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Uniphar PLC
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Uniphar plc

2023 Preliminary Results

Uniphar plc, an international diversified healthcare services business, announces its full year results for the year ended 31 December 2023, delivering a strong performance with EBITDA growth of 17.7%, ROCE of 15.2% and year-end leverage of 1.6x.

FINANCIAL HIGHLIGHTS

			Growth	
Year ended 31 December	**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%
Uniphar Supply Chain & Retail	**186,927**	139,012	34.5%	34.5%
Uniphar Medtech	**99,870**	90,931	9.8%	10.7%
Uniphar Pharma	**103,187**	76,801	34.4%	36.0%
Gross profit margin (Group)	**15.3%**	14.8%		
EBITDA[1,4]	**115,985**	98,575	17.7%	17.9%
Operating profit	**67,708**	53,155	27.4%	27.8%
Profit before tax excluding exceptional items	**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)[1,4]	**18.3**	18.6		

- Gross profit growth of 27.1% (5.6% organic[3]), with organic growth across all divisions.
- Continued progression in gross profit margin from 14.8% to 15.3%, reflecting focus and growth in higher margin activities.
- EBITDA growth of 17.7% to €116.0m (2022: €98.6m), reflecting the strong organic performance of the Group and the benefit of recent acquisitions.
- Adjusted EPS of 18.3 cents representing a decline of 0.3 cents primarily due to increased financing costs.
- Acquisition of the McCauley Pharmacy Group ("McCauley") completed in January 2023 enhances our retail pharmacy footprint and service offering. McCauley are recognised as a market leader in the delivery of health, wellbeing and beauty products.
- Net bank debt of €149.9m as at 31 December 2023 (2021: €91.2m) and leverage at 1.6x.
- Total dividend for the year of €5.0m (€0.0183 per ordinary share) representing an increase of 5.2% year-on-year, including a €1.8m interim (€0.0064 per ordinary share) dividend paid in October and a final dividend of €3.2m (€0.0119 per ordinary share) subject to approval at the AGM.
- For 2024, Uniphar expects continued organic gross profit growth across all divisions and is well positioned to deliver on expectations.

1. *Additional information is set out in Alternative Performance Measures (APMs) section.*
2. *Constant currency growth is calculated by applying the prior year's actual exchange rate to the current year's result.*
3. *Organic growth is calculated as the gross profit growth of the underlying business in the period adjusting for the contribution from prior period acquisitions and divestments to ensure a like-for-like comparison.*
4. *The definition of this APM has been changed in 2023 to add back share-based payment expense as it is a non-cash expense with prior year comparatives updated accordingly.*

STRATEGIC AND OPERATIONAL HIGHLIGHTS

- The Group performed strongly in 2023, achieving its target of doubling 2018 pro-forma EBITDA ahead of the timeframe committed to at the time of IPO.
- The Group announced a new ambitious medium-term target of growing Group EBITDA to €200m over the medium-term. This will be achieved through a combination of strong organic growth complemented with acquisitions that meet our disciplined strategic and financial criteria.

- The Group has created a new divisional structure to capitalise on the attractive growth opportunities in our target markets and better aligns with our customers and stakeholders during this next phase of growth:
  - Uniphar Supply Chain & Retail: This division remains unchanged in the new divisional structure.
  - Uniphar Medtech: The Medtech business unit of Commercial & Clinical is now a standalone division reflecting its position as a leading specialist Medtech player in Europe.
  - Uniphar Pharma: The Pharma business unit of Commercial & Clinical has been combined with Product Access to create 'Uniphar Pharma'. This platform will enable Uniphar to provide an enhanced service offering across the entire lifecycle of an asset, providing patients with access to innovative medicines in global and often complex markets.
- Organic gross profit growth of 5.6% in 2023, driven by growth across each of our three divisions:
  - Uniphar Supply Chain & Retail: 34.5% gross profit growth of which 5.9% is organic growth. This outperformance highlights our strong market position, the resilience of the Irish market and supports our investment in the division to build future capacity to ensure continued growth.
  - Uniphar Medtech: 9.8% gross profit growth, all of which is organic. The performance reflects strong market growth, the diversity of our business and the teams' success in attracting clients to move into new markets.
  - Uniphar Pharma: Delivered 34.4% gross profit growth of which 1.2% is organic growth. The On Demand business performed very well in 2023, while the Pharma Services business is refocusing and investing to capitalise on the market opportunities that the new divisional structure will enable it to better capitalise on.
- Reported free cash flow conversion of 78.5%. When adjusted for temporary favourable timing movements, the adjusted free cash flow is 69.3% which is within our target range of 60-70%.
- We have commenced our multi-year strategic capital expenditure in an IT and ERP investment programme and this is progressing to plan.
- The Group completed the acquisition of the McCauley Pharmacy Group in January 2023. In August 2023, the Group completed the acquisition of certain assets from Pivot Digital, an omni-channel and digital strategy consulting business.
- Integration of 2022 acquisitions including BModesto Group, Inspired Health and Orspec Pharma are complete and delivering expected benefits.
- The Group made continued progress on Sustainability across all five of our sustainability pillars. The Group's MSCI rating was upgraded to "AAA" during 2023 and it maintained its CDP 'B' rating for a second consecutive year. Furthermore, the Group formally submitted Science Based Targets to SBTi for validation.

