating to, at least, environmental matters, social matters, employee matters, respect for human rights, and bribery and corruption. The table below provides additional detail on the information required to be provided by the Regulations and highlights where the information has been provided in this Annual Report and Financial Statements, where applicable.

Reporting requirements	Our policies	Commentary
Environmental matters	» Environmental Policy » Sustainability Policy	For further information on the Group's approach to Environmental matters, see the Environment & Sustainability section of our Sustainability and Governance report.
Social and employee matters	» Sustainability Policy » Code of Conduct » Equity, Diversity & Inclusion Policy » Whistleblower Policy	For further information on the Group's approach to Social and Employee matters, see the People & Culture section of this Report and the People & Workplace section and the Community Involvement section of our Sustainability and Governance report.
Human rights	» Supplier Code of Conduct » Equity, Diversity & Inclusion Policy » Modern Slavery Policy	The Group is committed to conducting all our activities in accordance with high standards of business conduct, respecting the fundamental freedoms and rights of our people. The Group is also committed to ensuring that our supply chain is free from human rights abuses, including forced labour, slavery and trafficking.
Anti-bribery and corruption	» Anti-Bribery and Corruption Policy » Code of Conduct » Whistleblower Policy » Conflicts of Interest Policy	The Group does not tolerate any form of bribery, prohibits facilitation payments, and does not make political contributions.
Description of the business model	Details are set out in the Principal activities and Review of the Development of the Business section of this report.	
Non-financial key performance indicators	The Group's planning and financial reporting procedures include financial and non-financial Key Performance Indicators (KPIs) which benchmark progress towards our strategic priorities. KPIs are reviewed and monitored on a regular basis by the Board, the Audit, Risk and Compliance Committee, or the applicable business manager and are amended to better reflect the Group's key performance measures when required. Our KPIs in connection with the above matters relate to the level of reported breaches of applicable legislation or incidents reported, of which there were none in the current year.	
Principal risks	In addition to the KPIs which are reviewed and monitored at a business level, the Group has a number of KPIs which are used to monitor the Group's performance. These KPIs are outlined further in our key performance indicators section on pages 25 and 26.	
	Details are set out in the Risk Management section of this report on pages 63 to 70 and each of the above areas are discussed where relevant.	

EU Taxonomy

Background

The EU taxonomy is part of the EU's overall efforts to reach the objectives of the European Green Deal. The EU Taxonomy Regulation allows companies to share a common definition of economic activities that can be considered environmentally sustainable by providing a classification system for sustainable activities, to help direct investments towards sustainable projects and activities. It establishes a list of sustainable economic activities which contribute meaningfully towards several environmental objectives. In the following section, the Group has outlined information on the extent to which the Group's activities are eligible and aligned under this taxonomy.

Uniphar acknowledges that this regulation is continuing to evolve and has therefore adopted a conservative approach in calculating the KPIs below.

Economic Activity

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

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

Accounting Policies

Turnover

While the supply of pharmaceutical and medical device products was deemed non-eligible we reviewed the Group's divisions against those economic activities currently within the scope of the taxonomy regulation and, through this assessment, we determined that Uniphar had no eligible turnover in 2023 and therefore no alignment.

Capital Expenditure

Our assessment was on investment in eligible economic activities listed within the regulation. This included projects involving building renovations to improve existing distribution facilities and the installation, maintenance and repair of energy efficiency equipment. Projects were allocated to distinct categories to avoid double counting.

Operating Expenditure

A detailed review was undertaken of our Operating Expenditure against those economic activities that are currently within the scope of the taxonomy regulation, and it was concluded that Uniphar has no eligible operating expenditure in 2023 and no taxonomy alignment in 2023.

Key Performance Indicators

In the 2023 reporting period, Uniphar had no turnover associated with eligible activities. The proportion of eligible operating expenditure was also deemed to be nil. Eligible capital expenditure was deemed to be 9.3%.

Turnover

With no eligible turnover (numerator) and using a base of our total turnover (denominator), as reported in our Income Statement, we established the proportion of eligible turnover to be 0%.

Capital Expenditure

Comparing these eligible capital additions (numerator) to our additions of intangible assets and property, plant and equipment, right of use assets as reported in Notes 10 and 11 in our financial statements (denominator), the share of capital expenditure associated with Taxonomy-eligible economic activities was approximately 9.3%. This does not include business combinations in the year. Uniphar's share of capital expenditure associated with Taxonomy-aligned economic activities was 0%.

Operating Expenditure

It is notable that operating expenditure used in the EU Taxonomy framework differs from what is considered traditional reporting in financial statements. The purpose of this KPI is to encapsulate non-capitalised costs which relate to investments and processes. More specifically, the EU taxonomy aligned operating expenditure refers to costs related to research and development, building renovation measures, short-term lease, maintenance and repair and any other direct expenditures.

Having identified no eligible expenditure within this category (numerator) and using the total operating expenditure (denominator) as defined in the EU Taxonomy Regulation, we established the proportion of eligible operating expenditure to be 0%. Uniphar's share of operating expenditure associated with Taxonomy-aligned economic activities was 0%.

Taxonomy Alignment

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

Category	Taxonomy Eligible	Taxonomy Aligned
Turnover	0.0%	0.0%
Capital Expenditure	9.3%	0.0%
Operating Expenditure	0.0%	0.0%

This taxonomy information has been provided on a voluntary basis. We will comply with the full requirements of the taxonomy when applicable and have provided this information recognising our commitment to sustainability, and as we transition to being in the scope of CSRD reporting, additional information will be provided in our annual reports.

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 2023 and 22 February 2024, being the closest possible date to the date of signing of this report:

	22 February 2024		31 December 2023	
	Number of shares	% Holding	Number of shares	% Holding
Allianz Global Investors	32,858,273	12.0%	32,424,117	11.9%
Polar Capital	19,872,890	7.3%	19,872,890	7.3%
Sisk Family	12,672,336	4.6%	12,672,336	4.6%
Mackenzie Investments	12,226,116	4.5%	12,258,517	4.5%
SwedBank Robur	9,955,000	3.7%	9,995,000	3.7%
BlackRock Inc	9,206,397	3.4%	9,458,739	3.5%

Directors, Secretary and their Interests in Shares

The names of the persons who, at any time in the twelve months to 31 December 2023, were Directors are set out below:

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

The beneficial interests, including family interests, of the Directors and Company Secretary of Uniphar plc in office at 31 December 2023 in the share capital of Uniphar plc and subsidiary undertakings were:

Ordinary shares	31 December 2023	31 December 2022
	Number	Number
G. Rabbette	7,800,107	8,003,310
T. Dolphin	5,692,175	5,586,322

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

Political Donations

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

Events after the Balance Sheet Date

On 14 February 2024, the Group acquired the remaining 20% shareholding in Dialachemist Limited resulting in the entity becoming a wholly-owned subsidiary of the Group. There have been no material events subsequent to 31 December 2023 that would require adjustment to or disclosure in this report.

Dividends

Following another set of positive results for the Group, the Directors are proposing a final dividend of €3.2m. Together with the interim dividend of €1.8m, paid in October 2023, this brings the total dividend for the year to €5m, which is an increase of 5.2% on 2022. Subject to approval at the AGM, the proposed dividend will be paid to ordinary shareholders on the Company's register at 5pm on 19 April 2024.

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

Auditors

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

On behalf of the Board:

M. Pratt

G. Rabbette

Enabling growth

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Report on the audit of the financial statements

Opinion

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

- » give a true and fair view of the Group's and the Company's assets, liabilities and financial position as at 31 December 2023 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 2023;
- » 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.

Our audit approach

Overview



Overall materiality

- » €2.6 million (2022: €2.75 million) - Group financial statements
- » Based on c. 5% of profit before tax, before exceptional items.
- » €2.7 million (2022: €2.5 million) - Company financial statements
- » Based on c. 1% of net assets.

Performance materiality

- » €2.0 million (2022: €2.1 million) - Group financial statements.
- » €2.0 million (2022: €1.8 million) - Company financial statements.

Audit scope

- » The Group has three operating segments: Uniphar Supply Chain & Retail, Uniphar Pharma and Uniphar Medtech. Each of these consists of a number of reporting components.
- » We performed full scope audits of the complete financial information of seven reporting components, which in our view required an audit of their complete financial information due to their size and financial significance to the Group or risk factors.
- » These components account for in excess of 75% of Revenues, in excess of 85% of Profit before tax before exceptional items and in excess of 70% of Total assets of the Group.
- » In addition, specified audit procedures on selected account balances, classes of transactions or disclosures were performed at 24 other reporting components within the Group.

Key audit matters

- » Goodwill impairment assessment.
- » Accounting for the McCauley's Brand asset.

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.

Key audit matter

Goodwill impairment assessment

Refer to "Intangible assets" and "Impairment of assets" on pages 137 and 138 (Accounting policies), "Impairment assessment of goodwill and other non-current assets" in note 1 ("Significant estimates and judgements") and note 10 ("Intangible Assets").

The carrying value of goodwill at 31 December 2023 is c. €517m, representing approximately 40% of the Group's total assets.

The carrying amount of goodwill attributed to each Cash Generating Unit ("CGU") is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

As set out in note 10 management concluded there were no impairments in the year.

We determined this to be a key audit matter due to the level of judgement required by management in determining the recoverable amount of goodwill, and the assumptions used in the calculation of its value-in-use.

Key assumptions used to develop the estimation of value-in-use at 31 December 2023 include the growth rates for revenue and cost inflation included in the cashflow forecasts, long term growth rates and the discount rates.

Accounting for the McCauley's brand asset

Refer to "Business combinations" on pages 141 and 142 (Accounting policies), "Business combinations" under note 1 ("Significant estimates and judgements"), note 10 ("Intangible Assets") and note 35 ("Acquisitions of subsidiary undertakings and business assets").

As set out in note 10, goodwill of €37.85m was recognised in the year of which €32.6m relates to the McCauley's acquisition. Management determined that the acquisition met the definition of a business combination under IFRS 3 'Business Combinations'.

An intangible asset of €10.9m was also recognised in relation to the McCauley's brand. Management engaged a valuation specialist to assist in determining the fair value on acquisition of the brand.

Management used the relief from royalty method in the valuation of the brand and key assumptions used included growth rates for revenue, the assumed royalty rate and the discount rate.

We determined the accounting for the McCauley's acquisition to be a key audit matter due to its significance to the financial statements and the complexity and degree of judgement involved in determining the fair value of the McCauley's brand asset.

How our audit addressed the key audit matter

We considered management's impairment model for each group of CGUs and evaluated the methodology used and the key assumptions therein. We also tested the mathematical accuracy of the impairment models.

We agreed the cash flow forecasts for 2024 to 2028 to Board approved plans.

We assessed the reasonableness of estimates of future revenue and costs included in the cash flow forecasts by evaluating relevant assumptions with reference to historical performance and current market conditions. We evaluated the discount rates and long term growth rates used by management, with the assistance of PwC valuation experts.

We evaluated the sensitivity analysis performed by management and also performed additional sensitivity analysis using alternative reasonably possible assumptions used in estimating the value-in-use.

Based on the results of our procedures we were satisfied that no impairment charge was required.

We also assessed the appropriateness of the disclosures in note 10 regarding the impairment assessment of goodwill.

We read the legal agreements for the acquisition to obtain an understanding of the terms of the acquisition.

We challenged management regarding the existence of intangible assets, other than goodwill, in respect of the acquisition through assessment of the business acquired, review of the legal agreements and management's assessment of the nature of the assets together with the testing performed on opening balances.

We obtained the third party valuation report pertaining to the McCauley's brand:

- » We evaluated the appropriateness of the valuation method with the assistance of PwC valuation experts.
- » We agreed the revenue forecasts for 2024 to Board approved plans and evaluated the reasonableness of the growth rate applied with reference to current market conditions.
- » We evaluated, with the assistance of PwC valuation experts, the reasonableness of the royalty rate and discount rate. The evaluation included consideration of economic and industry data.

Based on the procedures performed we were satisfied that the valuation assumptions applied in recognising the McCauley's brand asset were appropriate.

We also assessed the appropriateness of the disclosures in the financial statements.

How we tailored the audit scope

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

The Group is structured along three operating segments being Uniphar Supply Chain & Retail, Uniphar Pharma and Uniphar Medtech. Each operating segment comprises a number of reporting components. The group has 61 reporting components across the three operating segments. In establishing the overall approach to the Group audit, we identified seven reporting components which in our view required an audit of their complete financial information due to their size and financial significance to the Group or risk factors. These components account for in excess of 75% of Revenues, in excess of 85% of Profit before tax before exceptional items, and in excess of 70% of Total assets of the Group. In addition, specified audit procedures on selected account balances, classes of transactions or disclosures were performed at 24 other reporting components within the Group.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the components by us, as the Group engagement team, and by a PwC network firm, under our instruction. The Group team was responsible for the scope and direction of the audit. In respect of the work performed by the component auditor, we determined the level of involvement the Group team needed to have to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole.

The Group engagement team used video conferencing to facilitate our oversight of the component auditor work and had video meetings and discussions with the component management and audit team. The Group team interacted regularly with the component team during all stages of the audit. The meetings with our component team confirmed their audit approach and involved discussing and understanding the significant audit risk areas, obtaining updates on local laws and regulations and other relevant matters.

In addition, we received a detailed memorandum of examination on work performed and relevant findings in addition to an audit report that supplemented our understanding of the component. The Group engagement team also reviewed certain audit working papers in the component audit file. Post audit conference calls were also held with the component audit team to discuss their audit findings.

This together with audit procedures performed by the Group team gave us the comfort we required in respect of our audit of the financial statements as a whole. These procedures included, amongst others, procedures over central functions, IT systems, areas of judgement including the key audit matters noted above, taxation, business combinations and the consolidation process.

Materiality

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

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

	Group financial statements	Company financial statements
Overall materiality	€2.6 million (2022: €2.75 million).	€2.7 million (2022: €2.5 million).
How we determined it	c. 5% of profit before tax, before exceptional items.	c. 1% of net assets.
Rationale for benchmark applied	The Group is profit-oriented and profit before tax before exceptional items is one of the key metrics used by shareholders in reviewing 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 use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was c.75% of overall materiality, amounting to €2.0 million (Group audit) and €2.0 million (Company audit).

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

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €0.1 million (Group audit) (2022: €0.1 million) and €0.1 million (Company audit) (2022: €0.1 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting included:

- » Obtaining management's going concern assessment and evaluating the budgets and forecasts for the going concern assessment period (being the period of twelve months from the date on which the financial statements are authorised for issue) and challenging the key assumptions. In evaluating these forecasts we considered the Group's historic performance, current market conditions and the Board approved future capital expenditure;
- » Testing the mathematical integrity of the budgets and forecasts and the models and reconciling these to Board approved budgets;
- » Considering whether the assumptions underlying the budgets and forecasts were consistent with related assumptions used in testing for goodwill impairment; and
- » Considering the Group's available financing facilities and maturity profile of the Group's debt to assess liquidity through the going concern assessment period.

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

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

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.

In relation to the Company's voluntary reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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 2023 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 did not identify any material misstatements in the Directors' Report (excluding the information included in the "Non Financial Statement" on which we are not required to report).

Corporate Governance Statement

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

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

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

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

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

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on pages 111 and 112, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

This description forms part of our auditors' report.

Use of this report

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

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
26 February 2024

- » 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 2023

	Notes	2023 Pre- exceptional €'000	2023 Exceptional (Note 4) €'000	2023 Total €'000	2022 Pre- exceptional €'000	2022 Exceptional (Note 4) €'000	2022 Total €'000
Revenue	2	2,553,062	-	2,553,062	2,070,669	-	2,070,669
Cost of sales		(2,163,078)	-	(2,163,078)	(1,763,925)	-	(1,763,925)
Gross profit		389,984	-	389,984	306,744	-	306,744
Selling and distribution costs		(76,976)	-	(76,976)	(70,055)	-	(70,055)
Administrative expenses		(235,648)	(8,865)	(244,513)	(167,275)	(16,415)	(183,690)
Other operating income/(expense)	3	395	(1,182)	(787)	156	-	156
Operating profit		77,755	(10,047)	67,708	69,570	(16,415)	53,155
Finance cost	6	(25,024)	9,624	(15,400)	(11,766)	13,191	1,425
Finance income	6	590	-	590	96	-	96
Profit before tax		53,321	(423)	52,898	57,900	(3,224)	54,676
Income tax expense	7	(8,834)	1,084	(7,750)	(10,076)	1,106	(8,970)
Profit for the financial year		44,487	661	45,148	47,824	(2,118)	45,706
<i>Attributable to:</i>							
Owners of the parent				44,815		45,587	
Non-controlling interests	27			333		119	
Profit for the financial year				45,148		45,706	
<i>Attributable to:</i>							
Continuing operations				45,148		45,706	
Profit for the financial year				45,148		45,706	
<i>Earnings per ordinary share (in cent):</i>							
Continuing operations				16.4		16.7	
Basic and diluted earnings per share (in cent)	8			16.4		16.7	

Group Statement of Comprehensive Income

Year Ended 31 December 2023

	Notes	2023 €'000	2022 €'000
Profit for the financial year		45,148	45,706
Other comprehensive income/(expense)			
Items that may be reclassified to the Income Statement:			
Unrealised foreign currency translation adjustments		697	(3,356)
Total comprehensive income for the financial year		45,845	42,350
<i>Attributable to:</i>			
Owners of the parent		45,512	42,231
Non-controlling interests	27	333	119
Total comprehensive income for the financial year		45,845	42,350
<i>Attributable to:</i>			
Continuing operations		45,845	42,350
Total comprehensive income for the financial year		45,845	42,350

