Registered number: NI 041551

Almac Group Limited
Annual report and financial statements
for the year ended 30 September 2022

Almac Group Limited

Annual report and financial statements for the year ended 30 September 2022

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Directors and advisers

Directors

A D Armstrong
S Campbell
N Harkin
G McBurney

Company secretary

E McAllister

Registered office

Almac House
20 Seagoe Industrial Estate
Craigavon
BT63 5QD

Solicitors

Carson McDowell LLP
Murray House
4 Murray Street
Belfast
BT1 6DN

Bankers

Danske Bank
Donegall Square West
Belfast
BT1 6JS

Bank of America
100 Federal Street
Boston
MA 02110
United States of America

Wells Fargo Bank N.A.
Meetinghouse Business Center
2240 Butler Pike
Plymouth Meeting
PA 19462
United States of America

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Merchant Square
20-22 Wellington Place
Belfast
BT1 6GE

Strategic report for the year ended 30 September 2022

The directors present their strategic report for the group and company for the year ended 30 September 2022.

Principal activities and review of the business

Almac Group Limited is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The company is registered in Northern Ireland. The company's registered office is Almac House, 20 Seagoe Industrial Estate, Craigavon, BT63 5QD. Almac Group Limited is the parent undertaking of the largest and smallest group of which consolidated financial statements are prepared.

The company is a holding company, and it also provides significant operational and other support functions to the Almac group of companies.

The activities of the group extend across drug discovery, API development and manufacture, analytical services, diagnostic services, pharmaceutical development, all areas of clinical trials support, interactive response technologies and the manufacture and commercialisation of pharmaceutical products. The group provides world-class integrated research and development support and an unparalleled range of services to customers, including the market leaders, within the pharmaceutical and biotechnology sectors.

The group's strategy is to create shareholder value by investing for the long term and by positioning the group to be the leader in its chosen markets. The performance for the year under review reflects further sustained progress towards achieving this long-term objective and at the same time maintaining the group's strong balance sheet.

Performance and position

The group's profit before income tax for the year is £96,659,132 (2021: £80,782,394). The group's profit after income tax is £77,570,937 (2021: £64,205,719). Net assets of the group are £652,596,962 (2021: £549,028,952).

The group's strategy of creating shareholder value through continued investment helped deliver an improvement in profitability in 2022. This was achieved across a range of business units within the group by a combination of revenue growth and margin improvement including a better mix of business from higher margin revenue streams.

The company's loss after tax is £466,549 (2021: loss of £8,243,347). Net assets of the company are £152,235,461 (2021: £152,702,010).

The Group's strategy of creating shareholder value through continued reinvestment of profits helped deliver revenue and profit growth in 2022, although margins in some areas were negatively impacted in the short term due to the wider economic environment, and in particular, the high levels of inflation.

Investment in Almac's global footprint has diversified our business, strengthened our customer proposition and supported growth in key segments. A large programme of capital investment is currently underway, further expanding our capabilities and increasing capacity across the group.

No dividends were paid in 2022 or up until the date of signing the financial statements, with all net profits being retained, thus growing the net asset base of the group.

Key performance indicators ("KPIs")

The directors consider that, given the nature of the group's operations, the KPIs are growth in revenue, earnings before interest, tax, depreciation, amortisation and research and development expenditure ("EBITDA before research and development expenditure") and employee numbers. These are reviewed on a regular basis within the operating companies.

Group	2022	2021
Growth in revenue	+14%	+9%
EBITDA before research and development expenditure	£141,908,794	£136,650,197
Employee numbers	6,464	5,783

Strategic report for the year ended 30 September 2022 (continued)

Key performance indicators ("KPIs") (continued)

Company	2022	2021
Net assets	152,235,461	152,702,010
Employee numbers	468	428

Principal risks and uncertainties

The management of the business and the execution of the group and company's strategy are subject to a number of risks. The principal issues are discussed below:

Competition

The Group operates in competitive global markets and aims to provide excellent products and services at competitive prices. These factors are continually reviewed in each business to ensure appropriate margins are being realised and that the quality of service and products is of the highest standard and consistently improving. Quality systems are maintained according to current good manufacturing practice and international quality standards.