Ger Rabbette, Uniphar Group Chief Executive Officer said:
"The Group performed strongly throughout 2023, making further progress against our financial and strategic objectives. Organic profit growth across all divisions contributed to 17.7% growth in EBITDA and a 15.2% ROCE. Following early delivery on our IPO targets, we have created a new divisional structure to capitalise on our attractive growth opportunities and are now focused on reaching our ambitious new target of €200m EBITDA over the medium-term"

Analyst presentation
A conference call for analysts and investors will be held at 9.00 am (GMT), today, 27th February 2024. To register for the call please visit www.uniphar.ie.

The details for the conference call are as follows: Ireland: +353 (0) 169 178 42, United Kingdom: +44 (0) 20 3936 2999, United States: +1 646 664 1960, all other locations +44 20 3936 2999.

Access code: 963047

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

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About Uniphar plc

Headquartered in Dublin, Ireland, the Uniphar Group is an international diversified healthcare services business servicing the requirements of more than 200 multinational pharmaceutical and medical technology manufacturers across three divisions - Uniphar Supply Chain & Retail, Uniphar Medtech and Uniphar Pharma. The Group is active in Europe, North America, APAC and MENA and delivers to 160+ countries.

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

Uniphar Supply Chain & Retail

Uniphar Supply Chain & Retail is the leading pharmaceutical wholesaler in Ireland with a growing symbol group offering of retail pharmacies. The Group's strategy for Uniphar Supply Chain & Retail is to grow our wholesale market share, our symbol group network and our own brand, in-licenced and consumer products portfolio.

Uniphar Medtech

Uniphar Medtech is a leading pan-European medical device distributor and solutions partner. The Group's strategy for Uniphar Medtech is to grow our service offering across Europe and expand our addressable market by serving new specialities and new manufacturers.

Uniphar Pharma

Uniphar Pharma operates a global business with high value services across the lifecycle of a pharmaceutical product. We enable 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.

Cautionary statement

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

Overview

Uniphar delivered a robust performance in 2023, achieving significant growth in gross profit and EBITDA. Gross profit growth of 27.1% was driven by organic growth of 5.6% in addition to the impact of recent acquisitions. The diversity and geographic breadth of our service offering enables the business to deliver consistent growth.

Uniphar Supply Chain & Retail delivered a very strong performance in a market characterised by medicine shortages and inflationary pressure on costs. Uniphar Medtech delivered an excellent performance and has been successful in attracting clients to move into new markets. In Uniphar Pharma, the On Demand business performed very well, underpinned by the acquisitions of BModesto and Orspec Pharma. The Pharma Services business has been refocusing and aligning its services behind the Uniphar Pharma brand.

Gross profit margin increased to 15.3% (2022: 14.8%), reflecting the continued shift towards higher margin sectors and businesses.

EBITDA has increased by 17.7% (€17.4m) to €116.0m (2022: €98.6m) reflecting organic growth achieved across all divisions and the positive contribution of recent acquisitions. Adjusted EPS of 18.3 cents declined by 0.3 cent reflecting the impact of higher financing costs on the Group.

Return on capital employed (ROCE) for the rolling 12-month period closed at 15.2% (2022: 17.3%) and is at the upper end of the Group's medium-term target of 12-15%. The change in ROCE is reflective of recent acquisitions and investment in multi-year strategic capital expenditure programmes that will deliver improved growth and returns in the medium-term.