Group Balance Sheet

As at 31 December 2023

	Notes	2023 €'000	2022 €'000
ASSETS			
Non-current assets			
Intangible assets - goodwill	10	517,087	482,981
Intangible assets - other assets	10	44,565	24,192
Property, plant and equipment, and right-of-use assets	11	206,700	166,628
Financial assets - Investments in equity instruments	12	25	25
Deferred tax asset	13	11,792	9,020
Other receivables	16	1,458	509
Total non-current assets		781,627	683,355
Current assets			
Inventory	15	184,549	157,673
Trade and other receivables	16	237,560	164,462
Cash and cash equivalents	17	85,652	103,704
Restricted cash	17	173	-
Assets held for sale	14	-	1,600
Total current assets		507,934	427,439
Total assets		1,289,561	1,110,794
EQUITY			
Capital and reserves			
Called up share capital presented as equity	23	21,841	21,841
Share premium	24	176,501	176,501
Share-based payment reserve	28	3,542	718
Other reserves	25	2,705	2,008
Retained earnings	26	128,213	88,476
Attributable to owners		332,802	289,544
Attributable to non-controlling interests	27	818	239
Total equity		333,620	289,783
LIABILITIES			
Non-current liabilities			
Borrowings	18	222,604	187,431
Deferred contingent consideration	19	31,538	56,683
Provisions	20	1,752	2,262
Lease obligations	21	126,083	105,919
Total non-current liabilities		381,977	352,295
Current liabilities			
Borrowings	18	13,168	7,490
Deferred contingent consideration	19	43,523	35,115
Lease obligations	21	20,134	14,315
Trade and other payables	22	490,283	407,206
Corporation tax		6,856	4,590
Total current liabilities		573,964	468,716
Total liabilities		955,941	821,011
Total equity and liabilities		1,289,561	1,110,794

On behalf of the Board:

M. Pratt

G. Rabbette

Company Balance Sheet

As at 31 December 2023

	Notes	2023 €'000	2022 €'000
ASSETS			
Non-current assets			
Intangible assets	10	2,658	3,115
Property, plant and equipment, and right-of-use assets	11	34,711	37,959
Financial assets - Investments in subsidiaries	12	336,052	335,489
Financial assets - Investments in equity instruments	12	25	25
Deferred tax asset	13	2,478	2,092
Other receivables	16	406	244
Total non-current assets		376,330	378,924
Current assets			
Trade and other receivables	16	4,737	1,485
Amounts due from subsidiaries	16	255,136	284,306
Cash and cash equivalents	17	9,135	2,761
Total current assets		269,008	288,552
Total assets		645,338	667,476
EQUITY			
Capital and reserves			
Called up share capital presented as equity	23	21,841	21,841
Share premium	24	176,501	176,501
Share-based payment reserve	28	3,542	718
Other reserves	25	60	60
Retained earnings	26	66,614	66,468
Total equity		268,558	265,588
LIABILITIES			
Non-current liabilities			
Borrowings	18	186,854	187,431
Deferred contingent consideration	19	-	2,462
Lease obligations	21	34,706	38,283
Total non-current liabilities		221,560	228,176
Current liabilities			
Deferred contingent consideration	19	6	-
Lease obligations	21	3,565	3,836
Amounts owed to subsidiaries	22	136,793	147,060
Trade and other payables	22	14,856	22,816
Total current liabilities		155,220	173,712
Total liabilities		376,780	401,888
Total equity and liabilities		645,338	667,476

The profit recorded in the financial statements of the Company for the year ended 31 December 2023 was €4,978,000 (2022: loss of €5,233,000). 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 2023

	Notes	2023 €'000	2022 €'000
Operating activities			
Cash inflow from operating activities	29	82,149	82,704
Proceeds from non-recourse financing		-	15,000
Interest paid		(16,186)	(5,293)
Interest received		590	96
Interest paid on lease liabilities	21	(4,884)	(3,644)
Corporation tax payments		(9,158)	(6,032)
Net cash inflow from operating activities		52,511	82,831
Investing activities			
Payments to acquire property, plant and equipment - Strategic projects		(14,066)	(5,657)
Payments to acquire property, plant and equipment - Maintenance		(7,192)	(8,299)
Receipts from disposal of property, plant and equipment (net of disposal expenses)		991	128
Receipts from disposal of businesses (net of cash disposed and disposal expenses)		718	-
Payments to acquire intangible assets - Strategic projects		(6,925)	(2,517)
Payments to acquire intangible assets - Maintenance		(3,771)	(3,448)
Receipts from disposal of assets held for sale	14	1,600	-
Payments to acquire subsidiary undertakings (net of cash acquired)		(29,809)	(67,248)
Repayment of debt acquired on acquisition of subsidiary undertakings		(22,664)	(9,420)
Payments on prior year acquisitions		(842)	(937)
Payment of deferred and deferred contingent consideration		(8,568)	(9,282)
Receipt of deferred consideration receivable		100	348
Net cash outflow from investing activities		(90,428)	(106,332)
Financing activities			
Proceeds from borrowings		35,750	98,174
Repayments of borrowings		(1,600)	(19,769)
Increase/(decrease) in invoice discounting facilities		7,278	(9,806)
Movement in restricted cash	30	(173)	-
Payment of dividends		(4,832)	(4,666)
Principal element of lease payments		(16,604)	(13,192)
Acquisition of further equity in subsidiaries		(189)	(336)
Net cash inflow from financing activities		19,630	50,405
(Decrease)/increase in cash and cash equivalents in the year	30	(18,287)	26,904
Foreign currency translation on cash and cash equivalents		235	(1,225)
Opening balance cash and cash equivalents	17	103,704	78,025
Closing balance cash and cash equivalents	17	85,652	103,704

Company Cash Flow Statement

Year Ended 31 December 2023

	Notes	2023 €'000	2022 €'000
Operating activities			
Cash inflow/(outflow) from operating activities	29	25,227	(3,303)
Interest paid		(9,632)	(3,705)
Interest received		189	-
Interest paid on lease liabilities	21	(1,205)	(1,316)
Corporation tax receipts inclusive of loss relief utilised		642	-
Net cash inflow/(outflow) from operating activities		15,221	(8,324)
Investing activities			
Payments to invest in subsidiary undertakings		-	(44,152)
Payments to acquire property, plant and equipment - Maintenance		(16)	-
Payments to acquire intangible assets - Maintenance		(1,012)	(993)
Payments to acquire intangible assets - Strategic projects		-	(1,144)
Receipt of deferred consideration receivable		100	21
Net cash outflow from investing activities		(928)	(46,268)
Financing activities			
Proceeds from borrowings		-	82,478
Repayments of borrowings		-	(19,648)
Payment of dividends		(4,832)	(4,666)
Principal element of lease payments		(2,898)	(2,916)
Acquisition of further equity in subsidiaries		(189)	-
Net cash (outflow)/inflow from financing activities		(7,919)	55,248
Increase in cash and cash equivalents in the year	30	6,374	656
Opening balance cash and cash equivalents	17	2,761	2,105
Closing balance cash and cash equivalents	17	9,135	2,761

Group Statement of Changes in Equity

Year Ended 31 December 2023

	Share capital	Share premium	Share-based payment reserve	Foreign currency translation reserve	Revaluation reserve	Capital redemption reserve	Retained earnings	Attributable to non-controlling interests	Total shareholders' equity
	Notes	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2022									
Profit for the financial year	21,841	176,501	183	4,604	700	60	47,555	120	251,564
<i>Other comprehensive expense:</i>	-	-	-	-	-	-	45,587	119	45,706
Movement in foreign currency translation reserve	-	-	-	(3,356)	-	-	-	-	(3,356)
<i>Transactions recognised directly in equity:</i>									
Movement in share-based payment reserve	28	-	-	535	-	-	-	-	535
Dividends paid	-	-	-	-	-	-	(4,666)	-	(4,666)
At 31 December 2022									
At 1 January 2023	21,841	176,501	718	1,248	700	60	88,476	239	289,783
Profit for the financial year	-	-	-	-	-	-	44,815	333	45,148
<i>Other comprehensive income:</i>									
Movement in foreign currency translation reserve	-	-	-	697	-	-	-	-	697
<i>Transactions recognised directly in equity:</i>									
Movement in share-based payment reserve	28	-	-	2,824	-	-	-	-	2,824
Purchase of non-controlling interest	-	-	-	-	-	-	(246)	246	-
Dividends paid	-	-	-	-	-	-	(4,832)	-	(4,832)
At 31 December 2023									
At 1 January 2024	21,841	176,501	3,542	1,945	700	60	128,213	818	333,620

Company Statement of Changes in Equity

Year Ended 31 December 2023

	Share capital	Share premium	Share-based payment reserve	Capital redemption reserve	Retained earnings	Total shareholders' equity
	Notes	€'000	€'000	€'000	€'000	€'000
At 1 January 2022						
At 1 January 2022	21,841	176,501	183	60	76,367	274,952
Loss for the financial year	-	-	-	-	(5,233)	(5,233)
<i>Transactions recognised directly in equity:</i>						
Movement in share-based payment reserve	28	-	-	-	535	535
Dividends paid	-	-	-	-	(4,666)	(4,666)
At 31 December 2022						
At 1 January 2023	21,841	176,501	718	60	66,468	265,588
Profit for the financial year	-	-	-	-	4,978	4,978
<i>Transactions recognised directly in equity:</i>						
Movement in share-based payment reserve	28	-	-	-	2,824	2,824
Dividends paid	-	-	-	-	(4,832)	(4,832)
At 31 December 2023						
At 1 January 2024	21,841	176,501	3,542	60	66,614	268,558

Accounting Policies

Basis of preparation

In accordance with the AIM and Euronext Growth Rules 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 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.

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

Going concern

The Directors have made appropriate enquiries and carried out a thorough review of the Group's forecasts, projections and available banking facilities taking account of committed outflows including deferred contingent consideration and committed capital expenditure. Consideration was also given to possible changes in trading performance and potential business risk. The forecasts indicate significant liquidity headroom will be maintained above the Group's borrowing facilities and applicable financial covenants will be met throughout the period.

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

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

Basis of consolidation

The Group's financial statements are prepared for the year ended 31 December 2023. 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 any subsidiary undertakings disposed of are included in the Group consolidated Income Statement and Group Cash Flow Statement up to the date control ceases. Intergroup transactions are eliminated on consolidation in the preparation of the Group's financial statements.

Accounting Policies (continued)

New Standards, Amendments and Interpretations

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2023:

- » Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- » Amendments to IAS 8 – Definition of Accounting Estimate
- » Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction
- » IFRS 17 Insurance Contracts
- » Amendment to IAS 12 – International tax reform- Pillar two model rules

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

New standards and interpretations not yet adopted

The following accounting standards and interpretations have been published but are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group:

- » Agenda Discussion- Definition of a Lease – Substitution Rights (IFRS 16)
- » Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Non-current Liabilities with Covenants – Amendments to IAS 1
- » Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- » Supplier finance arrangements – Amendments to IAS 7* and IFRS 7
- » Amendments to IAS 21* to clarify the accounting when there is a lack of exchangeability
- » Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities
- » Amendments to IAS 1, Non-current Liabilities with Covenants

*These amendments have not yet been endorsed by the European Union.

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

Historical cost convention

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

- » Investments in equity, financial assets and liabilities, certain classes of property, plant and equipment – measured at fair value

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

Foreign currency translation**(i) Functional currency and presentational currency**

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the Income Statement.

Foreign exchange gains and losses are presented in the Income Statement on a net basis within administrative expenses.

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

(iii) Foreign currency translation

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

(iv) Net investment hedge

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

Intangible assets**(i) Goodwill**

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

(ii) Computer software

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

Computer software is recognised if it meets the following criteria:

- » An asset can be separately identified
- » It is probable that the asset created will generate future economic benefits
- » The development cost of the asset can be measured reliably
- » It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity
- » The cost of the asset can be measured reliably

Costs relating to the development of computer software for internal use are capitalised, once the recognition criteria outlined above are met. Computer software is amortised using the straight-line method over its expected useful lives of between three and ten years to the Income Statement from the date the assets are ready for use.

(iii) Trademarks and licences

Trademarks and licences are shown at historical cost. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences 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 using the straight-line method. The Brand names are amortised over the expected useful life of ten years, the Technology assets are amortised over the expected useful life of five years and the Customer relationships are amortised over five years.

Amortisation periods, useful lives, expected patterns of consumption and residual values are reviewed at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits 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). Goodwill impairment testing is performed for groups of cash generating units that are expected to benefit from the synergies of a business combination. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Property, plant and equipment

Property, plant and equipment are stated at cost or deemed cost, as appropriate, less accumulated depreciation. Freehold property in Ireland was revalued to fair value and measured on the basis of deemed cost on the date of transition to IFRS 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.

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.

Right-of-use assets

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

Leasehold buildings	11 years
Plant and equipment	5 years
Motor vehicles	3 years
Computer software	5 years

Assets held for sale

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

Borrowing costs

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

Financial assets – Investments in subsidiaries

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

Investments and other financial assets and liabilities

(i) Classification

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

- » Those to be measured subsequently at fair value (either through OCI or through profit or loss)
- » Those to be measured at amortised cost

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

(ii) Recognition and derecognition

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

(iii) Measurement

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

Debt instruments

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

- » Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the Income Statement and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the Income Statement;
- » Fair value through Other Comprehensive Income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the Group Income Statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the Group Income Statement; and
- » Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the Group Income Statement in the period in which it arises.

Loans and receivables

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

Financial guarantee contracts

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

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

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

Accounting Policies (continued)

Equity instruments

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

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

(iv) Impairment

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

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

(v) Income recognition

Interest income

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

Dividends

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

Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

Accounting Policies (continued)

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

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

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

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

Borrowings

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

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

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

Cash and cash equivalents

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

Share capital

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

Leases

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

Leases are recognised in accordance with IFRS 16 as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Income Statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the right-of-use assets useful life on a straight-line basis.

Accounting Policies (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- » Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- » Variable lease payments that are based on an index or a rate
- » Amounts expected to be payable by the lessee under residual value guarantees
- » The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- » Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined; or the Group's incremental borrowing rate which is calculated using a portfolio approach, based on the nature of the lease. The discount rate range per lease asset class is:

- » Buildings – 3.0% to 6.5%
- » Plant and equipment – 4.0% to 7.5%
- » Motor vehicles – 5.0% to 8.5%
- » Computer equipment – 4.0% to 7.5%

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
- » Any restoration costs.

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

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

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

Trade receivables

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

Inventory

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

Trade and other payables

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

Accounting Policies (continued)

Earnings per share

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

Dividends

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

Employee benefits

Share-based payments

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

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

Certain Directors and employees may acquire shares in the Company under LTIP's. 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 defined contribution pension charge to operating profit comprises 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.

Accounting Policies (continued)

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 and considering the rights and responsibilities regarding inventory and credit risk. 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 Unipharm Pharma where the Group's role is only to arrange for another entity to provide the goods or services. Revenue billed in advance of achieving the Group's revenue recognition criteria is presented in deferred income.

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

Unipharm Medtech

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 from service contracts is recognised in the financial year in which the services are rendered and when the outcome of the contract can be estimated reliably.

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.

Unipharm Pharma

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

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

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

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

Unipharm Supply Chain & Retail

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

Accounting Policies (continued)

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

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

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

The Group operates retail shops for the sale of pharmacy and certain related products. Sales of products are recognised on sale to the customer, which is considered the point of delivery. Retail sales are usually by cash, credit or debit card and government reimbursement. Electronic card sales are recognised as cash once the funds are received into our bank account.

Cost of sales

Unipharm Medtech

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 outsourcing and consultancy services net of value-added tax. The cost of service is recognised as an expense in the period in which the related revenue is recognised.

Unipharm Pharma

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

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

Unipharm Supply Chain & Retail

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

Income tax

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

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

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company and its subsidiaries are able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

Exceptional items

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

1 Significant estimates and judgements

The preparation of the Group consolidated financial statements requires management to make certain estimations, assumptions and judgements that affect the reported profits, assets and liabilities.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information or more experience. Such changes are recognised in the period in which the estimate is revised. In particular, information about significant areas of estimation and judgement that have the most significant effect on the amounts recognised in the consolidated financial statements are described below and in the respective notes to the consolidated financial statements.

The Group has considered the impact of climate change on the financial statements including impairment of goodwill and other non-current assets and the useful lives of assets and provisions. The Group also considers the impact of climate change in the preparation of the annual budget to ensure consistency with achieving the Group's sustainability objectives.

Impairment of goodwill and other non-current assets (Estimation)

The Group tests annually whether goodwill has suffered any impairment. Determining whether goodwill is impaired requires comparison of the value in use for the group of cash-generating units to the carrying value of that group of cash-generating units. The value in use calculation is based on an estimate of future cash flows expected to arise from the cash-generating units and these are discounted to net present value using an appropriate discount rate. In calculating value in use, management estimation is required in forecasting cash flows of cash-generating units, 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 cash-generating units by applying sensitivities to each of the key assumptions. This analysis resulted in an excess in the recoverable amount over their carrying amount for all cash-generating units. Management believe that any reasonable change in any of the key assumptions would not cause the carrying value of goodwill to exceed the recoverable amount. Further information is detailed in the intangible assets Note 10.

Business combinations (Estimation and Judgement)

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

IFRS 16 'Leases' (Judgement)

IFRS 16 'Leases' requires management judgement in the selection of the appropriate discount rates to be used in the discounting of the expected future payments to present value. The discount rate applied is the interest rate implicit in the lease, if that rate can be determined, or by using the Group's incremental borrowing rate which is calculated using a portfolio approach, based on the nature of the lease. The discount rate range per lease asset class is:

- » Buildings – 3.0% to 6.5%
- » Plant and equipment – 4.0% to 7.5%
- » Motor vehicles – 5.0% to 8.5%
- » Computer equipment – 4.0% to 7.5%

Valuation of inventory (Estimation)

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.

1 Significant estimates and judgements (continued)

Revenue recognition (Judgement)

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 exercises judgement in considering its responsibilities for fulfilling contracts, inventory risk, and establishing selling prices.

Income taxes (Estimation and Judgement)

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 recognise 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.

Deferred contingent consideration (Estimate)

The amount recognised for deferred contingent consideration is management's best estimate of the expenditure to be incurred. Deferred contingent consideration is 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 or timing of the outflows or changes in discount rates.

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 performance targets are achieved. Management exercise judgement in determining the timing of potential payments and the classification between current liabilities and non-current liabilities. 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. At 31 December 2023, the carrying value of deferred contingent consideration was €75.1m with a possible range of outcomes of between €Nil and €142.7m depending on the future performance of the underlying businesses. 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.

Exceptional items (Judgement)

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 certain 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.

2 Revenue

	2023 €'000	2022 €'000
Revenue	2,553,062	2,070,669
	2023 €'000	2022 €'000
Unipharm Medtech	249,216	233,204
Unipharm Pharma	592,226	280,430
Unipharm Supply Chain & Retail	1,711,620	1,557,035
Total Revenue	2,553,062	2,070,669

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 three principal geographical regions being the Republic of Ireland, the Netherlands and the UK. The Netherlands became material in 2023 and therefore we have included the Netherlands split in 2022 for comparison purposes. The Group also operates in several other European countries, the US and the Asia Pacific region which are not material for separate identification.