Underlying market growth trends are positive, and we enjoy many longstanding customer relationships which we continue to nurture. To maintain our competitive position and provide capacity for future growth the group continues to invest in additional facilities, new technologies and service offerings.

Employees

The group's performance is largely dependent on its staff and therefore the reliance on key individuals together with the continuing ability to attract people with relevant experience and skills are important factors in ensuring the success of the Group. To mitigate these risks, the Group has training, learning and development programmes in place and has implemented a number of incentive schemes linked to the group's performance that are designed to retain key individuals and provide attractive long-term career opportunities. We continue to evolve the group's approach to recruitment and retention and in 2021 introduced a new bonus scheme ensuring that all Almac employees can share in the performance of the group. Further information on employee engagement is disclosed within the group's Section 172 statement below.

Supply chain

Other risks faced are product availability and the fluctuation in prices of both raw materials and consumables. The security of product supply is monitored by the businesses on an ongoing basis with regular reviews of such key factors as supplier financial strength, product quality and service levels. The group's continual review of market prices provides some protection from the potentially adverse impact of volatility in raw material prices.

Section 172 (1) Statement

In accordance with section 172 (1) of the Companies Act 2006 (the Act), each of the company's directors (both individually and collectively) act in a way in which they actively promote the success of the company for the benefit of its members as a whole and the company's wider role in the community. The company's directors take account of, among other matters, the requirements set out in section 172(1) (a) – (f) of the Companies Act 2006 including:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers, and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the company.

The directors of the company acknowledge that the long-term and short-term success of the company is dependent upon their engagement with all of its stakeholders including the company's employees, customers, suppliers, regulators, and the wider community. The directors are mindful that this engagement is required to make informed decisions at board level.

Strategic report for the year ended 30 September 2022 (continued)

Section 172 (1) Statement (continued).

The below table sets out the steps taken by the directors of the company to engage with each of the aforementioned groups, the purpose / aim of that engagement, and the results and benefits of the engagements.

Engagement with Stakeholders

Stakeholder Group	Engagement
Employees The group currently employs approximately 6,600 people globally. The directors recognise that people are the group's core asset and that to provide continued long-term success for the company and its stakeholders, the company must provide a happy, balanced and safe work environment. We are therefore committed to supporting, developing, and rewarding people at every step of their journey with Almac. Together, we strive to foster a working environment and culture that is safe, inspiring and inclusive.	1. Each business unit within the Group hosts monthly Employee Forums whereby employees can directly raise any concerns or issues through nominated representatives with senior management and the directors. Meeting minutes are shared Group-wide and follow up actions are allocated to the relevant Departments in the company. 2. Almac grants a range of special recognition awards to employees who demonstrate a commitment to the goals and vision of Almac. These awards include ACE Awards ("Almac Celebrates Excellence") and Long Service Awards. 3. Almac operates a group-wide bonus scheme thereby ensuring that all Almac employees can share in the performance of the group and/or their operating division. 4. In 2022 Almac issued a discretionary cost of living payment to offset rising household costs due to the global rise in inflation. 5. Almac operates a policy on hybrid working across the group providing many employees with the opportunity to adopt a blended approach of working from home and coming to work on site. 6. In 2022 the group reduced working hours from 40 to 37.5 at its UK and Ireland sites with no loss in pay. The group also introduced a holiday buy-back scheme so that people can purchase or sell holidays. 7. The directors are committed to the health and well-being of all the group's employees. #All4Health is Almac's comprehensive programme for employee health and well-being, designed to support the mental, physical, and financial health of all employees. This programme is supported by Almac's #All4Health WellHub platform which provides access to a wide range of supporting tools and materials. There has been an 83% engagement rate with colleagues since the platform launched in 2019. 8. The group employs a dedicated Pastoral Care Manager to maintain a Pastoral Care Service for employee personal wellbeing. Employees can reach out 24/7 on a confidential basis to discuss any wellbeing issues. The group's pastoral care manager has held over 1,500 sessions with our people over the last two years. 9. The directors arrange annual "fun days" across all Almac sites in recognition of our employee's contribution and in acknowledgement of the importance of positive employee relationships. Unfortunately, these were suspended due to the Covid-19 pandemic but will commence again in 2023. 10. Almac operates a Performance Management Programme (PMP) which facilitates direct and meaningful engagement between employees and line managers. Yearly training goals are set and analysed annually to ensure continued employee progression and one-to-one communication on development.