The Group's Balance Sheet remains robust. Net bank debt at 31 December 2023 amounted to €149.9m (31 December 2022: €91.2m) with the increase attributable to completing the McCauley acquisition and strategic capital investment. The Group's banking facility, renewed in August 2022, consists of a €400m revolving credit facility and €150m of an uncommitted accordion facility and provides a stable platform to support the Group's growth and investment strategy. The Group's leverage of 1.6x as at 31 December 2023 remains within its medium-term target of not exceeding 2.5x.

The Group remains focused on delivering its vision of improving patient access to innovative therapies and treatments by enhancing connectivity between manufacturers and stakeholders. Having achieved the commitments made at the time of IPO, the Group announced ambitious new medium-term targets and a new divisional structure that reflects our strategic ambition. We are confident we have the right strategy, the best people and the market opportunity to continue to deliver for our stakeholders.

Sustainability

Uniphar recognise the importance of being an industry leader in operating in the most sustainable and socially responsible way possible and places a high priority on sustainability, sensitive to our impact on the planet, on our communities and on our people. Our progress in 2023 was reflected in continued strong external sustainability rankings; MSCI ESG rating improved to 'AAA' from 'AA' and we maintained our CDP score of 'B' for the second consecutive year.

The Unity@Uniphar initiative is an umbrella for inclusivity, community and charitable activities that Uniphar colleagues get involved in across all divisions and geographies. Our major initiative in 2023 was Unity for Hope which collectively raised €150,000 for mental health charities in Ireland, the USA and the UK.

Our teams also made progress under our environmental pillar, improving our carbon footprinting initiatives and focusing on ways to decarbonise our business. 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. Furthermore, the Group formally submitted Science Based Targets to SBTi for validation.

We are also actively preparing to align our sustainability reporting with the Corporate Sustainability Reporting Directive (CSRD) to ensure compliance.

Current trading and outlook
Uniphar has entered the year with strong momentum and is trading in-line with expectations.

The Group is well positioned to deliver organic gross profit growth across all divisions and to deliver on expectations for the full year. Consistent with its new medium-term targets, the Group is targeting organic gross profit growth in 2024 as follows:

- Uniphar Supply Chain & Retail: Low single-digit
- Uniphar Medtech: High single-digit
- Uniphar Pharma: Double-digit

M&A will continue to play an important role in Uniphar's growth strategy, and the Group continues to have a disciplined approach to capital allocation while managing an active pipeline of acquisition opportunities to further enhance the Group's growth potential.

Acquisitions and integration update
In January 2023, the Group completed the acquisition of the McCauley Pharmacy Group. This acquisition added 34 pharmacies. The McCauley Pharmacy Group is widely recognised as a leading brand across health, wellbeing and beauty, and their expertise and advanced digital offering will complement our fast-growing consumer business in the Supply Chain & Retail division.

In August 2023 the Group acquired certain assets and contracts from Pivot Digital. Pivot provide omni-channel consultancy, digital strategy and execution services to global pharma and biotech clients. Pivot's capabilities are being integrated into the consultancy arm of Uniphar Pharma broadening the group's digital offering.

The integration of the 2022 acquisitions, including BModesto Group, Orspec Pharma and Inspired Health are complete and are performing in line with expectations.

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

2023 Highlights
The Group continues to ensure that the Risk Management Framework is integrated in the day-to-day activities across the business. During the year ended 31 December 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.

The key principal risks and uncertainties faced by the Group for the year ended 31 December 2023 are summarised as follows:

Strategic Risks
- Economic, geopolitical and 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. This may adversely affect the financial and operational results of the Group. The Group continues to monitor the ongoing conflicts in Ukraine and the Middle East and the challenges posed by elevated interest rates and inflation on the Group and its stakeholders.
- Acquisitions - Growth through acquisitions continues to remain a key strategy for the Group. Failure to identify, complete and integrate acquisitions successfully may directly impact the Group's projected growth.
- Key personnel and succession planning - Failure to attract, retain and develop the skills and expertise of its people may adversely impact the Group's performance.
- Market perception and reputational risk - Failure to deliver in line with market expectations may result in reputational damage, impacting the Group's ability to achieve its strategic targets.
- Loss of competitive position - Failure of the Group to respond to any changes in the environment in which it operates may result in loss of market share, which may put pressure on profitability and margins.
- Environment and sustainability - The increasing global focus on environmental and sustainability governance is recognised by the Group, and by 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. Furthermore, failure to comply with environmental and climate change regulations and legislation may negatively affect the Group.
- Transformational project execution - The Group has embarked on several transformational projects that will provide the platform and capacity to grow over the coming years. Failure of the Group to effectively deliver such projects may result in cost overruns or reputational damage impacting the Group's ability to deliver strategic targets.