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

	2023 €'000	2022 €'000
Ireland	1,952,604	1,765,064
UK	186,820	142,157
The Netherlands	205,905	49,396
Rest of the World (ROW)	207,733	114,052
	2,553,062	2,070,669

	Ireland €'000	UK €'000	Netherlands €'000	ROW €'000	Total €'000
At 31 December 2023					
Intangible assets (excluding goodwill)	40,621	1,365	195	2,384	44,565
Property, plant and equipment	182,200	5,071	5,501	13,928	206,700
Other receivables	1,458	-	-	-	1,458
Financial assets – Investment in equity instruments	25	-	-	-	25
Non-current assets (excluding goodwill and deferred tax asset)	224,304	6,436	5,696	16,312	252,748
Goodwill					517,087
Deferred tax asset					11,792
Non-current assets					781,627

2 Revenue (continued)

	Ireland €'000	UK €'000	Netherlands €'000	ROW €'000	Total €'000
At 31 December 2022					
Intangible assets (excluding goodwill)	20,026	494	121	3,551	24,192
Property, plant and equipment	149,006	5,483	5,414	6,725	166,628
Other receivables	494	-	-	15	509
Financial assets – Investment in equity instruments	25	-	-	-	25
Non-current assets (excluding goodwill and deferred tax asset)	169,551	5,977	5,535	10,291	191,354
Goodwill				482,981	
Deferred tax asset				9,020	
Non-current assets				683,355	

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 changed its operating segments with effect from 1 January 2023 and comparative amounts have been restated.

The Group operates with three divisions: Unipharm Medtech, Unipharm Pharma, and Unipharm Supply Chain & Retail. These divisions align to the Group's operational and financial management structures:

- » Unipharm Medtech provides outsourced services, specifically sales, distribution and support services to medical device manufacturers. Unipharm Medtech was a business unit within the former Commercial & Clinical division and became a standalone division in 2023. The business is headquartered in Ireland with a presence in 16 markets primarily across Europe. During 2023, the business opened a facility in the US to support clients seeking to access the North American market.
- » Unipharm Pharma operates a global business with high value services across the lifecycle of a pharmaceutical product. The business enables pharma and biotech companies to bring innovative medicines to global markets and provide healthcare professionals with access to medicines they cannot source through traditional channels. Our strategy is to build a leading platform to provide the specialist support and expertise needed to improve access to these medicines. The division operates through its On Demand and Pharma Services business units; and
- » Unipharm Supply Chain & Retail provides both pre-wholesale and wholesale distribution of pharmaceutical, healthcare and animal health products to pharmacies, hospitals and veterinary surgeons in Ireland. Unipharm operates a network of pharmacies under the Life, Allcare, Hickey's and McCauleys brands. Additionally, through the extended Unipharm symbol group, the business provides services and supports that help independent community pharmacies to compete more effectively.

2 Revenue (continued)

Operating segments results

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

	2023 Unipharm Medtech €'000	2023 Unipharm Pharma €'000	2023 Unipharm Supply Chain & Retail €'000	2023 Total €'000
Revenue	249,216	592,226	1,711,620	2,553,062
Gross profit	99,870	103,187	186,927	389,984
	2022 Unipharm Medtech €'000	2022 Unipharm Pharma €'000	2022 Unipharm Supply Chain & Retail €'000	2022 Total €'000
Revenue	233,204	280,430	1,557,035	2,070,669
Gross profit	90,931	76,801	139,012	306,744

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

3 Other operating income

	2023 €'000	2022 €'000
Other income and commission	383	185
Profit/ (Loss) on disposal of property, plant & equipment	12	(29)
	395	156

4 Exceptional income/(charge)

	2023 €'000	2022 €'000
Professional fees including acquisition costs	(2,206)	(6,607)
Redundancy and restructuring costs	(2,679)	(6,165)
Acquisition integration costs	(2,611)	(3,337)
Strategic business transformation	(1,413)	-
Loss on disposals of businesses and assets	(1,182)	-
Other exceptional income/(costs)	44	(306)
Exceptional charge recognised in operating profit	(10,047)	(16,415)
Decrease in deferred contingent consideration	9,624	12,030
Decrease in deferred acquisition consideration	-	109
Change in discount rates on deferred contingent consideration	-	1,405
Refinancing costs impairment	-	(353)
Exceptional credit recognised in finance cost	9,624	13,191
Exceptional credit recognised in income tax	1,084	1,106
Total exceptional income/(charge)	661	(2,118)

4 Exceptional income/(charge) (continued)

Professional fees including acquisition costs:

Professional fees including acquisition costs incurred during 2023 are primarily costs relating to the acquisitions disclosed in note 35 together with costs incurred on transactions under consideration in the year.

Redundancy and restructuring costs:

Redundancy and restructuring costs include redundancy, ex gratia and termination costs and other costs arising on reorganisations and recent acquisitions.

Acquisition integration costs:

Acquisition integration costs primarily relate to costs incurred on the integration of recent acquisitions into the expanded Group. They also include professional fees relating to specialist industry and market insights to optimise the integration of recent acquisitions.

Strategic business transformation:

Strategic business transformation are costs incurred associated with reorganising and establishing a strategic presence in the US market. The costs include initial setup costs, relocation costs and a long-term incentive plan associated with building a strategically significant business in the US market.

Deferred contingent consideration:

Deferred contingent consideration relates to a release of €6,768,000 following a review of expected performance against contractual earn out targets in relation to US-based acquisitions completed in prior years. A further amount of €2,856,000 was released in respect of three other acquisitions that have reached the end of their contractual earn out periods.

In the prior year, deferred contingent consideration relates to a release of €12,030,000 following a review of expected performance against earn out contractual targets in relation to Diligent Health Solutions, LLC and the EPS Group.

Deferred acquisition consideration:

In 2022, an amount of €109,000 was released from deferred acquisition consideration for one independent community pharmacy.

Change in discount rates on deferred contingent consideration:

Change in discount rates on deferred contingent consideration.
The discount rates used to compute the present value of the deferred contingent consideration liability are reviewed periodically. At 31 December 2022, the discount rates were increased resulting in a credit of €1,405,000 to the Income Statement. The discount rates remain unchanged at 31 December 2023.

Refinancing costs:

Refinancing costs.
The Group entered a new and enlarged borrowing facility in August 2022 ahead of the expiration of the previous facility. As the previous facility has been superseded, the remaining fees capitalised in respect of it have been charged to the Income Statement in the prior year.

4 Exceptional income/(charge) (continued)

Loss on disposal of businesses and assets

	Notes	Businesses 2023 €'000	Assets 2023 €'000	Total 2023 €'000
Property, plant and equipment, and right-of-use assets		(1,230)	(118)	(1,348)
Goodwill	10	(1,984)	-	(1,984)
Inventories		(523)	-	(523)
Trade and other receivables		(229)	-	(229)
Cash disposed		(135)	-	(135)
Trade and other payables		522	-	522
Other non-current liabilities		791	-	791
		(2,788)	(118)	(2,906)
Consideration				
Cash received		1,436	968	2,404
Disposal related costs		(583)	(97)	(680)
		853	871	1,724
(Loss)/Profit on disposal of businesses and assets		(1,935)	753	(1,182)
 Net cash inflow on disposal:				
		Businesses 2023 €'000	Assets 2023 €'000	Total 2023 €'000
Cash received		1,436	968	2,404
Less: Cash disposed		(135)	-	(135)
Less: Disposal related costs paid		(583)	(97)	(680)
Net cash inflow on disposal		718	871	1,589

Loss on disposal of businesses

Loss on disposal of businesses
On 31 May 2023 the Group disposed of 100% of the share capital of McHugh's Pharmacy Limited and Sam McCauley Chemists (Bunclody) Limited together with the assets of a retail pharmacy in Navan, Co. Meath all of which traded as retail pharmacies. These disposals were completed as a binding commitment from Unipharm to the CCPC associated with the acquisition of the McCauley Pharmacy Group. The loss on disposal of these businesses was €1,935,000.

Profit on disposal of assets

During the period, the Group disposed of a property included in property, plant and equipment. The consideration from this disposal amounted to €968,000 resulting in a net profit on disposal of €753,000.

Notes to the Financial Statements (continued)

5 Operating profit

	2023 €'000	2022 €'000
Operating profit is stated after charging/(crediting):		
Directors' remuneration:		
» Emoluments	2,636	2,205
» Fees	607	601
Amortisation (Note 10)	6,204	5,114
Depreciation (Note 11)	29,202	23,356
Foreign exchange net loss	141	790
Profit / (loss) on disposal of property, plant and equipment (Note 3)	12	(29)

Auditors' remuneration (including expenses) is for the statutory audit of the Group's financial statements, subsidiary financial statements and other services carried out for the Group by the Company's auditors and subsidiary auditors. Included in fees payable for the audit of the Group accounts are total fees of €97,000 (2022: €84,000) 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 taxation compliance and consulting services, due diligence and tax advice on acquisitions completed during the year.

	2023			2022		
	PwC Ireland €'000	PwC Overseas €'000	Total €'000	PwC Ireland €'000	PwC Overseas €'000	Total €'000
Audit of group accounts	1,147	222	1,369	1,125	-	1,125
Tax compliance services	181	182	363	181	81	262
Tax advisory services	455	3	458	567	436	1,003
Other non-audit services – M&A	300	-	300	230	-	230
	2,083	407	2,490	2,103	517	2,620
			2023 €'000		2022 €'000	
Subsidiary company auditors – Non PwC						
» Audit of subsidiary accounts			30		48	
Staff costs (including Directors):						
» Wages and salaries			170,892		144,538	
» Social welfare costs			17,226		14,936	
» Pension costs			4,817		4,058	
			192,935		163,532	
Share-based payment expense			2,824		535	
			195,759		164,067	

Payroll costs amounting to €2,318,000 (2022: €1,063,000) were capitalised to property, plant and equipment and software related projects as these costs are directly related to development and construction work completed in the year to 31 December 2023.

Notes to the Financial Statements (continued)

5 Operating profit (continued)

Employees

The average number of persons employed by the Group (including Directors) during the year was as follows:

	Company		Group	
	2023 Number	2022 Number	2023 Number	2022 Number
Administration	135	107	833	674
Selling, distribution and warehouse	-	-	2,429	2,280
	135	107	3,262	2,954

6 Finance cost and Finance income

	2023 €'000	2022 €'000
Finance income		
Interest income	(590)	(96)
	(590)	(96)
Finance cost		
Interest on lease obligations (Note 21)	4,884	3,644
Interest payable on borrowings and invoice discounting facilities	17,199	5,646
Fair value adjustment to deferred and deferred contingent consideration	2,510	2,137
Amortisation of refinancing transaction fees	431	339
Finance cost before exceptional credit	25,024	11,766
Decrease in fair value of deferred contingent consideration (Note 4)	(9,624)	(13,544)
Release of refinancing transaction fees (Note 4)	-	353
Exceptional credit recognised in finance cost	(9,624)	(13,191)
	15,400	(1,425)

Finance costs do not include capitalised borrowing costs of €791,000 (2022: €66,000) on qualifying assets (Notes 10 and 11). Interest is capitalised at the Group's weighted average interest rate for the period of 5.3% (2022: 2.1%).

Notes to the Financial Statements (continued)

7 Income tax expense

	2023 €'000	2022 €'000
Recognised in the Income Statement:		
Current income tax:		
Republic of Ireland	6,783	5,289
Overseas	6,375	5,836
Total current income tax expense	13,158	11,125
Deferred income tax:		
Origination and reversal of temporary differences:		
Property, plant and equipment	42	220
Employee benefits	(201)	(917)
Tax losses	(5,069)	(995)
Intangible assets and liabilities	190	(320)
Other timing differences	(370)	(143)
Total deferred income tax credit	(5,408)	(2,155)
Total income tax expense	7,750	8,970
Attributable to:		
Continuing operations	7,750	8,970
Total income tax expense	7,750	8,970

Factors affecting the tax expense in future years

Factors that may affect the Group's future tax expense include the effects of restructuring, acquisitions and disposals, mix of geographical profits, changes in tax legislation and rates and the use of brought forward tax losses. The Directors have concluded that deferred tax assets associated with subsidiary tax losses will be recoverable using their estimated future taxable income based on approved business plans and budgets for these entities. The deferred tax losses can be carried forward indefinitely and have no expiry date.

In addition to the Republic of Ireland, the Group has operations in the overseas tax jurisdictions of the UK, Germany, the Netherlands, the Nordics, USA and the Asia Pacific region.

Effective 1 January 2024, Ireland adopted the OECD International Base Erosion and Profit Shifting (BEPS) Pillar Two Agreement whereby in scope multinational groups with revenues in excess of €750m pay a minimum rate of 15% corporation tax in every jurisdiction in which they operate.

The Unipharm Group will be in scope for Pillar Two tax obligations. As the Pillar Two legislation was not effective for the year ended 31 December 2023, the Group has no related current tax exposure.

The Pillar Two legislation sets out a detailed and highly complex set of rules on how to calculate the 15% effective tax rate. As a result of these complexities, the accounting effective tax rate is not always indicative of the effective tax rate as calculated under Pillar Two.

The Group is in the process of assessing the impact of the Pillar Two rules. Given that tax rates in the jurisdictions outside Ireland are significantly higher than 15%, it is expected that Pillar Two will not have a material impact in relation to this aspect of the Group's business. In the context of Ireland, the tax rate is below 15% which may lead to additional top-up taxes. However, work is being undertaken to understand if safe harbour exemptions included in the rules might apply. Given the complexities of the rules, any quantitative impact is not yet reasonably estimable. The Group continues to monitor changes in tax law and guidance as they apply to its global business.

On 1 April 2023, the UK tax authority increased its statutory corporate tax rate to 25% from 19% for profits over £250,000.

There are no expected material corporate income tax changes in the other jurisdictions from current 2023 rates which range from 20% to 30%, inclusive of Federal and State charges.

Notes to the Financial Statements (continued)

7 Income tax expense (continued)

	2023 €'000	2022 €'000
Reconciliation of effective tax rate		
Profit on ordinary activities before tax	52,898	54,676
Profit on ordinary activities multiplied by standard rate of corporation tax in the Republic of Ireland of 12.5% (2022: 12.5%)	6,612	6,835
Effects of:		
Disallowable expenses	1,921	1,833
Research & Development tax credits	(75)	(152)
Exceptional gains not taxable	(1,053)	(1,693)
Higher overseas income tax rates	2,942	2,140
Non trading income taxable at higher Irish income tax rates	168	-
Income tax withheld at source	63	-
(Credit)/charge on previously (unrecognised)/recognised tax losses	(2,515)	352
Tax base asset adjustments in respect of prior years	348	317
Over provision of corporation tax in prior year	(661)	(662)
Total income tax expense for the year	7,750	8,970

8 Earnings per share

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

	2023	2022
Profit for the financial year attributable to owners (€'000)	44,815	45,587
Weighted average number of shares ('000)	273,015	272,557
Earnings per ordinary share (in cent):		
» Basic	16.4	16.7
» Diluted	16.4	16.7

In 2023, the weighted average number of shares in the year equalled the number of issued ordinary shares of the Company. In 2022, the weighted average number of ordinary shares includes the effect of 6,543,620 shares (2,822,264 on a weighted basis) granted under the LTIP that have met the share price performance conditions, but will not vest until 31 December 2024. There is no impact on the weighted average number of ordinary shares granted under new senior management share option schemes in the year (2022: nil shares).

Adjusted earnings per share is an Alternative Performance Measure (APM) and is presented below. Adjusted earnings per share supports the understanding of performance by excluding the impact of exceptional items and non-cash items that may not correlate to the underlying performance of the business. During 2023, the Group amended the definition of Adjusted earnings per share to add back the share-based payment expense since it is a non-cash expense arising from the grant of share-based awards to employees. This change enhances the understanding and comparability of the financial statements as such non-cash expenses may not correlate to the underlying performance of the business. Comparative amounts for 2022 have been updated accordingly for comparability.

8 Earnings per share (continued)

	2023 €'000	2022 €'000
Adjusted earnings per share has been calculated by reference to the following:		
Profit for the financial year attributable to owners	44,815	45,587
Exceptional (credit)/charge recognised in Income Statement (Note 4)	(661)	2,118
Share-based payments	2,824	535
Amortisation of acquisition related intangibles	3,341	2,708
Tax credit on acquisition related intangibles	(363)	(329)
Profit after tax excluding exceptional items	49,956	50,619
Weighted average number of shares in issue in the year (000's)	273,015	272,557
Adjusted basic and diluted earnings per ordinary share (in cent)	18.3	18.6

9 Dividends

The Directors have proposed a final dividend of €3.2m (€0.0119 per ordinary share), subject to approval at the AGM. This results in a total shareholders dividend of €5.0m (€0.0183 per ordinary share) in respect of the year ended 31 December 2023 as the Board declared and paid a 2023 interim dividend of €1.8m (€0.0064 per ordinary share). If approved, the proposed dividend will be paid on 14 May 2024 to ordinary shareholders on the Company's register on 19 April 2024. This dividend has not been provided for in the Balance Sheet at 31 December 2023, as there was no present obligation to pay the dividend at year end.

A final dividend of €3.1m (€0.0113 per ordinary share) relating to 2022 was paid in May 2023.

10 Intangible assets

	Computer software €'000	Trademarks & licences €'000	Goodwill €'000	Technology assets €'000	Brand names €'000	Customer relationships €'000	Total €'000
Cost							
At 1 January 2022							
FX movement	(36)	-	(1,509)	133	-	196	(1,216)
Acquisitions (Note 35)	61	36	60,847	-	-	-	60,944
Additions	5,965	-	-	-	-	-	5,965
Disposals/retirements	(490)	-	-	-	-	-	(490)
At 31 December 2022	41,680	189	501,690	3,047	11,238	3,322	561,166
At 1 January 2023							
FX movement	14	-	(1,760)	(83)	-	(115)	(1,944)
Acquisitions (Note 35)	-	-	37,850	468	10,947	-	49,265
Additions	16,829	15	-	-	-	-	16,844
Disposals/retirements	(3,805)	-	(1,984)	-	-	-	(5,789)
At 31 December 2023	54,718	204	535,796	3,432	22,185	3,207	619,542
Amortisation							
At 1 January 2022							
FX movement	(9)	-	-	(10)	-	36	17
Amortisation	2,405	1	-	910	1,124	674	5,114
Disposals/retirements	(490)	-	-	-	-	-	(490)
At 31 December 2022	30,033	154	18,709	1,319	2,339	1,439	53,993
At 1 January 2023							
FX movement	4	-	-	(33)	-	(64)	(93)
Amortisation	2,853	10	-	558	2,127	656	6,204
Disposals/retirements	(2,214)	-	-	-	-	-	(2,214)
At 31 December 2023	30,676	164	18,709	1,844	4,466	2,031	57,890
Net book amounts							
At 31 December 2022	11,647	35	482,981	1,728	8,899	1,883	507,173
At 31 December 2023	24,042	40	517,087	1,588	17,719	1,176	561,652
Intangible assets	24,042	40	517,087	1,588	17,719	1,176	561,652
Right-of-use assets	-	-	-	-	-	-	-
At 31 December 2023	24,042	40	517,087	1,588	17,719	1,176	561,652

Acquisitions of Goodwill amounting to €37,850,000 comprise the following transactions (Note 35):

- » Goodwill of €32,659,000 arising on the acquisition of 100% of the ordinary share capital of LXV Remedies Holdings Limited (McCauley Pharmacy Group).
- » Goodwill of €3,231,000 arising on the acquisition of 100% of the ordinary share capital of Katari Artane Limited and Katari Coolock Limited.
- » Goodwill of €1,960,000 arising on the acquisition of 100% of the ordinary share capital of Kieran Hughes Pharmacy Limited.