Strategic report for the year ended 30 September 2022 (continued)

Engagement with Stakeholders (continued)

Stakeholder Group	Engagement
Employees (continued)	11. Almac recognises the importance of effective learning and development, both in terms of how it benefits and motivates its employees but also ensures the success of the company as a whole. The group's Global Training department partners with the business to drive learning that is strategic, measurable, and effective. Training is delivered in various forms, including via an internal e-learning platform. Training is delivered to all employees and at all levels, including a range of bespoke leadership certification programmes for emerging leaders, new leaders, and senior leaders. 12. The directors acknowledge that the group's ability to achieve its mission as a company is directly attributable to the group's ability to attract, retain and motivate the best and most diverse talent. During 2022, we developed our DEI advisor policy in the US. The group is currently running a 12-month pilot scheme at one of its US sites where we have trained DE&I advisors in place providing advice and support and a means for open communication.
Customers The group provides services to over 600 companies in the pharmaceutical industry. The directors are mindful of the need to actively deliver the company's unique culture of delivering exceptional service solutions for its customers in a manner which is mutually beneficial whilst maintaining a reputation for high standards of business conduct. We are committed to understanding and exceeding our customers' needs and expectations. We build relationships based on integrity, responsiveness, and excellent communication.	1. Customer surveys are performed by the Almac Market Insights team to ensure that Almac's service offering is constantly evolving and stays consistent with our customers' long-term requirements and expectations. 2. Almac, through dedicated Quality Assurance Departments across its divisions, facilitates on-site client audits of its global facilities to ensure that customers are confident that Almac performs its services in accordance with all laws and regulatory requirements. 3. Almac's Corporate and Legal Affairs Department works very closely with all customers to ensure that the key corporate policies of Almac and its customers (such as anti-bribery, modern slavery, sustainability, and environmental policies) are aligned. Almac engages with its customers' Legal Teams on its customers' own policies and, where appropriate, these policies are included in underlying legal agreements with Customers. 4. The directors, through engagement with Almac's Business Development and Project Teams have established a detailed Project Governance Structure which ensures frequent and meaningful engagement with customers on a more operational / project management level in respect of specific work packages and projects. The individual project governance structure can vary from Customer to Customer however at a high level this includes regular project meetings and KPI reporting.
Suppliers The directors of the company recognise that the company's supply chain is an extension of the company's own business. The company aims to work with suppliers that share the group's values and the group's commitment to conducting business honestly and in accordance with the highest ethical and quality standards. By fostering positive and strong relationships with the group's suppliers, we ensure that the company continues to provide an exemplary level of service to the group's customers.	1. The directors recognise that Almac's suppliers are an extension of Almac's service offering to its customers. Almac has a culture of fostering long term, quality-focussed and cost-effective relationships with its suppliers. Suppliers are managed by large Procurement Departments within each business unit, each with its own detailed Standard Operating Procedures relevant to its service offering. 2. Almac carries out regular and appropriately detailed audits and inspections of its broad range of suppliers. Where necessary, Almac works closely with suppliers to ensure all remedial actions are implemented quickly. 3. Almac's Corporate and Legal Affairs and Quality Assurance Departments work closely with suppliers to ensure that appropriate legal and quality agreements are in place with each supplier to clearly document the parties' respective rights and obligations, including with respect to compliance with applicable laws, quality standards and ethical business conduct.

Strategic report for the year ended 30 September 2022 (continued)

Engagement with Stakeholders (continued)