Operational Risks
- Cybercrime - Failure to protect against the ongoing threat of a cyber-attack could lead to a breach in security, impacting operations, financial transactions, and sensitive information. The knock-on impact from an attack on one of our business partners is also an area of risk for the Group.
- IT systems - Digital capabilities are a specific strategic offering of Uniphar; interruption or downtime may have a

- IT systems - Digital capabilities are a specific strategic offering of Uniphar, interruption or downtime may have a negative impact on the Group's operations, financial, and competitive positions.
- 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.
- Business interruption - External factors such as natural disasters, environmental hazard or industrial disputes may result in potential lost sales and loss of customer loyalty.
- Health & safety - Failure to implement and follow proper health and safety procedures may have adverse effects on employees and patients.
- Laws, regulations & compliance - Failure to operate under any of the stringent laws and regulations the Group is subject to could result in financial penalties, reputational damage, and a risk to business operations.

Financial Risks

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

Operational overview

Uniphar Supply Chain & Retail

			Growth	
Year ended 31 December	**2023 €'000**	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%		

Performance highlights

- 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

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 is 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.

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 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. McCauleys 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 wide 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 deliver 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.

Uniphar Medtech

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

Performance highlights

- Gross profit growth of 9.8% all of which is organic.
- 72 manufacturers represented in more than one country
- Realigning and rebranding of the Uniphar 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

Who we are
Uniphar 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
Uniphar 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, innovative technology 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. Uniphar Medtech holds long-standing exclusive distribution agreements with some of the worlds pre-eminent manufacturers of medical devices.

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. Uniphar 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 Uniphar 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. Uniphar 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 relationship's with these front-line 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 delivered 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 Uniphar 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. Such tailwinds include ageing populations with associated chronic disease management needs, innovative emerging technologies and an increasingly complex regulatory environment that specialists such as Uniphar Medtech can support manufacturers in navigating through. Uniphar Medtech has the market access, strong platform, leadership team, skilled expertise and proven track record to capitalise on the opportunities before it.

Uniphar Pharma

Year ended 31 December	**2023 €'000**	2022 €'000	Growth Reported	Growth 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%		

Performance highlights

- 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 leverages 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

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.

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 unlicenced, 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.

Financial Review

Summary Financial Performance

			Growth	
Year ended 31 December	**2023 €'000**	**2022 €'000**	Reported	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%		

Revenue
Revenue exceeded €2.5bn in the year increasing by 23.3% (23.6% constant currency). Revenue increased in all three divisions with the most significant increase being in Uniphar Pharma which is attributable to the full year impact of the acquisition of the BModesto Group.

Gross Profit
Gross profit growth of 27.1% (27.8% constant currency) was achieved in the year through a mix of 5.6% organic growth and the impact of the McCauley acquisition in early 2023 together with the acquisitions completed towards the end of 2022. Growth was achieved across each of the divisions with Uniphar Pharma delivering 34.4% gross profit growth largely due to the acquisition of BModesto Group. Uniphar Medtech and Uniphar Supply Chain & Retail both delivered strong organic gross profit growth of 9.8% and 5.9% respectively. Gross profit margin increased from 14.8% to 15.3% reflecting a shift towards higher margin sectors and businesses. In 2023, 30% (2022: 32%) of the Group's gross profit was generated outside of Ireland.

Divisional gross profit

			Growth		
Year ended 31 December	**2023 €'000**	**2022 €'000**	Reported	Constant Currency	Organic
Uniphar Medtech	99,870	90,931	9.8%	10.7%	9.8%
Uniphar Pharma	103,187	76,801	34.4%	36.0%	1.2%
Uniphar Supply Chain & Retail	186,927	139,012	34.5%	34.5%	5.9%
	389,984	306,744	27.1%		5.6%

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

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 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 3.

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).

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)

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, we entered a new five-year debt 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 charge 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 charge for the year as a percentage of the profit before tax and exceptional items.