10 Intangible assets (continued)

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

The Group recognised customer relationship assets on the acquisitions of Diligent Health Solutions, LLC and RRD International, LLC in 2020. Amortisation of these assets commenced at the date of acquisition, and they are being amortised over the estimated useful life of five years.

The Group recognised a technology asset on the acquisition of Innerstrength Limited and BESTMSLs Group in 2020 and 2021 respectively. In 2023, a technology asset was recognised on the acquisition of certain assets and trade of Pivot Digital Health. Amortisation of these assets commenced at the date of acquisition, and they are being amortised over the estimated useful life of five years.

The brand names intangible asset was recognised on the acquisition of the McCauley Pharmacy Group and the Hickey's Pharmacy Group in 2023 and 2020 respectively. Amortisation of these assets commenced at the date of acquisition, and they are being amortised over the estimated useful life of ten years. The McCauleys brand name was valued by an independent third party using the relief from royalty method and the key assumptions used included growth rate for revenue, the assumed royalty rate and the discount rate.

Included in computer software are assets under construction with a net book value of €16,663,000. Amortisation has not commenced on these assets. Included in the cost of additions are borrowing costs and payroll costs capitalised into computer software amounting to €194,000 (2022: €9,000) and €2,245,000 (2022: €753,000) respectively.

Cash-generating units

Goodwill acquired in business combinations is allocated, at acquisition, to the cash-generating units (CGUs) or group of 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 or group of CGUs represent the lowest level at which the associated goodwill is assessed for internal management purposes and are not larger than the operating segments determined in accordance with IFRS 8 Operating Segments.

As disclosed in Note 35, the initial accounting for the business combinations completed during the year has been determined provisionally. For 31 December 2023, the goodwill arising on business combinations completed during 2023 has been tested for impairment by reference to the groups of CGUs, determined in accordance with the businesses acquired.

During 2023, the goodwill arising on acquisitions has been allocated to the CGUs that are expected to benefit from that business combination. The goodwill arising on the acquisition of the McCauley Pharmacy Group and the independent community pharmacies (ICPs) acquired has been allocated to the Supply Chain and Retail Pharmacies group of CGUs, based on where the benefits of the acquisitions are expected to arise.

	2023 €'000	2022 €'000
Medtech	171,383	171,243
Product Access	100,434	100,770
Pharma Services	86,092	87,656
Retail Pharmacies	105,296	77,287
Supply Chain Services	53,882	46,025
Net book value of goodwill at 31 December	517,087	482,981

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).

10 Intangible assets (continued)

The recoverable amount of each group of CGUs is determined based on value-in-use calculations. The carrying value of each group of CGUs is initially compared to its estimated value-in-use. There were no impairments during the year (2022: €nil).

Value-in-use calculations

The value-in-use is calculated on the basis of estimated future cash flows discounted to present value. Estimated future cash flows were determined by reference to the budget for the period 2024 to 2025 and management forecasts for each of the following years from 2026 to 2028 inclusive. The terminal value was calculated using a long-term growth rate in respect of the years after 2028. The estimates of future cash flows were based on consideration of past experience, together with an assessment of the future prospects for each of the businesses within the group of CGUs. The assumptions used are also referenced against external industry data.

The key assumptions used in the value-in-use calculations are the growth rates for revenue and cost inflation included in the cash flow forecasts, the long-term growth rates and the discount rates, 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 group of CGUs. The discount rates determined for each group of CGUs are outlined in the table below. In determining the terminal value of the value-in-use, it was assumed that cash flows after the first five years will increase at a long-term growth rate ranging from 1.4% to 1.8% (2022: 1.3% to 1.8%). The rate assumed was based on an assessment of the likely long-term growth prospects of the individual group of CGUs based on the weighted average growth rate by geographies in which the CGU operates.

	Discount Rates 2023	Discount Rates 2022
Medtech	11.6%	11.4%
Product Access	11.6%	11.3%
Pharma Services	12.0%	11.9%
Retail Pharmacies	9.1%	9.1%
Supply Chain Services	8.6%	8.7%

The value-in-use calculations assume that the markets in which each group of CGUs 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 the value-in-use calculations did not indicate any potential impairment so no fair value less cost of disposal calculations were required.

The fair value less cost of disposal is calculated as the maintainable EBITDA of each group of CGUs multiplied by the appropriate EBITDA valuation multiple attributable to that group of CGUs. 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 groups of 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 groups of 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.

Notes to the Financial Statements (continued)

10 Intangible assets (continued)

	Computer Software €'000	Total €'000
COMPANY		
Cost		
At 1 January 2022	1,899	1,899
Additions	2,137	2,137
At 31 December 2022	4,036	4,036
At 1 January 2023	4,036	4,036
Additions	1,191	1,191
Disposals	(1,899)	(1,899)
At 31 December 2023	3,328	3,328
Accumulated amortisation		
At 1 January 2022	380	380
Charge for the year	541	541
At 31 December 2022	921	921
At 1 January 2023	921	921
Charge for the year	698	698
Disposals	(949)	(949)
At 31 December 2023	670	670
Net book amounts		
At 31 December 2022	3,115	3,115
At 31 December 2023	2,658	2,658
Intangible asset	2,658	2,658
Right-of-use assets	-	-
Net book value at 31 December 2023	2,658	2,658

Notes to the Financial Statements (continued)

	Freehold land and buildings €'000	Leasehold improvements €'000	Plant and equipment €'000	Fixtures and fittings €'000	Computer equipment €'000	Motor vehicles €'000	Instruments €'000	Total €'000
GROUP								
Cost								
At 1 January 2022	135,705	14,149	29,620	13,045	7,099	8,336	5,012	212,966
Foreign exchange movement	(409)	(37)	(122)	(119)	(6)	(103)	-	(796)
Additions	5,951	2,084	11,260	2,378	956	2,059	2,121	26,809
Acquisitions (Note 35)	10,195	-	661	312	18	489	-	11,675
Disposals/retirements	(1,770)	(13)	(1,757)	(1,424)	(1,325)	(2,956)	(565)	(9,810)
At 31 December 2022	149,672	16,183	39,662	14,192	6,742	7,825	6,568	240,844
At 1 January 2023	149,672	16,183	39,662	14,192	6,742	7,825	6,568	240,844
Foreign exchange movement	(151)	(45)	(9)	49	1	32	-	(123)
Additions	12,910	2,998	14,927	2,106	1,464	3,650	1,758	39,813
Acquisitions (Note 35)	23,531	4,092	349	3,182	1,059	12	-	32,225
Disposals/retirements	(4,079)	(289)	(413)	(949)	(899)	(3,280)	(595)	(10,504)
Reclassification	679	3,599	(69)	(3,243)	22	(1)	-	987
At 31 December 2023	182,562	26,538	54,447	15,337	8,389	8,238	7,731	303,242

11 Property, plant and equipment, and right-of-use assets (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
Accumulated depreciation								
At 1 January 2022								
Foreign exchange movement	24,930	3,139	15,843	5,847	4,271	4,052	2,393	60,475
Charge for the year	(150)	(24)	(100)	(82)	(15)	(53)	-	(424)
Disposals/retirements	11,334	1,520	3,396	1,884	1,116	2,487	1,619	23,356
At 31 December 2022	(11,557)	(13)	(1,742)	(1,404)	(1,275)	(2,635)	(565)	(9,191)
At 1 January 2023								
Foreign exchange movement	34,557	4,622	17,397	6,245	4,097	3,851	3,447	74,216
Charge for the year	26	8	37	39	13	15	-	138
Disposals/retirements	15,283	2,056	3,096	2,392	1,741	2,599	2,035	29,202
Reclassification	(2,187)	(122)	(409)	(830)	(873)	(3,001)	(579)	(8,001)
At 31 December 2023	679	1,218	-	(922)	12	-	-	987
Net book amounts								
At 31 December 2022	115,115	11,561	22,265	7,947	2,645	3,974	3,121	166,628
At 31 December 2023	134,204	18,756	34,326	8,413	3,399	4,774	2,828	206,700
Property, plant & equipment								
Right-of-use assets	7,305	18,756	34,187	8,413	3,399	494	2,828	75,382
Net book value at 31 December 2023	126,899	-	139	-	-	4,280	-	131,318
Included in property, plant and equipment are assets under construction with a net book value of €23,703,000 (2022: €10,708,000). Depreciation has not commenced on these assets. Included in the cost of additions is borrowing costs and payroll costs capitalised into assets amounting to €597,000 (2022: €57,000) and €73,000 (2022: €310,000) respectively.								

Notes to the Financial Statements (continued)

Notes to the Financial Statements (continued)

11 Property, plant and equipment, and right-of-use assets (continued)	Freehold land and buildings €'000	Computer equipment €'000	Plant and equipment €'000	Total €'000
COMPANY				
Cost				
At 1 January 2022			50,442	-
At 31 December 2022			50,442	-
At 1 January 2023			50,442	-
Additions			-	23
At 31 December 2023			50,442	23
382			382	50,824
Accumulated depreciation				
At 1 January 2022			9,486	-
Charge for the year			3,161	-
At 31 December 2022			12,647	-
At 1 January 2023			12,647	-
Charge for the year			3,162	1
At 31 December 2023			15,809	1
218			218	12,865
3,269			108	3,271
326			326	16,136
Net book amounts				
At 31 December 2022			37,795	-
At 31 December 2023			34,633	22
164			56	37,959
34,711			34,711	
Property, plant & equipment				
Right-of-use assets			-	22
Net book value at 31 December 2023			34,633	-
56			56	34,689
22			56	34,711
34,711			34,711	

Notes to the Financial Statements (continued)

12 Financial assets

	Long-term receivables					
	Investments	Loans to in equity instruments	Loans to IPOS entities	Loans to retail holding companies		
	€'000	€'000	€'000	€'000		
GROUP						
Cost						
At 1 January 2022	353	17	9,249	9,266		
Disposals	(199)	(17)	(9,249)	(9,266)		
At 31 December 2022	154	-	-	-		
At 1 January 2023	154	-	-	-		
Disposals	-	-	-	-		
At 31 December 2023	154	-	-	-		
Provision for impairment						
At 1 January 2022	328	17	9,249	9,266		
Disposals	(199)	(17)	(9,249)	(9,266)		
At 31 December 2022	129	-	-	-		
At 1 January 2023	129	-	-	-		
Disposals	-	-	-	-		
At 31 December 2023	129	-	-	-		
Net book amounts						
At 31 December 2022	25	-	-	-		
At 31 December 2023	25	-	-	-		

Notes to the Financial Statements (continued)

12 Financial assets (continued)

	Long-term receivables						
	Shares in subsidiary companies	Investments in equity instruments	Loans to IPOS entities	Loans to retail holding companies	Total		
	€'000	€'000	€'000	€'000	€'000		
COMPANY							
Cost							
At 1 January 2022	293,390	224	17	9,249	9,266		
Additions	44,342	-	-	-	-		
Disposals	(532)	(199)	(17)	(9,249)	(9,266)		
At 31 December 2022	337,200	25	-	-	-		
At 1 January 2023	337,200	25	-	-	-		
Additions	563	-	-	-	-		
Disposals	-	-	-	-	-		
At 31 December 2023	337,763	25	-	-	-		
Provision for impairment							
At 1 January 2022	1,890	199	17	9,249	9,266		
Disposals	(179)	(199)	(17)	(9,249)	(9,266)		
At 31 December 2022	1,711	-	-	-	-		
At 1 January 2023	1,711	-	-	-	-		
At 31 December 2023	1,711	-	-	-	-		
Net book amounts							
At 31 December 2022	335,489	25	-	-	-		
At 31 December 2023	336,052	25	-	-	-		

GROUP AND COMPANY

Investments in equity instruments

The fair value of €25,000 (2022: €25,000) is represented by the Group's investment in Independent Life Pharmacy plc (Life) comprising of 92 A ordinary shares of €0.01 each and 25,000 C shares of €1.00 each. The C shares are non-voting and do not confer any dividend entitlement. Independent Life Pharmacy plc represents the Life symbol group and is owned jointly by pharmacy owners through B shares and Unipharm plc through A shares. The pharmacy owners are entitled to nominate the majority of the Directors to the Life Board in addition to Unipharm nominees.

During 2022, fully impaired equity investments with a cost of €199,000 were dissolved with a corresponding release of the impairment provision.

Loans to retail holding and management companies

These loans represent amounts advanced to Riverchem DAC and Inischem DAC. As the companies have been dissolved, the investments were disposed in the year ended 31 December 2022 with a corresponding release of the impairment provision.

12 Financial assets (continued)

COMPANY

Shares in subsidiary companies

Financial assets of the parent company, Uniphar plc, include shares in subsidiary companies with a net book value of €336,052,000 (2022: €335,489,000). The main movements in 2023 were additions of €563,000 relating to capital contributions to subsidiary companies in relation to share-based payment expenses incurred on the subsidiaries' behalf (2022: €190,000). Additions of €44,342,000 in 2022 relate to the allotment of one additional share in Uniphar Durbin Ireland Limited (€44,152,000) and capital contributions as noted. At the reporting date, the carrying amount of the investment in subsidiaries is assessed for impairment when indications of impairment exist. No indications of impairment existed at 31 December 2023.

13 Deferred tax asset

The following is an analysis of the movement in the major categories of net deferred tax assets recognised by the Group for the years ended 31 December 2023 and 2022:

	Employee benefits	Property plant and equipment	Tax losses	Intangible assets	Other	Total
	€'000	€'000	€'000	€'000	€'000	€'000
GROUP						
At 1 January 2022	169	274	3,619	(1,767)	(561)	1,734
Acquisitions	-	-	207	6,550	-	6,757
Recognised in Income Statement	917	(220)	995	320	143	2,155
Utilisation of loss relief	-	-	(1,108)	-	-	(1,108)
Reclassification	-	-	29	-	(29)	-
Translation adjustment	(62)	143	(255)	(183)	(161)	(518)
At 31 December 2022	1,024	197	3,487	4,920	(608)	9,020
At 1 January 2023	1,024	197	3,487	4,920	(608)	9,020
Acquisitions	-	-	-	(864)	-	(864)
Recognised in Income Statement	201	(42)	5,069	(190)	370	5,408
Utilisation of loss relief	-	-	(1,549)	-	-	(1,549)
Reclassification	-	-	(3)	-	3	-
Translation adjustment	(8)	(11)	(56)	(174)	26	(223)
At 31 December 2023	1,217	144	6,948	3,692	(209)	11,792
Deferred tax asset	1,217	394	6,948	5,415	509	14,483
Deferred tax liability	-	(250)	-	(1,723)	(718)	(2,691)
	1,217	144	6,948	3,692	(209)	11,792

The deferred tax asset in relation to losses reflects the Group's expected utilisation of carried forward tax losses associated with parent company activities, Retail pharmacy and Pharma division businesses in Ireland and overseas. As outlined in Note 7, the Directors expect that its net deferred tax asset will be recoverable against future taxable income over the medium term.

The intangible deferred tax asset of €5,415,000 relates to the recognition of a goodwill tax asset of €5,415,000 amortisable over 15 years following the qualified stock purchase of the US company, Inspired Insight, LLC in September 2022.

The intangible deferred tax liability of €1,723,000 relates to the following:

- » The recognition of a residual tax liability of €1,190,000 associated with the tax amortisation benefit attributable to the Hickeys and McCauley brand names following their acquisitions in November 2020 and January 2023 respectively.

13 Deferred tax asset (continued)

- » The recognition of a residual tax liability of €222,000 associated with Acquired Customer Relationships of the US businesses Diligent Health Solutions, LLC and RRD International, LLC.
- » The recognition of a tax liability of €311,000 associated with acquired Technological Assets attributable to the July 2021 acquisition of the US Group, BESTMSLs and the August 2023 acquisition of certain assets of the UK company, Pivot Digital Health Limited.

The Group has potentially a deferred tax asset of €7,138,000 (2022: €7,705,000) arising from losses forward. The Directors believe sufficient taxable profits to utilise these potential assets will arise in the future, but that there is currently insufficient evidence to support the recognition of a deferred tax asset. These balances may be carried forward indefinitely under current tax law and are available for offset against future profits and gains generated by the companies which hold the losses.

	Employee benefits	Property plant and equipment	Tax losses	Other	Total
	€'000	€'000	€'000	€'000	€'000
COMPANY					
At 1 January 2022	97	-	1,734	40	1,871
Recognised in Income Statement	65	(7)	455	61	574
Tax losses surrendered to other Irish Group companies	-	-	(353)	-	(353)
At 31 December 2022	162	(7)	1,836	101	2,092
At 1 January 2023	162	(7)	1,836	101	2,092
Recognised in Income Statement	(12)	27	801	98	914
Tax losses surrendered to other Irish Group companies	-	-	(528)	-	(528)
At 31 December 2023	150	20	2,109	199	2,478
The Company's tax losses relate to expenses of management associated with its investment activities.					
The Company's other deferred tax asset relates to finance costs incurred which are tax deductible on a paid basis. The Directors believe that sufficient taxable profits will arise in the future to utilise these deferred tax assets.					
14 Assets held for sale					
GROUP					
At 1 January 2022	1,600				
At 31 December 2022	1,600				
At 1 January 2023	1,600				
Disposals	(1,600)				
At 31 December 2023	-				

During 2023, the Group disposed of €1,600,000 (2022: €nil) of property which was previously classified as held for sale. 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 were secured by this property. These borrowings had a carrying value of €1,600,000 at the date of disposal (2022: €1,600,000) and the disposal proceeds were used to settle the borrowings.