Stakeholder Group	Engagement
Community Almac is part of the wider community, and the directors are conscious that the actions of Almac have a bearing on the community and environment. We are very aware that in striving to achieve our mission to advance human health we must also consider the overall health of our planet and take action to improve environmental performance. As part of our environmental strategy, Almac is committed to the responsible management of energy, water and waste and continually strives towards improvements aligned with committed targets. We are proud to work with our people to make a positive and lasting contribution to our communities through the philanthropy of our shareholder, The McClay Foundation, and our Science, Technology, Engineering and Maths (STEM) outreach programmes.	1. The directors established the Almac Charity Committee which implements the charitable goals of Almac each year. In addition to discretionary donations to charities chosen by employees and directors, the Charity Committee also supports applications for funding from employees undertaking individual fundraising activities. In 2022, Almac donated funds to local and international charities in line with the group's charity and community policies. 2. Almac maintains and continually reviews environmental and sustainability policies. Almac has undertaken to meet significant environmental goals including a commitment to monitor and minimise single-use plastics both within its supply chain and for internal use as far as is practicably possible. In 2022 we also committed to be net zero by 2045 and to reduce our scope 1 and 2 emissions by 50% by 2030 (with a base year of 2020). 3. In November 2022 the group published its second Corporate Social Responsibility Report. The report is publicly available to all stakeholders on the Almac website and is published annually.. Our report covers our activities under the headings of People, Planet, Place and Ethics.
Regulators The company operates in a highly regulated industry and the directors are mindful of the strict legal and regulatory requirements in relation to which the company must comply.	1. Each business unit within Almac engages in an open and cooperative way with all regulatory bodies, statutory authorities and all other local and international government agencies governing its respective area of business. Almac is audited and certified as required by law with the Medicines and Healthcare products Regulatory Agency (MHRA), the U.S. Food & Drug Administration (FDA), the Health Products Regulatory Authority (HPRA) and other agencies. Almac has dedicated Quality Assurance Departments to ensure compliance, and such compliance is reported directly to the Board.

Future developments

The group intends to continue its commitment to research and development and capital investment to provide innovative solutions and services to its customers.

There are many challenges facing the pharmaceutical and biotech markets with the introduction of new technologies and the emergence of new global competitors. The group believes it is well positioned to meet these future challenges and opportunities within this changing marketplace.

Environment

The group recognises its corporate responsibility to carry out its operations whilst ensuring that there is minimal environmental impact. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Strategic report for the year ended 30 September 2022 (continued)

Health and safety

The group and company are committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike.

This report was approved by the board and signed on its behalf.

A D Armstrong
Director
13 March 2023

Directors' report for the year ended 30 September 2022

The directors present their annual report and the audited financial statements of the group and the company for the year ended 30 September 2022. A review of the business, company information, position at the year end and future developments are detailed in the Group strategic report and included in this report by cross reference.

Financial risk management

The group's operations expose it to a variety of financial risks that include market risk (including price risk and interest rate risk), foreign exchange risk, credit risk and liquidity risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring the foregoing risks and ensuring that the balance sheet strength is maintained at all times.

Price risk

The group does not have a major exposure to commodity price risk as a result of its operations and is not exposed to equity securities price risk as it holds no listed investments.

Interest rate risk

The group's interest rate risk arises from borrowings which are a combination of overdrafts, bank borrowings, term loans, and lease liabilities. Interest bearing assets consist of short-term bank deposits. Borrowings at variable rates expose the group to cash flow interest rate risk. Borrowings at fixed rates expose the group to fair value interest rate risk. The group manages these risks by a mixture of variable interest rates on overdrafts and bank borrowings, linked to Bank of England Base Rate (BOEBR) or other published interest reference rates and fixed rate interest on the group's finance lease liabilities. The interest rates are monitored on a regular basis with reference to movements in global interest rates and the potential impact upon the group's cost of borrowing. Further commentary is provided in note 2.

Foreign exchange risk

Whilst the main part of the group's revenues and expenses are denominated in UK pounds sterling, the group is exposed to foreign exchange risk in the normal course of business, principally on sales in US dollars and investment in its overseas operations, principally in the USA. Group policy is to minimise the exposure of overseas subsidiaries to transaction risk by matching local currency income and costs. While the group has not used financial instruments to date to hedge foreign exchange exposure, this position is kept constantly under review.

Credit risk

The group has implemented policies that require appropriate credit checks on potential customers before sales are made. Credit control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The amount of exposure to individual customers is subject to a limit, which is reassessed regularly by the Board of Directors ('Board'). Credit risk also arises from cash and cash equivalents with banks and financial institutions. Banking arrangements are reviewed and regularly reassessed by the board.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Management monitors rolling forecasts of the group's liquidity reserve on the basis of expected cash flow. In addition, the group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these; monitoring balance sheet liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans.