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

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.

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.

Group Income Statement
for the year ended 31 December 2023

	Notes	2023 Pre-exceptional €'000	2023 Exceptional (Note 3) €'000	2023 Total €'000	2022 Pre-exceptional €'000	2022 Exceptional (Note 3) €'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)		395	(1,182)	(787)	156	-	156
Operating profit		77,755	(10,047)	67,708	69,570	(16,415)	53,155
Finance cost	4	(25,024)	9,624	(15,400)	(11,766)	13,191	1,425
Finance income	4	590	-	590	96	-	96
Profit before tax		53,321	(423)	52,898	57,900	(3,224)	54,676
Income tax expense		(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
Attributable to:							
Owners of the parent				44,815			45,587
Non-controlling interests				333			119
Profit for the financial year				45,148			45,706
Attributable to:							
Continuing operations				45,148			45,706
Profit for the financial year				45,148			45,706
Earnings per ordinary share (in cent):							
Continuing operations				16.4			16.7
Basic and diluted earnings per share (in cent)	5			**16.4**			**16.7**

Group Statement of Comprehensive Income
for the year ended 31 December 2023

	2023	2022

	€000	€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
Attributable to:		
Owners of the parent	45,512	42,231
Non-controlling interests	333	119
Total comprehensive income for the financial year	45,845	42,350
Attributable to:		
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	7	517,087	482,981
Intangible assets - other assets	7	44,565	24,192
Property, plant and equipment, and right-of-use assets	8	206,700	166,628
Financial assets - Investments in equity instruments		25	25
Deferred tax asset		11,792	9,020
Other receivables		1,458	509
Total non-current assets		781,627	683,355
Current assets			
Inventory		184,549	157,673
Trade and other receivables		237,560	164,462
Cash and cash equivalents		85,652	103,704
Restricted cash		173	-
Assets held for sale	9	-	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	10	21,841	21,841
Share premium		176,501	176,501
Share-based payment reserve		3,542	718
Other reserves		2,705	2,008
Retained earnings		128,213	88,476
Attributable to owners		332,802	289,544
Attributable to non-controlling interests		818	239
Total equity		333,620	289,783
LIABILITIES			
Non-current liabilities			
Borrowings	11	222,604	187,431
Deferred contingent consideration	12	31,538	56,683
Provisions	13	1,752	2,262
Lease obligations	14	126,083	105,919
Total non-current liabilities		381,977	352,295
Current liabilities			
Borrowings	11	13,168	7,490
Deferred contingent consideration	12	43,523	35,115
Lease obligations	14	20,134	14,315
Trade and other payables		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

Group Cash Flow Statement

	Notes	2023 €000	2022 €000
Operating activities			
Cash inflow from operating activities	16	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	14	(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	9	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		(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		(18,287)	26,904
Foreign currency translation on cash and cash equivalents		235	(1,225)
Opening balance cash and cash equivalents		103,704	78,025
Closing balance cash and cash equivalents	15	85,652	103,704

Group Statement of Changes in Equity

for the year ended 31 December 2023

	Share capital €000	Share premium €000	Share-based payment reserve €000	Foreign currency translation reserve €000	Revaluation reserve €000	Capital redemption reserve €000	Retained earnings €000	Attributable to non-controlling interests €000	Total shareholders' equity €000
At 1 January 2022	21,841	176,501	183	4,604	700	60	47,555	120	251,564
Profit for the financial year	-	-	-	-	-	-	45,587	119	45,706
Other comprehensive expense									
Movement in foreign currency translation reserve	-	-	-	(3,356)	-	-	-	-	(3,356)
Transactions recognised directly in equity:									
Movement in share-based payment reserve	-	-	535	-	-	-	-	-	535
Dividends paid	-	-	-	-	-	-	(4,666)	-	(4,666)
At 31 December 2022	21,841	176,501	718	1,248	700	60	88,476	239	289,783
At 1 January 2023	21,841	176,501	718	1,248	700	60	88,476	239	289,783
Profit for the							44,815	333	45,148

Profit for the financial year	-	-	-	-	-	-	44,815	333	45,148
Other comprehensive income									
Movement in foreign currency translation reserve	-	-	-	697	-	-	-	-	697
Transactions recognised directly in equity:									
Movement in share-based payment reserve	-	-	2,824	-	-	-	-	-	2,824
Purchase of non-controlling interest	-	-	-	-	-	-	(246)	246	-
Dividends paid	-	-	-	-	-	-	(4,832)	-	(4,832)
At 31 December 2023	21,841	176,501	3,542	1,945	700	60	128,213	818	333,620