15 Inventory

	2023 €'000	2022 €'000
GROUP		
Goods for resale	184,549	157,673

The replacement cost of inventories did not differ materially from the Balance Sheet amounts at 31 December 2023 and 31 December 2022.

Inventory stated above is net of an impairment provision of €15,470,000 (2022: €16,570,000). Reversals of previous write downs of inventories recognised as a gain during 2023 amounted to €6,185,000 (gain in 2022: €4,947,000) following a review of the inventory profile at the Balance Sheet date. Comparative amounts for 2022 have been restated to better align with the requirements of IFRS.

In 2023, goods for resale recognised as cost of sales amounted to €2,124,470,000 (2022: €1,677,208,000).

16 Trade and other receivables

	2023 €'000	2022 €'000
Current trade and other receivables		
GROUP		
Trade receivables	202,849	142,300
Prepayments	12,824	4,808
Accrued income	12,992	12,999
Other receivables	8,895	4,255
Deferred consideration receivable	-	100
	237,560	164,462
COMPANY		
Amounts due from subsidiaries	255,136	284,306
Prepayments	4,381	732
Other receivables	16	205
Value added tax	340	335
Corporation tax	-	113
Deferred consideration receivable	-	100
	4,737	1,485
	259,873	285,791

16 Trade and other receivables (continued)

Accrued income is comprised of amounts due to the Group from government bodies that have been withheld from cash receipts in accordance with local withholding tax rules in addition to some earned revenues that are pending invoicing at year end.

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

Details of the provision for impairment of trade and other receivables are outlined in Note 32.

	2023 €'000	2022 €'000
Non-current trade and other receivables		
GROUP		
Other receivables	1,458	509
	1,458	509
COMPANY		
Other receivables	406	244
	406	244
17 Cash and cash equivalents and restricted cash		
	2023 €'000	2022 €'000
Cash and cash equivalents and restricted cash consist of the following:		
GROUP		
Cash at bank and in hand	85,652	103,704
Restricted cash deposits at call	173	-
	85,825	103,704
COMPANY		
Cash at bank and in hand	9,135	2,761
	9,135	2,761

The restricted cash deposits in 2023 relate to amounts held in escrow in respect of property leases and customs guarantees in Inspired Insight LLC and BModesto Vastgoed B.V.

18 Borrowings

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

	2023 €'000	2022 €'000
GROUP		
» Amounts falling due within one year	13,168	7,490
» Amounts falling due between one and five years	222,604	187,431
	235,772	194,921
COMPANY		
» Amounts falling due within one year	-	-
» Amounts falling due between one and five years	186,854	187,431
	186,854	187,431

The Group's total bank loans at 31 December 2023 were €235,772,000 (2022: €194,921,000). Borrowing under invoice discounting (recourse) as at the balance sheet date was €13,168,000 (2022: €5,890,000).

During 2023, the Group disposed of the property acquired with the Bradley's Pharmacy Group which was previously classified as held for sale. The associated non-recourse borrowings with a carrying value of €1,600,000 at the date of disposal were repaid in conjunction with the property disposal. (Note 14).

The Group entered into a new facility in August 2022. The total loan value of the revolving credit facility available for use within this agreement is €400,000,000, with an additional uncommitted accordion facility of €150,000,000. This facility runs for five years to 2027 with one option remaining to extend by a further one year with repayment of all loans on termination of the facility in August 2027.

At 31 December 2023, the Group's revolving credit facility loans in use were at an interest margin of +1.9% (2022: +1.5%) on inter-bank interest rates (EURIBOR, GBP SONIA and USD SOFR).

The Company's total bank loans at 31 December 2023 were €186,854,000 (2022: €187,431,000). At 31 December 2023, they were subject to an interest rate margin of +1.9% (2022: +1.5%) on inter-bank interest rates (EURIBOR, GBP SONIA and USD SOFR).

Bank security

Bank overdrafts (including invoice discounting) and bank loans of €235,772,000 (2022: €194,921,000) are secured by cross guarantees and fixed and floating charges from the Company and certain subsidiary undertakings.

19 Deferred contingent consideration

	2023 €'000	2022 €'000
GROUP		
At 1 January	91,798	88,918
Unwinding of discount	2,506	2,073
Arising on acquisition	-	17,519
Utilised during the year	(8,234)	(5,127)
Released during the year	(9,624)	(12,030)
Change in discount rate	-	(1,405)
Foreign currency movement	(1,385)	1,850
At 31 December	75,061	91,798
COMPANY		
Current	43,523	35,115
Non-current	31,538	56,683
Total deferred contingent consideration	75,061	91,798

Deferred contingent consideration represents the present value of deferred contingent acquisition consideration which will become payable based on pre-defined performance thresholds being met. The deferred contingent consideration liability at 31 December 2023 is €75,061,000 (2022: €91,798,000). Significant judgement is exercised in determining the liability indicating that the final liability may be significantly different to the amount provided. In the event of the maximum earnout being achieved, an additional provision of €67,608,000 would be required at 31 December 2023. Equally, a significantly smaller liability than that estimated could arise.

Deferred contingent consideration was included within Provisions in the 2022 financial statements but has been presented separately in the current year to better align with IFRS presentation requirements with comparative amounts updated accordingly.

During the year payments of €8,234,000 (2022: €5,127,000) were made in respect of prior year acquisitions. Deferred contingent consideration of €9,624,000 (2022: €12,030,000) in respect of prior year acquisitions were released in the year following a review of expected performance against earn-out targets. The discount rates used to discount the provisions to present value did not require update at 31 December 2023 resulting in no change arising from changes in discount rates (2022: €1,405,000). Further details on the measurement of deferred contingent consideration are provided in Note 32. The balance at 31 December 2023 relates to the following acquisitions:

- » Dialachemist Limited (2015)
- » Macromed (UK) Limited (2018)
- » M3 Medical Limited (2019)
- » Innerstrength Limited (2020)
- » Diligent Health Solutions, LLC (2020)
- » RRD International, LLC (2020)
- » CoRRect Medical GmbH (2021)
- » Mdea, Inc, The Doctor's Channel, LLC, and BESTMSLs, Inc (BESTMSLs Group) (2021)
- » Events 4 Healthcare Limited (2021)
- » Devonshire Healthcare Services Limited (2021)
- » Inspired Insight, LLC (2022)
- » Orspec Pharma Pty Limited (2022)
- » BModesto Vastgoed B.V. (2022).

19 Deferred contingent consideration (continued)

The deferred contingent consideration at 31 December 2022 related to the acquisition of the following:

- » Dialachemist Limited (2015)
- » Macromed (UK) Limited (2018)
- » EPS Vascular AB, EP Endovascular AB and EPS Vascular OY (EPS Group) (2019)
- » M3 Medical Limited (2019)
- » Innerstrength Limited (2020)
- » Diligent Health Solutions, LLC (2020)
- » RRD International, LLC (2020)
- » CoRRect Medical GmbH (2021)
- » Mdea, Inc, The Doctor's Channel, LLC, and BESTMSLs, Inc (BESTMSLs Group) (2021)
- » Events 4 Healthcare Limited (2021)
- » Devonshire Healthcare Services Limited (2021)
- » Inspired Insight, LLC (2022)
- » Orspec Pharma Pty Limited (2022)
- » BModesto Vastgoed B.V. (2022).

The maturity profile of the deferred contingent consideration at 31 December 2023 is outlined in Note 32.

	2023 €'000	2022 €'000
COMPANY		
At 1 January	2,462	2,428
Unwinding of discount	2	49
Utilised during the year	(189)	-
Released during the year	(2,269)	-
Change in discount rate	-	(15)
At 31 December	6	2,462
Current	6	-
Non-current	-	2,462
Total deferred contingent consideration	6	2,462

Deferred contingent consideration represents the present value of deferred contingent acquisition consideration which would become payable based on pre-defined performance thresholds being met. During the year payments of €189,000 were made in respect of prior year acquisitions (2022: €nil). Deferred contingent consideration of €2,269,000 (2022: €nil) in respect of prior year acquisitions were released in the year following a review of expected performance against earn-out targets. The balance at 31 December 2023 and 31 December 2022 relates to the acquisition of Innerstrength Limited in 2020.

20 Provisions

	Lease dilapidation 2023 €'000	Warranty provision 2023 €'000	Other 2023 €'000	Total 2023 €'000	Total 2022 €'000
GROUP					
At 1 January	488	133	1,641	2,262	1,483
Recognised during the year	-	28	-	28	1,729
Arising on acquisition	350	-	-	350	-
Utilised during the year	-	-	(789)	(789)	(952)
Released during the year	(62)	-	-	(62)	(35)
Foreign currency movement	-	3	(40)	(37)	37
At 31 December	776	164	812	1,752	2,262

Lease dilapidation

The lease dilapidation provision covers the cost of reinstating certain Group properties at the end of the lease term. This is based on the terms of the individual leases which set out the conditions relating to the return of property. The timing of the outflows will match the ending of the relevant leases with various dates up to 2049.

Warranty provision

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

Other

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

Deferred contingent consideration was included within Provisions in the 2022 financial statements but has been presented separately in the current year to better align with IFRS presentation requirements with comparative amounts updated accordingly.

Notes to the Financial Statements (continued)

21 Leases

i) Amounts recognised in the Balance Sheet:

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

GROUP	2023 €'000	2022 €'000
Right-of-use assets:		
Buildings	126,899	107,268
Plant and equipment	139	278
Motor vehicles	4,280	3,441
Computer software	-	1,139
Net book value of right-of-use assets	131,318	112,126

Lease liabilities:

	2023 €'000	2022 €'000
Current	20,134	14,315
Non-current	126,083	105,919
Total lease liabilities	146,217	120,234

Right-of-use assets are included in the lines 'Intangible assets' and 'Property, plant and equipment, and right-of-use assets' on the Balance Sheet, and are presented in Notes 10 and 11.

Additions to the right-of-use assets during the year ended 31 December 2023 were €16,498,000 (2022: €7,961,000).

Lease liabilities are presented separately on the face of the Balance Sheet. The contractual maturity of the lease liabilities is presented in Note 32.

COMPANY	2023 €'000	2022 €'000
Right-of-use assets:		
Buildings	34,633	37,795
Plant and equipment	56	164
Computer software	-	1,139
Net book value of right-of-use assets	34,689	39,098

Lease liabilities:

	2023 €'000	2022 €'000
Current	3,565	3,836
Non-current	34,706	38,283
Total lease liabilities	38,271	42,119

Right-of-use assets are included in the lines 'Intangible Assets' and 'Property, plant and equipment, and right-of-use assets' on the Balance Sheet, and are presented in Notes 10 and 11.

Additions to the right-of-use assets during the year ended 31 December 2023 were €nil (2022: €nil).

Notes to the Financial Statements (continued)

21 Leases (continued)

ii) Amounts recognised in the Income Statement:

The Income Statement shows the following amounts relating to leases:

GROUP	2023 €'000	2022 €'000
Buildings		
Plant and equipment	14,893	11,131
Motor vehicles	191	414
Right-of-use assets depreciation charge	2,452	2,434
Computer software	17,536	13,979
Right-of-use assets amortisation charge	189	380
Interest on lease obligations (Note 6)	4,884	3,644
Principal repayments	16,604	13,192
Total cash outflow in respect of leases	21,488	16,836

COMPANY

COMPANY	2023 €'000	2022 €'000
Buildings		
Plant and equipment	3,162	3,161
Right-of-use assets depreciation charge	108	108
Computer software	3,270	3,269
Right-of-use assets amortisation charge	189	380
Interest on lease obligations	1,205	1,316
Principal repayments	2,898	2,916
Total cash outflow in respect of leases	4,103	4,232

22 Trade and other payables

GROUP	2023 €'000	2022 €'000
Trade payables		
Accruals	299,184	223,249
Other payables	158,237	155,255
Deferred income	7,929	5,404
Employment related taxes	7,770	7,585
Value added tax	5,119	4,863
Deferred acquisition consideration	11,944	10,327
	100	523
	490,283	407,206

Notes to the Financial Statements (continued)

22 Trade and other payables (continued)

Trade and other payables are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

Taxes are payable at various dates over the coming months in accordance with the applicable statutory provisions.

Deferred income represents prepayments from customers for goods or services that have yet to be delivered. During the year, all the deferred income recognised at 31 December 2022 has been recognised as revenue. Deferred income amounts for 2022 have been presented separately from Other payables to better align with the requirements of IFRS.

Defined contribution pension schemes

Included in accruals and other payables is an amount of €947,000 (2022: €516,000) due in relation to the defined contribution pension schemes.

	2023 €'000	2022 €'000
COMPANY		
Amounts owed to subsidiaries	136,793	147,060
Trade payables	2,291	2,863
Accruals	10,624	18,543
Other payables	1,340	917
Employment related taxes	601	493
	14,856	22,816
	151,649	169,876

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

Trade and other payables are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

Taxes are payable at various dates over the coming months in accordance with the applicable statutory provisions.

Deferred acquisition consideration

Total deferred acquisition consideration is payable in the following periods after 31 December in the Group:

	2023 €'000	2022 €'000
GROUP		
Within one year	100	523
	100	523

Deferred acquisition consideration reflects the amounts payable in respect of the acquisition of an independent community pharmacy during 2023. During 2023, payments were made in relation to deferred acquisition consideration on the acquisition of Orspec Pharma and an independent community pharmacy.

Notes to the Financial Statements (continued)

23 Called up share capital

	2023 Number	2022 Number	2023 €'000	2022 €'000
GROUP AND COMPANY				
Authorised share capital at 31 December:				
Ordinary shares of 8c each	453,205,300	453,205,300	36,256	36,256
"A" ordinary shares of 8c each	16,000,000	16,000,000	1,280	1,280
Authorised share capital			37,536	37,536

Movement in the year in issued share capital presented as equity

	2023 Number	2022 Number	2023 €'000	2022 €'000
<i>Allotted, called up and fully paid ordinary shares of 8c each</i>				
At 1 January	273,015,254	273,015,254	21,841	21,841
At 31 December	273,015,254	273,015,254	21,841	21,841
<i>Total allotted share capital:</i>				
At 31 December	273,015,254	273,015,254	21,841	21,841

There have been no changes to the authorised or issued share capital in either 2023 or 2022.

24 Share premium

	2023 €'000	2022 €'000
GROUP AND COMPANY		
Premium arising on shares issued	176,501	176,501

25 Other reserves

	2023 €'000	2022 €'000
GROUP		
Property revaluation reserve	700	700
Foreign currency translation reserve	1,945	1,248
Capital redemption reserve	60	60
	2,705	2,008
COMPANY		
Capital redemption reserve	60	60
	60	60

Property revaluation reserve

The property revaluation reserve arose on the revaluation of freehold land and buildings. When revalued land and buildings are sold, the portion of the property revaluation reserve that relates to that asset will be transferred directly to retained earnings.

25 Other reserves (continued)

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the net assets of the Group's non-Euro denominated operations, including the translation of the profits of such operations from the average exchange rate for the year to the exchange rate at the Balance Sheet date. The reserve also includes all foreign exchange differences arising from the translation of borrowings that hedge the Group's net investment in foreign operations.

Capital redemption reserve

The capital redemption reserve is a legal reserve which has arisen from the Company buying back and cancelling its ordinary shares in 2013.

26 Retained earnings

	€'000
GROUP	
At 1 January 2022	47,555
Profit for the financial year	45,587
Dividends paid	(4,666)
At 31 December 2022	88,476
At 1 January 2023	88,476
Profit for the financial year	44,815
Dividends paid	(4,832)
Purchase of non-controlling interest (Note 27)	(246)
At 31 December 2023	128,213
COMPANY	
At 1 January 2022	76,367
Loss for the financial year	(5,233)
Dividend paid	(4,666)
At 31 December 2022	66,468
At 1 January 2023	66,468
Profit for the financial year	4,978
Dividend paid	(4,832)
At 31 December 2023	66,614

27 Non-controlling interests

	2023 €'000	2022 €'000
At 1 January		
Share of post-acquisition profits	239	120
Arising on acquisition	333	119
At 31 December	246	-
	818	239

27 Non-controlling interests (continued)

Non-controlling interests own the following stakes in the issued ordinary share capital of the entities set out below at 31 December 2023:

- » 20.0% Dialachemist Limited
- » 1.0% Innerstrength Limited
- » 5.05% Macromed (UK) Limited.

During the year, the Group acquired a further 16.7% of the ordinary share capital of Innerstrength Limited taking the Group's share from 82.3% to 99.0%. Innerstrength Limited has been loss making therefore the further acquisition has contributed to the increase in non-controlling interests. Citywest Healthcare Limited was liquidated during the year and therefore there is no longer a 25% non-controlling interest.

In November 2022, the Group acquired 85% of BModesto Vastgoed B.V. with the remaining 15% subject to a put and call option. BModesto Vastgoed B.V. has been consolidated as a subsidiary undertaking using the anticipated acquisition method, consistent with IFRS 3, with the combined 100% recognised as acquired from November 2022.

28 Employee share awards

Share-based payments

The Group operates a number of equity settled share-based payment schemes in addition to a cash settled share-based payment scheme. No new schemes were established during 2023.

Share options (equity-settled)

The key terms and conditions related to the grants under the 2022 and 2021 share option plans that remain outstanding at 31 December 2023 are as follows:

Grant date	Number of instruments in thousands	Vesting conditions	Contractual life of option
July 2021	250	Service from the grant date to 31 December 2024, meeting share price thresholds of €4.00 per share, €4.75 per share price and €5.50 per share. (33% at each hurdle vest's subject to the service condition)	7 years
July 2021	335	Same as July 2021 vesting conditions	7 years
October 2021	250	Same as July 2021 vesting conditions	7 years
November 2022	12,500	Service from grant date to 31 December 2026 meeting Total Shareholder Return (TSR) thresholds achieved in the vesting period ranging from 50% to 70%	10 years
Total share options granted		13,335	

Cash LTIP (cash-settled)

On 22 July 2021, the Group granted 120,000 cash LTIP awards to employees that entitled them to a cash payment at 31 December 2024 based on the service provided up until this date. The number of outstanding cash LTIP awards at 31 December 2023 is 120,000 (2022: 120,000).

The amount of the cash payment is determined by the increase in the share price of the Company based on the share price hurdles of €4.00, €4.75 and €5.50 for the cash LTIP awards issued in July (33% at each hurdle vest's subject to service conditions). The carrying amount of liabilities for the cash LTIP awards at 31 December 2023 is €35,000 (2022: €34,000).