Dividends

The overriding objectives of the group are to:

- Strategically develop and expand a world class Group of companies operating in the Pharmaceutical and Biotech sectors; and
- Adhere to the healthcare objectives of the McClay Foundation, thereby protecting the legacy of the Group's Founder, Sir Allen McClay, and his vision for the Foundation and its charitable purposes.

Directors' report for the year ended 30 September 2022

Dividends (continued)

Those objectives are reflected in the Strategic Goals adopted by Almac which include, amongst others:

- remaining owned by The McClay Foundation;
- continuing Group wide innovation;
- achievement of best-in-class business offerings;
- maintaining and improving profit margins; and
- cultivating a desirable place to work.

In order to achieve its objectives and meet those strategic goals, Almac has developed ambitious capital and research and development programmes requiring significant on-going investment in its trading subsidiaries and the R&D programmes they are engaged in. That investment is funded primarily by bank borrowings and the reinvestment of all profits generated from the Group's trading activities back into Almac and its subsidiaries. As a consequence, no dividends were paid during the year (2021: £nil) and the directors do not recommend payment of a final dividend (2021: £nil).

Going concern

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group has adequate financial resources to meet its operational needs for at least a period of twelve months from the date of the financial statements. Consequently, the directors have prepared these financial statements on a going concern basis.

After making enquiries and having assessed the group's principal risks, covenant compliance and the other relevant matters, the directors have a reasonable expectation that the group has access to adequate financial and other resources to continue in operational existence for the foreseeable future.

Energy and carbon reporting

In line with the 'Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018' and related accompanying government guidance 'Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements: March 2019', the Group presents details of its carbon and energy usage.

In line with the associated regulations and guidance, the Group has only provided consolidated reporting for companies meeting the Companies Act definition of a 'large' company and where annual energy consumption is greater than 40,000 kWh. In addition, under the associated regulations and guidance, reporting for foreign subsidiaries is not required.

Accordingly, the following report is based on the energy and carbon usage of Almac Group Limited, Almac Sciences Limited, Galen Limited, Almac Clinical Services Limited and Almac Pharma Services Limited. The activities of these companies include the manufacturing, packing and distribution of pharmaceutical product, storage and logistics service and the provision of custom synthesis services on a range of chemicals for customers.

	2022 UK	2021 UK
Energy Consumption used to calculate emissions (kWh)	90,614,316	94,050,144
Scope 1 - Emissions in metric tonnes CO2e		
Total Scope 1 Emissions from activities which the group owns or controls	9,149	9,956
Total Scope 2 Emissions from purchase of electricity purchased for own use	8,198	8,897
Total gross Scope 1 & Scope 2 emissions in metric tonnes CO2e	17,347	18,853
Intensity Ratio tCO2e (gross Scope 1 + 2)		
Tonnes CO2e / UK employee	5.4	6.0
Scope 3 - Emissions in metric tonnes CO2e		
Total Scope 3 Emissions from business travel by means not owned or controlled by the group	105	100

Directors' report for the year ended 30 September 2022

Energy and carbon reporting (continued)

Methodology

To determine emissions for the year ended 30 September 2022, the company used a methodology compliant with the Greenhouse Gas ('GHG') Protocol and incorporated the 2022 UK Government GHG conversion factors for green-house gas reporting.

Gas, biomethane and electricity consumption was based on actual data, obtained from supplier invoices, meter readings and online supplier portal data dependent on the specific arrangements and circumstances of each subsidiary. Transport fuel consumption was obtained from fuel provider reports. The collected consumption data is then converted into greenhouse gas emissions associated with each activity using annually updated emission factors from the UK Government.

Energy efficiency measures

During the year Almac continued to engage with stakeholders including customers, suppliers and employees regarding our commitment to carbon reduction.

The group also developed a Climate Action Plan which includes the following targets:

- Be net zero by 2045;
- Reduce scope 1 and 2 emissions by 50% by 2030.

Furthermore, in September 2022 Almac's UK and Ireland sites implemented ISO 50001 which is the international standard for energy management.