Notes to the Consolidated Financial Statements

1. General information

Basis of preparation

The 2023 financial statements have been audited, with an unqualified audit report and have been approved by the Board of Directors. The financial information set out in this document does not constitute full statutory financial statements but has been derived from the Group financial statements for the year ended 31 December 2023. In accordance with the AIM and Euronext Growth Rules the consolidated financial statements of Uniphar plc and its subsidiaries (the 'Group') have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS, as adopted by the EU and as applied in accordance with the Companies Acts 2014.

The financial information in the consolidated financial statements has been prepared on a basis consistent with that adopted for the year ended 31 December 2022.

The Group's consolidated financial statements are prepared for the year ended 31 December 2023. The consolidated financial statements incorporate the Company and all of its subsidiary undertakings. A subsidiary undertaking is consolidated by reference to whether the Group has control over the subsidiary undertaking. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

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

The statutory financial statements will be filed with the Companies Registration Office in line with the Annual Return date.

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.

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

- 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 and on foreseeable future transactions.

2. Revenue and segments

	2023 €000	2022 €000
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	207,733	114,052
	2,553,062	2,070,669

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: Uniphar Medtech, Uniphar Pharma, and Uniphar Supply Chain & Retail. These divisions align to the Group's operational and financial management structures:

- Uniphar Medtech provides outsourced services, specifically sales, distribution and support services to medical device manufacturers. Uniphar Medtech was a business unit within the former Commercial & Clinical division but 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.

- Uniphar 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

- 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.

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

	2023 Uniphar Medtech €000	2023 Uniphar Pharma €000	2023 Uniphar 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 Uniphar	2022 Uniphar	2022 Uniphar Supply	2022 Total

	Medtech €'000	Pharma €'000	Chain & Retail €'000	€'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. 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)

Professional fees including acquisition costs:
Professional fees including acquisition costs incurred during 2023 are primarily costs relating to the acquisitions disclosed in note 18 together with costs incurred on transactions under consideration in the year.

Redundancy and Restructuring:
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:
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:
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.

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)

	Note			
Goodwill	7	(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

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 Uniphar 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.

4. Finance cost and Finance income

	2023 €'000	2022 €'000
Finance income		
Interest income	(590)	(96)
	(590)	(96)
Finance cost		
Interest on lease obligations (Note 14)	4,884	3,644
Interest payable on borrowings and non-recourse financing	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 3)	(9,624)	(13,544)
Release of refinancing transaction fees (Note 3)	-	353
Exceptional credit recognised in finance cost	(9,624)	(13,191)
Finance cost/(income)	15,400	(1,425)

Finance costs do not include capitalised borrowing costs of €791,000 (2022: €66,000) on qualifying assets (Notes 7 and 8). Interest is capitalised at the Group's weighted average interest rate for the period 5.3% (2022: 2.1%).

5. 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 (2022: 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). 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 addback 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.

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

	2023 €'000	2022 €'000
Profit for the financial year attributable to owners	44,815	45,587
Exceptional (credit)/charge recognised in Income Statement (Note 3)	(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

6. 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.

7. Intangible assets

	Computer software €'000	Trademark & licences €'000	Goodwill €'000	Technology assets €'000	Brand names €'000	Customer relationships €'000	Total €'000
Cost							
At 1 January 2023	41,680	189	501,690	3,047	11,238	3,322	561,166
FX movement	14	-	(1,760)	(83)	-	(115)	(1,944)
Acquisitions (note 18)	-	-	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 2023	30,033	154	18,709	1,319	2,339	1,439	53,993
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

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.