28 Employee share awards (continued)

Measurement of fair values (equity-settled)

The fair value of the employee share option scheme has been measured using a Monte Carlo simulation. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plan were as follows:

Grant date	July 21	October 21	July 21	November 22
Fair value at grant date	0.95	1.37	1.01	0.87
Share price at grant date	3.70	4.19	3.77	3.57
Exercise price	3.33	3.33	3.33	3.48
Expected volatility	31%	31%	31%	31%
Expected life	5.2 years	5.1 years	5.2 years	6 years
Expected dividends	0.4%	0.4%	0.4%	0.5%
Risk-free interest rate	(0.75%)	(0.56%)	(0.79%)	1.92%

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period. The expected term of the instruments has been based on general option holder behaviour.

Measurement of fair values (cash-settled)

The fair value of the cash LTIP awards has been measured using a Monte Carlo simulation. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The inputs used in the measurement of the fair values of the cash LTIP at 31 December 2023 and at grant date are as follows:

	31 December 2023	At grant date
Grant date		July 2021
Fair value at grant date	0.66	0.66
Share price at grant date	3.35	3.35
Exercise price	3.33	3.33
Expected volatility	31%	31%
Expected life	3.5 years	3.5 years
Expected dividends	0.5%	0.4%
Risk-free interest rate	2.69%	(0.68%)

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period. The expected term of the instruments has been based on general option holder behaviour.

28 Employee share awards (continued)

Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the 2022 and 2021 share option programmes were as follows:

	2023	2022		
	Weighted Average Exercise Price	Number 000's	Weighted Average Exercise Price	Number 000's
As at 1 January	3.47	13,570	3.05	1,670
Granted during the year	-	-	3.48	12,500
Forfeited during the year	(3.33)	(235)	(2.54)	(600)
Exercised during the year	-	-	-	-
As at 31 December	3.47	13,335	3.47	13,570

The options outstanding at 31 December 2023 had an exercise price in the range of €3.33 to €3.48 (2022: €3.33 to €3.48) and a weighted-average contractual life of 9.8 years (2022: 9.8 years).

Expense recognised in the Income Statement

An equity-settled share-based payment charge of €2,824,000 (2022: €535,000) has been recognised in the year.

A cash-settled share-based payment charge of €1,000 (2022: €6,000) has been recognised in the year in respect of the cash LTIP awards.

Long-term incentive plan

The Company operates a long-term incentive plan for certain Executive Directors and managerial employees under which shares have been granted subject to vesting conditions linked to the achievement of demanding Group performance measures and operational targets as well as continued employment with the Group. The Company can require compulsory transfer of these shares if certain criteria are not met.

As at 31 December 2023, the Company had allotted 13,162,240 ordinary shares of €0.08 each (2022: 13,162,240 shares) 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 2023 and 31 December 2022 were called up and fully paid. These shares remain subject to 'non-market' vesting conditions. No charge to the Income Statement arises in either 2023 or 2022 in respect of this arrangement.

29 Reconciliation of operating profit to cash flow from operating activities

	2023 €'000	2022 €'000
GROUP		
Operating profit before operating exceptional items	77,755	69,570
Cash related exceptional items	(17,784)	(7,768)
	59,971	61,802
Depreciation	29,202	23,356
Amortisation	6,204	5,114
Increase in inventory	(16,868)	(15,130)
(Increase)/decrease in receivables	(67,073)	2,934
Increase in payables	67,717	2,700
Share-based payment expense	2,824	535
Foreign currency translation adjustments	172	1,393
Cash inflow from operating activities	82,149	82,704
COMPANY		
Operating profit before operating exceptional items	13,734	7,779
Cash related exceptional items	(11,579)	(3,093)
	2,155	4,686
Depreciation	3,271	3,269
Amortisation	698	541
Decrease/(increase) in receivables	25,545	(18,203)
(Decrease)/increase in payables	(8,259)	5,869
Share-based payment expense	2,824	535
Foreign currency translation adjustments	(1,007)	-
Cash inflow/(outflow) from operating activities	25,227	(3,303)

30 Reconciliation of net cash flow to movement in net bank debt

	2023 €'000	2022 €'000
GROUP		
(Decrease)/increase in cash and overdrafts in the year	(18,287)	26,904
Movement in restricted cash (Note 31)	173	-
Cash flow from movement in borrowings (Note 31)	(18,764)	(59,179)
Decrease in net debt resulting from cash flows	(36,878)	(32,275)
Debt acquired during the year (Note 31)	(22,664)	(23,843)
Non-cash movement in borrowings during the year (Note 31)	577	14,423
Foreign currency translation on cash and cash equivalents	235	(1,225)
Movement in net bank debt in the year	(58,730)	(42,920)
Net bank debt at beginning of year	(91,217)	(48,297)
Net bank debt at end of year	(149,947)	(91,217)
COMPANY		
Increase in cash and overdrafts in the year (Note 31)	6,374	656
Cash flow from movement in borrowings (Note 31)	-	(62,830)
Increase/(decrease) in net bank debt resulting from cash flows	6,374	(62,174)
Non-cash movement in borrowings during the year (Note 31)	577	-
Movement in net bank debt in the year	6,951	(62,174)
Net bank debt at beginning of year	(184,670)	(122,496)
Net bank debt at end of year	(177,719)	(184,670)

31 Analysis of changes in net debt

	1 January 2023 €'000	Cash flow €'000	Acquisitions (Note 35) €'000	Disposals (Note 4)* €'000	Non-cash movement €'000	31 December 2023 €'000
GROUP						
Cash and cash equivalents	103,704	(21,232)	3,080	(135)	235	85,652
Restricted cash	-	173	-	-	-	173
Total cash	103,704	(21,059)	3,080	(135)	235	85,825
Bank loans repayable within one year	(7,490)	(5,678)	-	-	-	(13,168)
Bank loans repayable after one year**	(187,431)	(13,086)	(22,664)	-	577	(222,604)
Bank loans	(194,921)	(18,764)	(22,664)	-	577	(235,772)
Net bank debt	(91,217)	(39,823)	(19,584)	(135)	812	(149,947)
Lease obligations	(120,234)	21,488	(29,168)	1,044	(19,347)	(146,217)
Net debt	(211,451)	(18,335)	(48,752)	909	(18,535)	(296,164)

* The disposals movement in 2023 relates to the business disposals included in Note 4.

**The Non-cash movement in 2023 relates to foreign currency movement and amortisation of refinancing transaction fees.

31 Analysis of changes in net debt (continued)

	1 January 2022 €'000	Cash flow €'000	Acquisitions €'000	Non-cash movement €'000	31 December 2022 €'000
GROUP					
Cash and cash equivalents	78,025	23,609	3,295	(1,225)	103,704
Total cash	78,025	23,609	3,295	(1,225)	103,704
Bank loans repayable within one year*	(1,721)	3,651	(23,843)	14,423	(7,490)
Bank loans repayable after one year	(124,601)	(62,830)	-	-	(187,431)
Bank loans	(126,322)	(59,179)	(23,843)	14,423	(194,921)
Net bank debt	(48,297)	(35,570)	(20,548)	13,198	(91,217)
Lease obligations	(119,078)	16,836	(7,220)	(10,772)	(120,234)
Net debt	(167,375)	(18,734)	(27,768)	2,426	(211,451)

* The Non-cash movement in 2022 principally relates to an invoice discounting facility associated with the BModesto Group acquisition which was not repaid at the time of acquisition.

	1 January 2023 €'000	Cash flow €'000	Non-cash movement €'000	31 December 2023 €'000
COMPANY				
Cash and cash equivalents	2,761	6,374	-	9,135
Total cash	2,761	6,374	-	9,135
Bank loans repayable after one year	(187,431)	-	577	(186,854)
Bank loans	(187,431)	-	577	(186,854)
Net bank debt	(184,670)	6,374	577	(177,719)
Lease obligations	(42,119)	4,103	(255)	(38,271)
Net debt	(226,789)	10,477	322	(215,990)

31 Analysis of changes in net debt (continued)

	1 January 2022 €'000	Cash flow €'000	Non-cash movement €'000	31 December 2022 €'000
COMPANY				
Cash and cash equivalents	2,105	656	-	2,761
Total Cash	2,105	656	-	2,761
Bank loans repayable after one year	(124,601)	(62,830)	-	(187,431)
Bank loans	(124,601)	(62,830)	-	(187,431)
Net bank debt	(122,496)	(62,174)	-	(184,670)
Lease obligations	(45,034)	4,232	(1,317)	(42,119)
Net debt	(167,530)	(57,942)	(1,317)	(226,789)

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
Financial assets				
2023				
Investments in equity instruments	12	25	-	25
Trade and other receivables **	16	-	213,202	213,202
Cash and cash equivalents	17	-	85,652	85,652
Restricted cash	17	-	173	173
		25	299,027	299,052
2022				
Investments in equity instruments	12	25	-	25
Trade and other receivables **	16	-	147,064	147,064
Deferred consideration receivable	16	-	100	100
Cash and cash equivalents	17	-	103,704	103,704
		25	250,868	250,893

* Fair value through other comprehensive income.

** Excluding prepayments, accrued income and deferred consideration receivable.

32 Financial instruments (continued)

	Notes	Financial liabilities at FVTPL* €'000	Financial liabilities at amortised cost €'000	Total €'000
Financial liabilities				
2023				
Borrowings	18	-	235,772	235,772
Deferred acquisition consideration	22	-	100	100
Trade and other payables **	22	-	465,350	465,350
Deferred contingent consideration	19	75,061	-	75,061
Lease obligations	21	-	146,217	146,217
		75,061	847,439	922,500
2022				
Borrowings	18	-	194,921	194,921
Deferred acquisition consideration	22	-	523	523
Trade and other payables **	22	-	383,908	383,908
Deferred contingent consideration	19	91,798	-	91,798
Lease obligations	21	-	120,234	120,234
		91,798	699,586	791,384

* Fair value through profit and loss.

** Excluding non-financial liabilities.

Trade and other payables comparative amounts for 2022 have been restated to better align with the reporting requirements of IFRS.

Fair value

The following table sets out the fair value of the Group's principal financial assets and liabilities.

	Notes	2023 Carrying value €'000	2023 Fair value €'000	2022 Carrying value €'000	2022 Fair value €'000
Financial assets					
Investments in equity instruments					
Borrowings	12	25	25	25	25
Trade and other receivables	16	213,202	213,215	147,064	147,073
Deferred consideration receivable	16	-	-	100	100
Cash and cash equivalents	17	85,652	85,652	103,704	103,704
Restricted cash	17	173	173	-	-
		299,052	299,065	250,893	250,902
Financial liabilities					
Borrowings					
Deferred acquisition consideration	22	100	100	523	523
Trade and other payables	22	465,350	465,350	383,908	383,908
Deferred contingent consideration	19	75,061	75,061	91,798	91,798
Lease obligations	21	146,217	146,217	120,234	120,234
		922,500	922,500	791,384	791,384

32 Financial instruments (continued)

Measurement of fair values

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

Investments in equity instruments

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

Trade and other receivables/trade and other payables

For receivables and payables with a remaining life of less than 12 months or demand balances, the carrying value less impairment provision where appropriate, is deemed to reflect fair value. Trade and other payables comparative amounts for 2022 have been restated to better align with the reporting requirements of IFRS.

Cash and cash equivalents, including short-term bank deposits

For short-term bank deposits and cash and cash equivalents, all of which have a 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 consideration which would become payable based on pre-defined performance thresholds being met and is calculated based on management's best estimates of the expected future cash outflows using current budget forecasts. The provision for deferred contingent consideration is principally in respect of acquisitions completed from 2015 to 2022. A maturity analysis of the deferred contingent consideration on an undiscounted basis is presented on page 195.

The significant unobservable inputs are:

- » Expected future profit forecasts which have not been disclosed due to their commercial sensitivities; and
- » Risk adjusted discount rate of between 2.5% and 4.0% (2022: between 2.5% and 4.0%)

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 2023, holding the other inputs constant would reduce the fair value of the deferred contingent consideration by €1.0m. A 1% decrease in the risk adjusted discount rate would result in an increase of €1.0m in the fair value of the deferred contingent consideration.

32 Financial instruments (continued)

Fair value hierarchy

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

	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Recurring fair value measurements				
<i>At 31 December 2023</i>				
Investments in equity instruments	-	-	25	25
Deferred contingent consideration	-	-	(75,061)	(75,061)
	-	-	(75,036)	(75,036)
<i>At 31 December 2022</i>				
Investments in equity instruments	-	-	25	25
Deferred contingent consideration	-	-	(91,798)	(91,798)
	-	-	(91,773)	(91,773)

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

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

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

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

32 Financial instruments (continued)

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended 31 December 2023 and 31 December 2022:

	Shares in unlisted companies €'000	Deferred contingent consideration €'000	Total €'000
<i>At 1 January 2022</i>			
Utilised during the year			
Change in discount rate*	-	1,405	1,405
Unwinding of discount*	-	(2,073)	(2,073)
Arising on acquisition	-	(17,519)	(17,519)
Released during the year*	-	12,030	12,030
Foreign currency movement	-	(1,850)	(1,850)
<i>At 31 December 2022</i>			
Utilised during the year	-	8,234	8,234
Unwinding of discount*	-	(2,506)	(2,506)
Released during the year*	-	9,624	9,624
Foreign currency movement	-	1,385	1,385
<i>At 31 December 2023</i>			
	25	(75,061)	(75,036)

* 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 financial risk management is carried out by a central finance department under policies approved by the Board of Directors. Group finance identifies, evaluates, and manages financial risks in close co-operation with the Group's operating units. The Board approves written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and the investment of excess liquidity.

32 Financial instruments (continued)

Credit risk

Credit risk arises from credit to customers, loans to customers, 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 2.0% of gross trade receivables (2022: 3.9%). 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 accrued income and 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
- » 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:

	2023 €'000	2022 €'000
At 1 January		
Provision for impairment recognised during the year	5,786	6,050
Receivables written off during the year as uncollectible	929	159
Recovery of balances previously provided for	(198)	(285)
Foreign currency translation	(2,339)	(109)
	39	(29)
At 31 December	4,217	5,786

The trade receivables balances disclosed in Note 16 comprise a large number of customers spread across the Group's activities and geographies with balances classified as "not past due" representing 79.4% of the total trade receivables balance at the Balance Sheet date (2022: 82.4%). Invoice discounting arrangements are employed in certain of the Group's operations where they are deemed to be of benefit by management.

32 Financial instruments (continued)

Under the terms of the invoice discounting non-recourse agreement, the Group has transferred substantially all credit risk and control of certain trade receivables. The balance of the facility as at 31 December 2023 is €111,765,000 (2022: €111,765,000). The Group has recognised an asset within trade and other receivables of €16,765,000 (2022: €16,765,000), being the fair value of the amount receivable from the financial institutions, representing 15% of the trade receivables transferred to the financial institutions in accordance with the terms of the receivables purchase arrangement. The total interest expense associated with this receivables purchase agreement during the year ended 31 December 2023 was €4,766,000 (2022: €1,866,000).

On acquisition of BModesto Group in 2022, the Group acquired an invoice discounting facility that is with recourse to the Group. The balance of this facility at 31 December 2023 is €13,168,000 (2022: €5,900,000). The total interest expense associated with this invoice discounting facility during the year ended 31 December 2023 was €762,000 (2022: €72,000). The cash inflows and outflows related to the invoice discounting facility are reported on a net basis in the Group Cash Flow Statement as the turnover is quick.

The ageing of trade receivables at 31 December 2023 and 2022 was:

	2023 €'000	2022 €'000
Not past due	161,124	117,318
Past due		
0 – 30 days	29,740	16,371
30 – 60 days	5,762	3,987
60 days	6,223	4,624
Total past due	41,725	24,982
Total trade receivables	202,849	142,300

Cash and cash equivalents

Cash and cash equivalents give rise to credit risk on amounts due from counterparty financial institutions (stemming from their insolvency or a downgrade in their credit ratings). Credit risk is managed by the regular review of the credit ratings of these financial institutions and limiting the aggregate amount and duration of exposure to any one counterparty primarily depending on its credit rating. All the Group's cash and cash equivalents are currently held with financial institutions which have investment grade credit ratings ranging from A-1 to A-3 (2022: A-1 to A-3).

Other financial assets

The Group has investments in companies with a strategic interest to the Group which are of a non-speculative nature. The investments and any impairment provisions are outlined in Note 12.

The carrying amount of financial assets, net of impairment provisions, represents the Group's maximum credit exposure. The maximum exposure to credit risk at year end was as follows:

	2023 €'000	2022 €'000
Trade and other receivables*	213,202	147,064
Deferred consideration receivable	-	100
Cash and cash equivalents	85,652	103,704
Restricted cash	173	-
Total	299,027	250,868

* Excluding prepayments and accrued income

32 Financial instruments (continued)

Liquidity risk

The Group manages liquidity risk through maintaining sufficient cash and cash equivalents to meet obligations when due, credit facilities and overdraft facilities, monitoring and managing the maturity of borrowings, regular review of the ageing of trade and other receivables, and review and monitoring of customer and bank credit ratings.

Management monitors forecasts of the maturity of the Group's borrowings and other obligations.

Management forecasts cash flows expected to settle the Group's obligations and actively monitors the level of cash and facilities available to settle the Group's obligations as they fall due. Forecasts of cash flows to settle trade and other payables are generally carried out at a subsidiary level in the operating companies of the Group in accordance with practice and limits set up by the Group.

The following table outlines the undiscounted contractual maturities of the Group's financial liabilities at the Balance Sheet date. The undiscounted cash flows and maturity profile differ from the amount included in the Balance Sheet because the Balance Sheet amount is based on the discounted cash flows.

	Less than 6 months	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
Contractual maturity of financial liabilities						
At 31 December 2023						
Borrowings	13,347	-	-	292,461	-	305,808
Deferred acquisition consideration	100	-	-	-	-	100
Deferred contingent consideration	21,788	22,616	15,507	18,350	-	78,261
Lease obligations	11,284	10,888	20,499	51,170	80,450	174,291
Trade and other payables	465,350	-	-	-	-	465,350
	511,869	33,504	36,006	361,981	80,450	1,023,810
At 31 December 2022						
Borrowings	7,565	-	-	229,140	-	236,705
Deferred acquisition consideration	523	-	-	-	-	523
Deferred contingent consideration	14,467	21,293	29,418	32,357	-	97,535
Lease obligations	7,984	7,704	14,986	36,868	74,941	142,483
Trade and other payables	383,908	-	-	-	-	383,908
	414,447	28,997	44,404	298,365	74,941	861,154

Deferred contingent consideration is provided based on management's assessment of the fair value of the liability taking into account the expected profitability of the acquisition. The maximum amount of additional deferred contingent consideration not provided for in the financial statements is €67,608,000 assuming the acquisitions satisfy all performance conditions as set out in their acquisition.

Trade and other payables comparative amounts for 2022 have been restated to better align with the reporting requirements of IFRS.

Lender covenants

The Group entered into a new banking facility in August 2022 that expanded both the size and number of participating banks in the syndicate. Under this facility the Group is subject to two covenants: leverage ratio and interest cover. Banking covenants are subject to bi-annual review, and during 2023 all covenants have been fully complied with.

32 Financial instruments (continued)

Currency risk

The Group primarily operates in the Republic of Ireland and the majority of the Group's activities are conducted in Euro. Elements of the Group's operations are carried out in the UK, Europe, the US and Asia Pacific. As a result, the Group is exposed to structural currency fluctuations in respect of Sterling, Swedish Krona, the US Dollar and the Australian Dollar primarily. To the extent that the non-Euro denominated assets and liabilities of the Group do not offset, the Group is exposed to structural currency risk. Such movements are reported through the Group Statement of Comprehensive Income.

The Euro is the principal currency of the Group's Irish and European businesses, Sterling is the principal currency of the Group's UK businesses, the Swedish Krona is the principal currency of our Nordic businesses, the US Dollar is the principal currency of our US businesses, and the Australian Dollar is the principal currency of our Australian businesses. The Group seeks to manage the foreign currency translation risk arising from an investment in a foreign operation through the drawdown of borrowings denominated in the relevant currency and designating as a net investment hedge against the investment in the foreign operation.

The Group actively monitors the level of foreign exchange exposure and ensures that its net exposure is kept at an acceptable level. Currency risks are regularly monitored and managed by utilising spot and forward foreign currency contracts as appropriate for settling liabilities arising from the purchase of goods for resale in non-functional currencies. The majority of transactions entered into by Group entities are denominated in functional currencies and no significant level of hedging is required.

A portion of the Group's USD denominated borrowings with a nominal amount of USD 34.5 million (2022: USD 34.5 million) is designated as a hedge of a portion of the net investment in the Group's USD net assets amounting to USD 34.5 million (2022: 34.5 million). A portion of the Group's GBP denominated borrowings with a nominal amount of GBP 9.1 million is designated as a hedge of a portion of the net investment in the Group's GBP net assets amounting to GBP 9.1 million (2022: GBP 9.1 million). A portion of the Group's AUD denominated borrowings with a nominal amount of AUD 4.2 million (2022: AUD 4.2 million) is designated as a hedge of a portion of the net investment in the Group's AUD net assets amounting to AUD 4.2 million (2022: AUD 4.2 million). The hedge ratio was 1:1 and there was no ineffectiveness recognised in the Group Income Statement during the year (2022: nil).

	2023 €'000	2022 €'000
Carrying value of net investment hedge	44,232	45,239
Gain recognised in other comprehensive income	1,008	2,070
Currency Risk Sensitivity Analysis		
The following table demonstrates the sensitivity of profit after tax and total equity to movements in the GBP/USD/SEK/AUD exchange rate with all other variables held constant:		
	2023 €'000	2022 €'000
+/- 5% change in GBP/USD/SEK/AUD Exchange rates		
Impact on profit after tax *	225	834
Impact on total equity **	1,413	1,006

* The impact on profit after tax is based on changing the GBP/USD/SEK/AUD exchange rate used in calculating profit after tax for the year.

** The impact on total equity is calculated by changing the GBP/USD/SEK/AUD exchange rate used in measuring the closing balance sheet plus the impact to profit after tax for the period.

32 Financial instruments (continued)

Interest rate risk

The Group has no fixed rate borrowings and its receivables are carried at amortised cost. At 31 December 2023, the Group revolving credit facility (RCF) is subject to an interest rate charge based on inter-bank interest rates (EURIBOR, GBP SONIA and USD SOFR) +1.9%. 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 +1.65% to +1.75%.

	2023 €'000	2022 €'000
Variable rate borrowings (Note 18)	235,772	194,921

A decrease of fifty basis points in the interest rate would have reduced interest payable on borrowings in finance costs by €1,187,000 (2022: €955,000) and consequently increased our profit before tax and equity. An increase of fifty basis points would have increased interest payable on borrowings in finance costs and consequently reduced our profit before tax and equity by an equal and opposite amount. A similar movement with regard to the non-recourse facility would result in a reduction/increase of €475,000 (2022: €475,000) in interest payable.

Price risk

The Group's exposure to equity price risk arises from investments held by the Group and classified in the Balance Sheet as investments in equity instruments. The investments in equity instruments are measured at fair value through OCI. The Group is exposed to the risk of an illiquid market for unlisted companies as these investments are not traded on an active market.

Capital management

The Group's objectives when managing capital are to:

- » Safeguard its ability to continue as a going concern and to continue to provide a return for shareholders; and
- » Maintain an optimal capital structure and reduce the overall cost of capital.

In managing its capital structure, the Group's capital consists of total equity and net bank debt. The Board monitors the return on capital employed and dividend policy in order to optimise shareholder value while allowing the Group to take advantage of opportunities that might arise to grow the business and to sustain the ongoing development of the Group. At the year end, the Group was in a net bank debt position of €149,947,000 (2022: net bank debt of €91,217,000). Total equity of the Group at 31 December 2023 was €333,620,000 (2022: €289,783,000). 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 2023 the Group had capital commitments of €69,232,000 (2022: €45,898,000). Furthermore, during 2023 the Group exercised an option to purchase a property it leases in Citywest, Dublin. An amount of €31,200,000 will become payable in 2024 should this transaction proceed to completion. This amount has not been included in the capital commitments since it is not contractual at 31 December 2023.

	2023 €'000	2022 €'000
Contracted for		
Intangible assets	35,195	695
Property, plant and equipment	34,037	45,203
	69,232	45,898

The majority of the amount that is contracted for relates to the strategic investment in a new Supply Chain & Retail distribution facility in Dublin.

34 Contingent liabilities

Subsidiaries

Pursuant to the provisions of Section 357, Companies Act 2014, the Company has put in force in respect of the whole of the financial year ended 31 December 2023 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, Uniphar Commercial Ireland Limited, Allcare Management Services Limited, Uniphar Durbin Ireland Limited, Point of Care Health Services Limited, Lindchem Designated Activity Company, Trennamally Limited, Cahill May Roberts Limited, Uniphar Europe Limited, M3 Medical Limited, Pagni Pharmacies Limited, Uniphar Medtech Limited, Pyramach Limited, Innerstrength Limited, Uniphar Commercial Solutions Limited, Proluca Pharma Limited and Scale Holdings Limited.

Guarantees

The Company and certain subsidiaries have issued guarantees totalling €67,000 (2022: €92,000) in respect of bank borrowings undertaken by past customers of Cahill May Roberts Limited. The fair values of these guarantees are negligible.

From a Company perspective, the fair value of the contingent liability at year end is €nil (2022: €nil).

The change in the level of contingent liabilities is due to reduced underlying loan balances.

Legal matters or claims

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 2023, the Directors are satisfied that there are no such matters which require either a provision or contingent liability disclosure in the financial statements.

35 Acquisitions of subsidiary undertakings and business assets

A key strategy of the Group is to expand into higher growth sectors and extend the capabilities the Group can offer our clients. In line with this strategy, the Group completed the following acquisitions during the financial year:

McCauley Pharmacy Group

The Group acquired 100% of the ordinary share capital of LXV Remedies Holdings Limited in January 2023 for consideration of €26,613,000. LXV Remedies Holdings Limited operates a network of retail pharmacies in Ireland.

Pivot Digital Health

The Group acquired part of the business and assets of Pivot Digital Health Limited in August 2023 for consideration of €382,000.

Kieran Hughes Pharmacy Limited

The Group acquired 100% of the ordinary share capital of Kieran Hughes Pharmacy Limited in November 2023 for consideration of €2,346,000. Kieran Hughes Pharmacy Limited currently operates an independent retail pharmacy in Ireland.

Katari Artane Limited and Katari Coolock Limited

The Group acquired 100% of the ordinary share capital of Katari Artane Limited and Katari Coolock Limited in November 2023 for consideration of €3,649,000. Katari Artane Limited and Katari Coolock Limited currently operate as independent retail pharmacies in Ireland.

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

35 Acquisitions of subsidiary undertakings and business assets (continued)

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 performance thresholds must be exceeded. On an undiscounted basis, the future payments for which the Group may be liable in respect of acquisitions completed in the current year range from €nil to €0.1m.

The initial assignment of fair values to net assets acquired has been performed on a provisional basis in respect of the acquisitions completed during 2023 (apart from the McCauley Pharmacy Group which has been finalised), due to their recent acquisition dates. The Group has 12 months from the date of acquisition to finalise the fair value of the assets/liabilities acquired, and any amendments to these fair values within the twelve-month period from the date of acquisition will be disclosable in the 2024 Annual Report as stipulated by IFRS 3, Business Combinations.

The acquisitions completed in 2023 have contributed €82.4m to revenue and €34.6m of gross profit for the year since the date of acquisition. The proforma revenue and operating profit for the Group for the year ended 31 December 2023 would have been €2,565m and €68m respectively had the acquisitions been completed at the start of the current reporting year.

The provisional fair value of the assets and liabilities acquired as part of the acquisitions completed during the financial year (apart from the McCauley Pharmacy Group which has been finalised) are set out below:

	McCauley's €'000	Others €'000	Total €'000
ASSETS			
Non-current assets			
Intangible assets	10,947	468	11,415
Property, plant and equipment	8,636	58	8,694
Property, plant and equipment – Right of use assets	20,567	2,964	23,531
Other receivables	1,000	-	1,000
	41,150	3,490	44,640
Current assets			
Inventory	10,225	306	10,531
Trade and other receivables	5,705	486	6,191
Other current assets	48	-	48
Cash and cash equivalents	2,874	206	3,080
	18,852	998	19,850
Total assets	60,002	4,488	64,490

35 Acquisitions of subsidiary undertakings and business assets (continued)

	McCauley's €'000	Others €'000	Total €'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	22,304	2,703	25,007
Bank borrowings	22,664	-	22,664
	44,968	2,703	47,671
Current liabilities			
Lease liabilities	3,901	260	4,161
Trade and other payables	16,406	248	16,654
Deferred tax liability	773	91	864
	21,080	599	21,679
Total liabilities	66,048	3,302	69,350
Identifiable (net liabilities)/net assets acquired	(6,046)	1,186	(4,860)
Non-controlling interest arising on acquisition	-	-	-
Group share of (net liabilities)/net assets acquired	(6,046)	1,186	(4,860)
Goodwill arising on acquisition	32,659	5,191	37,850
Consideration	26,613	6,377	32,990

The gross contractual value of the trade and other receivables as at the respective dates of acquisition amounted to €6.2m. The fair value of these receivables is €6.2m, all of which is expected to be recoverable. In 2023, the Group incurred acquisition costs of €2.2m (2022: €6.6m). These have been included in administrative expenses in the Group Income Statement and are presented in Note 4.

35 Acquisitions of subsidiary undertakings and business assets (continued)

2022 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 2022 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 2022, together with the adjustments made to those carrying values to arrive at the final fair values were as follows:

	BM ^{Modesto}	Others	Provisional fair value of 2022 Acquisitions	Measurement period adjustment	Total
	€'000	€'000	€'000	€'000	€'000
ASSETS					
Non-current assets					
Intangible assets	364	-	364	(267)	97
Property, plant and equipment	4,089	366	4,455	-	4,455
Property, plant and equipment – Right of use assets	1,118	6,102	7,220	-	7,220
Deferred tax asset	207	6,550	6,757	-	6,757
	5,778	13,018	18,796	(267)	18,529
Current assets					
Inventory	28,821	1,298	30,119	17	30,136
Trade and other receivables	27,853	3,337	31,190	250	31,440
Cash and cash equivalents	-	3,295	3,295	-	3,295
	56,674	7,930	64,604	267	64,871
Total assets	62,452	20,948	83,400	-	83,400

35 Acquisitions of subsidiary undertakings and business assets (continued)

	BM ^{Modesto}	Others	Provisional fair value of 2022 Acquisitions	Measurement period adjustment	Total
	€'000	€'000	€'000	€'000	€'000
LIABILITIES					
Non-current liabilities					
Lease liabilities	874	5,447	6,321	-	6,321
	874	5,447	6,321	-	6,321
Current liabilities					
Lease liabilities	243	656	899	-	899
Trade and other payables	19,264	4,220	23,484	-	23,484
Bank loans	23,570	273	23,843	-	23,843
	43,077	5,149	48,226	-	48,226
Total liabilities	43,951	10,596	54,547	-	54,547
Identifiable net assets acquired	18,501	10,352	28,853	-	28,853
Non-controlling interest arising on acquisition	-	-	-	-	-
Group share of net assets acquired	18,501	10,352	28,853	-	28,853
Goodwill arising on acquisition	23,400	37,447	60,847	-	60,847
Consideration	41,901	47,799	89,700	-	89,700

36 Related party transactions

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 key management personnel consists of two Executive Directors (2022: two), six Non-Executive Directors (2022: six), and an additional nine (2022: thirteen) individual members at 31 December 2023.

	2023 €'000	2022 €'000
Remuneration of key management personnel		
Short-term employee benefits (including share-based payment charges and termination payments)	11,745	10,426
Post-employment benefits	295	581
	12,040	11,007

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 2023:

Incorporated and trading in	Subsidiary name	Ownership %**	Principal Activity
Ireland	Allcare Management Services Limited *	100	Pharmacy support services
Ireland	Allphar Services Limited *	100	Pharmaceutical supply chain and services
Ireland	Cahill May Roberts Limited *	100	Non-trading property holding company
Ireland	Lindchem Designated Activity Company *	100	Pharmacy holding company
Ireland	M3 Medical Limited*	100	Medical device distribution
Ireland	Pagni Pharmacies Limited *	100	Pharmacy holding company
Ireland	Point of Care Health Services Limited *	100	Specialist nursing and infusion services
Ireland	Pyramach Limited*	100	Pharmacy holding company
Ireland	Uniphar Medtech Limited* (formerly Sisk Healthcare Limited)	100	Medical device distribution
Ireland	Trennamally Limited *	100	Pharmacy holding company
Ireland	Scale Holdings Limited*	100	Medical device distribution 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	Uniphar Commercial Ireland Limited* (formerly Unisource Pharma Services Ireland Limited)	100	Outsourcing and resourcing
Ireland	Innerstrength Limited*	99	Healthcare technology
Ireland	Uniphar Commercial Solutions Limited*	100	Medical affairs services
Ireland	Dr Hauschka Limited	100	Distributor of brand products
Ireland	Proluca Pharma Limited*	100	Pharmaceutical supply chain and services
UK	Dialachemist Limited	80	Online pharmacy and product fostering
UK	Durbin plc	100	Specialist provider of pharmaceuticals
UK	Macromed (UK) Limited	94.95	Medical device distribution
UK	Outcome Medical Solutions Limited	100	Investment holding company
UK	Outico Limited	100	Holding company
UK	Uniphar Medtech UK Limited (formerly Sisk Healthcare (UK) Limited)	100	Medical device distribution
UK	Uniphar People UK Limited (formerly Star Medical Limited)	100	Outsourcing and resourcing
UK	Unisource Limited	100	Investment holding company
UK	Uniphar Commercial UK (E4H) Limited (formerly Events 4 Healthcare Limited)	100	Pharmaceutical marketing
UK	Devonshire Healthcare Services Limited	100	Specialist provider of pharmaceuticals
UK	Doncaster Pharma Limited	85	Specialist provider of pharmaceuticals
Finland	EPS Vascular OY	100	Medical device distribution

37 Group companies (continued)

Incorporated and trading in	Subsidiary name	Ownership %**	Principal Activity
Sweden	EPS Vascular AB	100	Medical device distribution
Sweden	Uniphar Pharma Nordics AB (formerly Star Outico Nordics AB)	100	Outsourcing and resourcing
The Netherlands	Angiocare B.V.	100	Medical device distribution
The Netherlands	Uniphar Pharma B.V. (formerly Star Medical B.V.)	100	Outsourcing and resourcing
The Netherlands	BModesto Vastgoed B.V.	85	Holding company
The Netherlands	BMclinical B.V.	85	Specialist provider of pharmaceuticals
The Netherlands	BModesto B.V.	85	Specialist provider of pharmaceuticals
The Netherlands	SynCo Pharma B.V.	85	Specialist provider of pharmaceuticals
The Netherlands	BMmedical B.V.	85	Medical device distribution
Germany	CoRRect Medical GmbH	100	Medical device distribution
US	Uniphar USA, Inc.	100	Investment holding company
US	Uniphar PA USA, LLC	100	Investment holding company
US	Uniphar C&C USA, LLC	100	Investment holding company
US	Durbin, Inc.	100	Investment holding company
US	Pharmaceutical Trade Services Inc.	100	Specialist provider of pharmaceuticals
US	Diligent Health Solutions, LLC	100	Telecommunications support
US	RRD International, LLC	100	Pharmaceutical advisory
US	Mdea, Inc.	100	Medical affairs services
US	The Doctor's Channel, LLC	100	Medical affairs services
US	BESTMSLS, Inc	100	Medical affairs services
US	Uniphar Logistics USA, LLC	100	Medical device distribution
US	Inspired Insight, LLC	100	Pharmaceutical advisory
Australia	Uniphar Australia Pty Limited	100	Investment holding company
Australia	Orspec Pharma Pty Limited	100	Specialist provider of pharmaceuticals
Singapore	Orspec Pharma PTE Limited	100	Specialist provider of pharmaceuticals
New Zealand	Orspec Pharma Management Limited	100	Specialist provider of pharmaceuticals

* As disclosed in Note 34, each of the above Irish registered wholly-owned subsidiaries of the Company may avail of the exemption from filing its statutory financial statements for the year ended 31 December 2023 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 2023.

** With the exception of the USA subsidiaries, where the holding is in the form of membership interests, all holdings are in the form of ordinary shares.

The above table includes four pharmacy holding companies, Lindchem Designated Activity Company, Pagni Pharmacies Limited, Pyramach Limited and Trennamally Limited. Trading pharmacy entities are individually not deemed significant for the purposes of this disclosure.