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

	Freehold land and buildings €'000	Leasehold improvements €'000	Plant and equipment €'000	Fixtures and fittings €'000	Computer equipment €'000	Motor vehicles €'000	Instruments €'000	Total €'000
Cost								
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 18)	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
Accumulated depreciation								
At 1 January 2023	34,557	4,622	17,397	6,245	4,097	3,851	3,447	74,216
Foreign exchange movement	26	8	37	39	13	15	-	138
Charge for the year	15,283	2,056	3,096	2,392	1,741	2,599	2,035	29,202
Disposals/retirements	(2,187)	(122)	(409)	(830)	(873)	(3,001)	(579)	(8,001)
Reclassification	679	1,218	-	(922)	12	-	-	987
At 31 December 2023	48,358	7,782	20,121	6,924	4,990	3,464	4,903	96,542
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	7,305	18,756	34,187	8,413	3,399	494	2,828	75,382
Right-of-use assets	126,899	-	139	-	-	4,280	-	131,318
Net book value at 31 December 2023	134,204	18,756	34,326	8,413	3,399	4,774	2,828	206,700

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.

9. Assets held for sale

	Properties €000
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.

10. Called up share capital

	2023 €000
Authorised:	
453.2 million (2022: 453.2 million) ordinary shares of 8c each	36,256
16.0 million (2022: 16.0 million) "A" ordinary shares of 8c each	1,280
	37,536

Movement in the year in issued share capital presented as equity

Allotted, called up and fully paid ordinary shares	
At 1 January - 273,015,254 ordinary shares of 8c each	21,841
At 31 December - 273,015,254 ordinary shares of 8c each	21,841
Total allotted share capital:	
At 31 December - 273,015,254 (2022: 273,015,254) ordinary shares	21,841

There have been no changes to the authorised or issued share capital in either 2023 or 2022.

11. Borrowings

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

	2023 €000	2022 €000
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

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 9).

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).

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.

12. Deferred contingent consideration

	2023 €'000	2022 €'000
At 1 January 2023	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 2023	75,061	91,798
Current	43,523	35,115
Non-current	31,538	56,683
Total deferred contingent consideration	75,061	91,798

Deferred contingent consideration
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 €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 is provided in note 17.

13. Provisions

	Lease dilapidation	Warranty provision	Other	Total	Total
	2023 €'000	2023 €'000	2023 €'000	2023 €'000	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.

14. Leases

(i) Amounts recognised in the Balance Sheet

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

	2023	2022
	€000	€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:		
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 7 and 8.

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.

(ii) Amounts recognised in the Income Statement:

The Income Statement shows the following amounts relating to leases:

	2023	2022
	€000	€000
Depreciation/amortisation charge on right-of-use assets:		
Buildings	14,893	11,131
Plant and equipment	191	414
Motor vehicles	2,452	2,434
Right-of-use assets depreciation charge	17,536	13,979
Computer software	189	380
Right-of-use assets amortisation charge	189	380
Interest on lease obligations (note 4)	4,884	3,644
Principal repayments	16,604	13,192
Total cash outflow in respect of leases	21,488	16,836

15. Analysis of net debt

	2023	2022
	€000	€000
Cash and cash equivalents	85,652	103,704
Restricted cash	173	-
	85,825	103,704
Bank loans repayable within one year	(13,168)	(7,490)
Bank loans payable after one year	(222,604)	(187,431)
Bank loans	(235,772)	(194,921)
Net bank debt	(149,947)	(91,217)
Lease obligations	(146,217)	(120,234)
Net debt	(296,164)	(211,451)

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

	2023	2022
	€000	€000
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

17. Financial instruments

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

	Financial assets at FVOCI*	Financial assets at amortised cost	Total	Fair value
	€'000	€'000	€'000	€'000
Financial assets				
31 December 2023:				
Investments in equity instruments	25	-	25	25
Trade and other receivables **	-	213,202	213,202	213,215
Cash and cash equivalents	-	85,652	85,652	85,652
Restricted cash	-	173	173	173
	25	299,027	299,052	299,065

* Fair value through other comprehensive income.
** Excluding prepayments, accrued income and deferred consideration receivable.

	Financial liabilities at FVTPL***	Financial liabilities at amortised cost	Total	Fair value
	€'000	€'000	€'000	€'000
Financial liabilities				
31 December 2023:				
Borrowings	-	235,772	235,772	235,772
Deferred acquisition consideration	-	100	100	100
Trade and other payables ****	-	465,350	465,350	465,350
Deferred contingent consideration	75,061	-	75,061	75,061
Lease liabilities	-	146,217	146,217	146,217
	75,061	847,439	922,500	922,500

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

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

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

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

Cash and cash equivalents, including short-term bank deposits
For short-term bank deposits and cash and cash equivalents, all of which have a 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 profit thresholds being met and is calculated based on management's best estimates of the expected future cash outflows using current budget forecasts. The provision for deferred contingent consideration is principally in respect of acquisitions completed from 2015 to 2022.