Pursuant to Sections 314-316 of the Companies Act, 2014, a full list of subsidiaries, joint ventures and associated undertakings will be annexed to the Company's Annual Return to be filed in the Companies Registration Office in Ireland.

Notes to the Financial Statements (continued)

37 Group companies (continued)

Incorporated in ROI	Registered offices
All Irish incorporated companies	4045 Kingswood Road, Citywest Business Park, Co. Dublin, Ireland, D24 V06K
Incorporated in UK	
Uniphar People UK Limited (formerly Star Medical Limited)	11 Davy Court, Castle Mound Way Central Park Rugby CV23 0UZ United Kingdom
Uniphar Commercial UK Limited (formerly Star Outico Limited)	6 Wildflower Way Boucher Road Belfast BT12 6TA Northern Ireland
Uniphar Medtech UK Limited (formerly Sisk Healthcare (UK) Limited)	3 Waterloo Farm Courtyard Stotfold Road Arlesey Bedfordshire SG15 6XP United Kingdom
Uniphar Commercial UK (E4H) Limited (formerly Events 4 Healthcare Limited)	6 th Floor One London Wall London EC2Y 5EB United Kingdom
All other UK incorporated companies	6 th Floor One London Wall London EC2Y 5EB United Kingdom
Incorporated in The Netherlands	
Angiocare B.V.	Eemweg 00031 21 3755LC Eemnes The Netherlands
Uniphar Pharma B.V. (formerly Star Medical B.V.)	De Tweeling 00020 5215MC S-Hertogenbosch The Netherlands
All other Netherlands incorporated companies	Minervaweg 2 8239 DL Lelystad The Netherlands

Notes to the Financial Statements (continued)

37 Group companies (continued)

Incorporated in the US	Registered offices
Durbin, Inc.	William. C. Penick IV 190 East Capitol, Suite 100 Jackson Mississippi 39201 United States
Pharmaceutical Trade Services, Inc. Uniphar Pharma USA, LLC	5820 Gulf Tech Drive Ocean Springs Mississippi 39564 United States
RRD International, LLC	7361 Calhoun Place, Suite 510, Rockville, MD 20855, United States
Diligent Health Solutions, LLC	4800 East Street Road, Suite 100, Feasterville-Trevose, PA 19053, United States
MDea, Inc. The Doctor's Channel, LLC BESTMSLS, Inc.	8985 S. Eastern Ave, Suite 200 Las Vegas, NV 89123 United States
Inspired Insight, LLC	101 Tremont Street 8 th Floor Boston Massachusetts 02108 United States
All other USA incorporated companies	1209 Orange Street, Wilmington, New Castle County, Delaware 19801, United States
Incorporated in Sweden	
Uniphar Pharma Nordics AB (Formerly Star Outico Nordics AB)	Regeringsgatan 29 111 53 Stockholm Sweden
All other Swedish incorporated companies	Hamnplanen 24 263 61 Viken Skåne län Sweden
Incorporated in Finland	
EPS Vascular OY	Hauralantie 43 37800 LEMPÄÄLÄ Finland
Incorporated in Germany	
CoRRrect Medical GmbH	Bahnhofstrasse 32 82041 Oberhaching Germany

37 Group companies (continued)

Incorporated in Australia	Registered offices
Uniphar Australia Pty Limited Orspec Pharma Pty Limited	c/o Baker & McKenzie Tower One International Towers Sydney Level 46 100 Barangaroo Avenue Sydney, NSW 2000 Australia
Incorporated in Singapore	Registered offices
Orspec Pharma PTE Limited	37 Kallang Pudding Road 03-01, Tong Lee Building Block B Singapore, 349315
Incorporated in New Zealand	Registered offices
Orspec Pharma Management Limited	c/o Quigg Partners Level 7 36 Brandon Street Wellington 6011 New Zealand

The following were changes to the Group's structure during 2023:

- » As set out in Note 35, in January 2023, the Group acquired 100% of the ordinary share capital of LXV Remedies Holdings Limited (McCauley Pharmacy Group), a company incorporated in Ireland;
- » As set out in Note 27, in June 2023, the Group acquired a further 16.7% of the ordinary share capital of Innerstrength Limited, a company incorporated in Ireland

During 2023, the Group incorporated the following companies:

- » Proluca Pharma Ltd
- » Uniphar Pharma USA, LLC

38 Post balance sheet events

On 14 February 2024, the Group acquired the remaining 20% shareholding in Dialachemist Limited resulting in the entity becoming a wholly owned subsidiary of the Group.

There were no other material events subsequent to 31 December 2023 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 2022 which are set out in Note 35, these amendments were within the measurement period imposed by IFRS 3. Certain balances from 2022 have been restated to allow for consistent presentation with the current year.

40 Approval of financial statements

The Directors approved the financial statements on 26 February 2024.

Alternative Performance Measures

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

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

During 2023, the Group amended the definition of EBITDA and Adjusted earnings per share to add back share-based payment expense. Share-based payment expense is a non-cash expense arising from the grant of share-based awards to employees. This change enhances the understanding and comparability of the financial statements as such non-cash expenses may not correlate to the underlying performance of the business.

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

	Definition	Why we measure it
EBITDA	Earnings before exceptional items, net finance expense, income tax expense, depreciation, intangible assets amortisation and share-based payment expense.	EBITDA provides management with an assessment of the underlying trading performance of the Group and excludes transactions that are not reflective of the ongoing operations of the business, allowing comparison of the trading performance of the business across periods and/or with other businesses.
&		
Adjusted EBITDA	Earnings before exceptional items, net finance expense, income tax expense, depreciation, intangible assets amortisation and share-based payment expense, adjusted for the impact of IFRS 16 and the pro-forma EBITDA of acquisitions.	Adjusted EBITDA is used for leverage calculations.
Net bank debt	Net bank debt represents the net total of current and non-current borrowings, cash and cash equivalents, and restricted cash as presented in the Group Balance Sheet.	Net bank debt is used by management as an input into the Group's current leverage calculation which management will consider when evaluating investment opportunities, potential acquisitions, and internal resource allocation.
Net debt	Net debt represents the total of net bank debt, plus current and non-current lease obligations as presented in the Group Balance Sheet.	Net debt is used by management as it gives a complete picture of the Group's debt including the impact of lease liabilities recognised under IFRS 16.
Leverage	Net bank debt divided by adjusted EBITDA for the period.	Leverage is used by management to evaluate the Group's ability to cover its debts. This allows management to assess the ability of the Company to use debt as a mechanism to facilitate growth.
Adjusted Operating Profit	This comprises of operating profit as reported in the Group Income Statement before amortisation of acquired intangible assets and exceptional items (if any).	Adjusted operating profit is used to assess the underlying operating performance excluding the impact of non-operational items. This is a key measure used by management to evaluate the businesses operating performance.

Alternative Performance Measures (continued)

	Definition	Why we measure it	
Adjusted earnings per share	This comprises profit for the financial period attributable to owners of the parent as reported in the Group Income Statement before exceptional items (if any), amortisation of acquisition related intangibles (and related tax thereon) and share-based payment expense, divided by the weighted average number of shares in issue in the period.	Adjusted EPS is used to assess the after-tax underlying performance of the business in combination with the impact of capital structure actions on the share base. This is a key measure used by management to evaluate the businesses operating performance, generate future operating plans, and make strategic decisions.	
Like-for-like adjusted earnings per share	Like-for-like adjusted earnings per share is calculated for both the current and prior period by dividing the profit of the relevant period attributable to owners of the parent as reported in the Group Income Statement before exceptional items (if any), amortisation of acquisition related intangibles and share-based payment expense, by the weighted average number of shares in issue in the current period.	Like-for-like adjusted EPS is used to assess the after-tax underlying performance of the business assuming a constant share base.	
Free cash flow conversion	Free cash flow conversion is calculated as EBITDA, less investment in working capital, less maintenance capital expenditure and foreign currency translation adjustments, divided by EBITDA.	Free cash flow represents the funds generated from the Group's ongoing operations. These funds are available for reinvestment, and for future acquisitions as part of the Group's growth strategy. A high level of free cash flow conversion is key to maintaining a strong, liquid balance sheet.	
Return on capital employed (ROCE)	ROCE is calculated as the 12 months rolling operating profit before the impact of exceptional costs and amortisation of acquisition related intangibles, expressed as a percentage of the adjusted average capital employed for the same period. The average capital employed is adjusted to ensure the capital employed of acquisitions completed during the period is appropriately time apportioned.	This measure allows management to monitor business performance, review potential investment opportunities and the allocation of internal resources.	
EBITDA			
		2023 €'000	2022 €'000
Operating profit	<i>Income Statement</i>	67,708	53,155
Exceptional charge recognised in operating profit	<i>Note 4</i>	10,047	16,415
Amortisation	<i>Note 10</i>	6,204	5,114
Depreciation	<i>Note 11</i>	29,202	23,356
Share-based payment expense	<i>Note 28</i>	2,824	535
EBITDA		115,985	98,575
Adjust for the impact of IFRS 16		(21,666)	(16,837)
Pro-forma EBITDA of acquisitions		543	10,167
Adjusted EBITDA		94,862	91,905

Alternative Performance Measures (continued)

	Net bank debt			2023 €'000	2022 €'000
Cash and cash equivalents		<i>Balance Sheet</i>		85,652	103,704
Restricted cash		<i>Balance Sheet</i>		173	-
Bank loans repayable within one year		<i>Balance Sheet</i>		(13,168)	(7,490)
Bank loans payable after one year		<i>Balance Sheet</i>		(222,604)	(187,431)
Net bank debt				(149,947)	(91,217)
Net debt				2023 €'000	2022 €'000
Net bank debt		<i>Alternative Performance Measures</i>		(149,947)	(91,217)
Current lease obligations		<i>Balance Sheet</i>		(20,134)	(14,315)
Non-current lease obligations		<i>Balance Sheet</i>		(126,083)	(105,919)
Net debt				(296,164)	(211,451)
Leverage				2023 €'000	2022 €'000
Net bank debt		<i>Alternative Performance Measures</i>		(149,947)	(91,217)
Adjusted EBITDA		<i>Alternative Performance Measures</i>		94,862	91,905
Leverage (times)				1.6	1.0
Adjusted operating profit				2023 €'000	2022 €'000
Operating profit		<i>Income Statement</i>		67,708	53,155
Amortisation of acquisition related intangibles				3,341	2,708
Exceptional charge recognised in operating profit	<i>Note 4</i>	<i>Note 4</i>		10,047	16,415
Adjusted operating profit				81,096	72,278
EBITDA					
Operating profit					
Amortisation of acquisition related intangibles					
Exceptional charge recognised in operating profit					
Adjusted operating profit					

Alternative Performance Measures (continued)

Adjusted earnings per share

	2023 €'000	2022 €'000
Adjusted earnings per share has been calculated by reference to the following:		
Profit for the financial year attributable to owners	44,815	45,587
Exceptional (credit)/charge recognised in Income Statement (Note 4)	(661)	2,118
Amortisation of acquisition related intangibles	3,341	2,708
Tax credit on acquisition related intangibles	(363)	(329)
Share-based payments expense	2,824	535
Profit after tax excluding exceptional items	49,956	50,619
Weighted average number of shares in issue in the year (000's)	273,015	272,557
Adjusted basic and diluted earnings per ordinary share (in cent)	18.3	18.6
Like-for-like weighted average number of shares (000's)	273,015	273,015
Like-for-like adjusted earnings per ordinary share (in cent)	18.3	18.5

Free cash flow conversion

	2023 €'000	2022 €'000
EBITDA		
Alternative Performance Measures	115,985	98,575
Note 29	(16,868)	(15,130)
Increase in inventory		
Note 29	(67,073)	2,934
(Increase)/decrease in receivables		
Note 29	67,717	2,700
Increase in payables		
Note 29	172	1,393
Foreign currency translation adjustments		
Payments to acquire property, plant and equipment – Maintenance		
Cash Flow Statement	(7,192)	(8,299)
Payments to acquire intangible assets – Maintenance		
Cash Flow Statement	(3,771)	(3,448)
Free cash flow	88,970	78,725
Adjustment for settlement of acquired financial liabilities*	2,068	2,138
	91,038	80,863
EBITDA	115,985	98,575
Free cash flow conversion	78.5%	82.0%

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

Alternative Performance Measures (continued)

Return on capital employed

	2023 €'000	2022 €'000	2021 €'000
Rolling 12 months operating profit	67,708	53,155	
Adjustment for exceptional costs	10,047	16,415	
Amortisation of acquisition related intangibles	3,341	2,708	
Adjusted 12 months rolling operating profit	81,096	72,278	
Total equity	333,620	289,783	251,564
Net bank debt	149,947	91,217	48,297
Deferred contingent consideration (Note 19)	75,061	91,798	88,918
Deferred consideration payable (Note 22)	100	523	4,295
Total capital employed	558,728	473,321	393,074
Average capital employed	516,025	433,198	
Adjustment for acquisitions (Note A / B below)	18,556	(15,552)	
Adjusted average capital employed	534,581	417,646	
Return on capital employed	15.2%	17.3%	

Note A: Adjustment for acquisitions (2023)

	Capital employed €'000	Completion Date	Adjustment €'000
McCauley Pharmacy Group	49,407	February 2023	20,586
Other acquisitions completed during 2023	6,564	Various	(2,030)
Adjustment for acquisitions during 2023			18,556

Note B: Adjustment for acquisitions (2022)

	Capital employed €'000	Completion Date	Adjustment €'000
BModesto Group	41,901	November 2022	(13,967)
Other acquisitions completed during 2022	47,464	Various	(1,585)
Adjustment for acquisitions during 2022			(15,552)

The adjustment ensures that the capital employed of acquisitions completed during the period are appropriately time apportioned to align with the corresponding periods for adjusted operating profit. The adjustment includes cash consideration, deferred and deferred contingent consideration, debt acquired, cash acquired, and any cash impact of shareholder loans or other similar financial liabilities repaid post-acquisition.

Glossary of Terms

AGM	Annual General Meeting	IEA NZE	International Energy Agency Net Zero Emissions
APAC	Asia Pacific region	IFRS	International Financial Reporting Standards
APM	Alternative Performance Measures	Inc.	Incorporated
Articles	Articles of Association of Uniphar plc	IPHA	Irish Pharmaceutical Healthcare Association
BESTMSLs Group	MDea, Inc, The Doctor's Channel, LLC, and BESTMSLs, Inc	IPO	Initial Public Offering
BModesto Group	BModesto Vastgoed B.V., BMclinical B.V., BModesto B.V., SynCo Pharma B.V. BMmedical B.V., Doncaster Pharma Limited	IPOS	Independent Pharmacy Ownership Scheme
Board	The Board of Directors of Uniphar plc	IT	Information Technology
CCPC	Irish Competition and Consumer Protection Commission	KPI	Key Performance Indicator
CDP	Carbon Disclosure Project	LEED	Leadership in Energy and Environmental Design
CEO	Chief Executive Officer	LTIP	Long Term Incentive Plan
CFO	Chief Financial Officer	MAPs	Managed Access Programs
CGU	Cash-Generating Unit	MCAM	Multi-Channel Account Managers
Company	Uniphar plc	MENA	Middle East and North Africa
Covid-19	Coronavirus disease	MSL	Medical Science Liaison
CSO	Contract Sales Outsourcing	M&A	Mergers and Acquisitions
CSRД	Corporate Sustainability Reporting Directive	N/A	Not Applicable
Diligent	Diligent Health Solutions, LLC	NGO	Non-Governmental Organisations
Durbin	Durbin plc and Durbin Inc	NHS	National Healthcare Service in the United Kingdom
EAPs	Expanded Access Programs	OCI	Other Comprehensive Income
EBITDA	Earnings Before Exceptionals, Interest, Tax, Depreciation and Amortisation	Orspec Group	Orspec Pharma Pty Limited, Orspec Pharma PTE Limited, Orspec Pharma Management Limited
ED&I	Equity, Diversity and Inclusion Policy	OTC	Over-the-Counter
EEIO	Environmentally-Extended Input-Output	PAYE	Pay As You Earn
EGM	Extraordinary General Meeting	PLC	Public Limited Company
EPS	Earnings Per Share	PPE	Personal Protective Equipment
EPS Group	EPS Vascular AB, EP Endovascular AB and EPS Vascular OY	PwC	PricewaterhouseCoopers
ERP	Enterprise Resource Planning	Q1	Quarter 1 (1 January to 31 March)
ESG	Environmental, Social, and Governance	Q2	Quarter 2 (1 April to 30 June)
EU	European Union	Q3	Quarter 3 (1 July to 30 September)
FDA	Food and Drug Administration	Q4	Quarter 4 (1 October to 31 December)
FMD	Falsified Medicine Directive	QCA Code	Quoted Companies Alliance Corporate Governance Code
FVOCI	Fair Value through Other Comprehensive Income	QMS	Quality management system
FVPL	Fair Value through Profit or Loss	RBC	Royal Bank of Canada
FY	Financial Year	RCP	Representative Concentration Pathway
FX Movement	Foreign currency movement	RNS	Regulatory News Service
GAAP	Generally Accepted Accounting Principles	ROCE	Return on Capital Employed
GDP	Good Distribution Practice Regulations	ROI	Republic of Ireland
GDPR	General Data Protection Regulation	ROW	Rest of the World
GMP	Good Manufacturing Practice Regulations	RRD	RRD International, LLC
GP	General Practitioner	SASB	Sustainability Accounting Standards Board
GxP	'good practice' Quality Guidelines and Regulations	SBTi	Science Based Target Initiatives
GRI	Global Reporting Initiative	SDG	Sustainable Development Goals
Group	Uniphar plc and Subsidiary undertakings of Uniphar plc	TCFD	Task Force on Climate-related Financial Disclosures
HCP	Healthcare Professional	Tc02e	Tonnes of carbon dioxide equivalent
HPRA	The Irish Health Products Regulatory Authority	TSR	Total Shareholder Return
HSBC	HSBC Continental Europe Bank	UK	United Kingdom
HR	Human Resources	UK Code	UK Corporate Governance Code
HSE	Health Service Executive in Ireland	Uniphar	Uniphar plc and Subsidiary undertakings of Uniphar plc
H&S	Health and Safety	UN	The United Nations
IAS	International Accounting Standard	US	United States of America
ICP	Independent Community Pharmacy	VAT	Value Added Tax
ICT	Information and Communication Technologies	VPN	Virtual Private Network
		2018 pro-forma EBITDA	2018 pro-forma EBITDA of €46.3m as disclosed in our Admission document



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