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: 2.5% and 4.0%).

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.

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

	Level 1	Level 2	Level 3	Total
	€'000	€'000	€'000	€'000

Recurring fair value measurements

At 31 December 2023				
Investments in equity instruments	-	-	25	25
Deferred contingent consideration	-	-	(75,061)	(75,061)
	-	-	(75,036)	(75,036)

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

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

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

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

Fair value measurements using significant unobservable inputs (level 3)
The following table presents the changes in level 3 items for the year ended 31 December 2023:

	Shares in unlisted companies €'000	Deferred contingent consideration €'000	Total €'000
At 1 January 2023	25	(91,798)	(91,773)
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
At 31 December 2023	25	(75,061)	(75,036)

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

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.

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

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

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 €4,765,000 (2022: €1,866,000).

18. 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.

The fair value of the deferred and contingent consideration recognised at the date of acquisition is calculated by discounting the expected future payment to present value at the acquisition date. In general, for deferred contingent consideration to become payable, pre-defined profit thresholds must be exceeded. On an undiscounted basis, the future payments for which the Group may be liable in respect of acquisitions completed in the current year range from €nil to €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
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 acquisition in the 2023 financial year of McCauley Pharmacy Group has been determined to be a substantial transaction and separate disclosure of the fair values of the identifiable assets and liabilities has therefore been made. None of the remaining business combinations completed during the period were considered sufficiently material to warrant separate disclosure of the fair values attributable to those combinations.

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

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 are detailed in the Annual Report.

19. Post balance sheet events

On 14 February 2024, the Group acquired the remaining 20% shareholding in Dialachemist Limited resulting in the

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.

20. Comparative amounts

The comparative amounts have been updated for amendments to the fair value of assets and liabilities acquired during 2022, 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.

21. Approval by the Board of Directors

The preliminary results announcement was approved by the Board of Directors on 26 February 2024.

Additional Information

ALTERNATIVE PERFORMANCE MEASURES

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

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

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 **&** **Adjusted EBITDA**	Earnings before exceptional items, net finance expense, income tax expense, depreciation, intangible assets amortisation and share-based payment expense. 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.	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 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 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.
Adjusted earnings per share **&** **Like-for-Like 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. 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	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 EPS is used to assess the after-tax underlying performance of the business assuming a constant share base.

	Definition	Why we measure it
	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.	
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	*Income Statement*	67,708	53,155
Exceptional charge recognised in operating profit	*Note 3*	10,047	16,415
Depreciation	*Note 8*	29,202	23,356
Amortisation	*Note 7*	6,204	5,114
Share-based payment expense		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

Net bank debt

		2023 €000	2022 €000
Cash and cash equivalents	*Balance Sheet*	85,652	103,704
Restricted cash	*Balance Sheet*	173	-
Bank loans repayable within one year	*Balance Sheet*	(13,168)	(7,490)
Bank loans payable after one year	*Balance Sheet*	(222,604)	(187,431)
Net bank debt		(149,947)	(91,217)

Net debt

		2023 €000	2022 €000
Net bank debt	*Alternative Performance Measures*	(149,947)	(91,217)
Current lease obligations	*Balance Sheet*	(20,134)	(14,315)
Non-current lease obligations	*Balance Sheet*	(126,083)	(105,919)
Net debt		(296,164)	(211,451)

Leverage

		2023 €000	2022 €000
Net bank debt	*Alternative Performance Measures*	(149,947)	(91,217)
Adjusted EBITDA	*Alternative Performance Measures*	94,862	91,905
Leverage (times)		1.6	1.0

Adjusted operating profit

		2023 €000	2022 €000
Operating profit	*Income Statement*	67,708	53,155
Amortisation of acquisition related intangibles		3,341	2,708
Exceptional charge recognised in operating profit	*Note 3*	10,047	16,415
Adjusted operating profit		81,096	72,278

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 3)	(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
Increase in inventory	*Note 16*	(16,868)	(15,130)
(Increase)/decrease in receivables	*Note 16*	(67,073)	2,934
Increase in payables	*Note 16*	67,717	2,700
Foreign currency translation adjustments	*Note 16*	172	1,393
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.

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 12)	75,061	91,798	88,918
Deferred consideration payable	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. 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.

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