Research and development activities

The group is strongly committed to research and development activities in the areas of clinical diagnostics and drug discovery in order to secure and enhance its market position. Research expenditure in the year totalled £9,427,150 (2021: £9,734,017) and was expensed as incurred. This is stated after the deduction of £515,979 (2021: £673,300) of research and development tax credits. A further £7,101,167 (2021: £5,190,141) of research and development tax credits have been deducted from other expenses. Except for expenditure relating to development of internal systems there was no other development expenditure incurred during the year (2021: None).

Directors

The directors who served during the year and up to the date of signing the financial statements are:

A D Armstrong
C Hayburn (resigned 1 January 2023)
S Campbell
N Harkin
G McBurney (appointed 1 October 2022)

Directors' indemnities

The Directors have the benefit of an indemnity, which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Political donations

No donations for political purposes were made during the year (2021: £nil).

Directors' report for the year ended 30 September 2022

Employees

The group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the group plays a major role in objectives.

The group is committed to employment policies, which follow best practice based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. If members of staff become disabled, where possible, the group continues employment, either in the same or an alternative position with appropriate retraining being given if necessary.

Statement of disclosure of information to auditors

So far as each of the directors in office at the date of approval of these financial statements is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

This report was approved by the board and signed on its behalf.

Niall L

N Harkin
Director
13 March 2023

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Niall C

N Harkin
Director
13 March 2023

Independent auditors' report to the members of Almac Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Almac Group Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 September 2022 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Group and company balance sheets as at 30 September 2022; the Group income statement, the Group statement of comprehensive income, the Group and company statements of changes in equity and the Group and company cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

Independent auditors' report to the members of Almac Group Limited

Reporting on other information (continued)

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

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 September 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to product safety (including but not limited to Medicines and Healthcare products Regulatory Agency (MHRA), the U.S. Food & Drug Administration (FDA) and the Health Products Regulatory Authority (HPRA)), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006.

Independent auditors' report to the members of Almac Group Limited

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results, including revenue recognition and manipulation of earnings before interest, tax, depreciation and amortisation and management bias in accounting estimates or significant judgements. Audit procedures performed by the engagement team included:

- discussions with management, including consideration of know or suspected instances of non-compliance with laws and regulations and fraud;
- identifying and testing unusual journal entries, in particular those journal entries posted with an unusual account combination; and
- evaluating and, where appropriate, challenging assumptions and judgements made by management in determining significant accounting estimates

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Emma Murray

Emma Murray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
16 March 2023

Group income statement for the year ended 30 September 2022

	Note	2022 £	2021 £
Continuing operations			
Revenue	4	840,456,999	735,071,164
Cost of sales	5	(558,716,484)	(474,741,571)
Gross profit		281,740,515	260,329,593
Distribution costs	5	(30,700,484)	(27,271,783)
Administrative expenses	5	(152,408,104)	(133,180,231)
Research and development net expenditure	5	(9,427,150)	(9,734,017)
Operating profit		89,204,777	90,143,562
Operating profit is analysed as:			
Operating profit before depreciation, amortisation and research and development expenditure ("EBITDA")		141,908,794	136,650,197
Depreciation of property, plant and equipment		(26,141,063)	(22,215,816)
Depreciation of right of use assets		(7,189,476)	(6,376,568)
Amortisation of intangible assets		(9,946,328)	(8,180,234)
Research and development expenditure		(9,427,150)	(9,734,017)
Finance costs	6	(2,646,005)	(9,370,422)
Finance income	6	10,100,360	9,254
Finance income/(costs)– net	6	7,454,355	(9,361,168)
Profit before income tax		96,659,132	80,782,394
Income tax expense	8	(19,088,195)	(16,576,675)
Profit for the year		77,570,937	64,205,719

The notes on pages 23 to 69 are an integral part of these consolidated financial statements.

Group statement of comprehensive income for the year ended 30 September 2022

	2022	2021
	£	£
Profit for the year	**77,570,937**	64,205,719
Other comprehensive income/(expense):		
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences	**25,997,073**	(4,778,900)
Total other comprehensive income/(expense) for the year	**25,997,073**	(4,778,900)
Total comprehensive income for the year	**103,568,010**	59,426,819

The notes on pages 23 to 69 are an integral part of these consolidated financial statements.

Group and company statements of changes in equity
For the year ended 30 September 2022

Attributable to owners of the parent

Group	Share capital £	Share premium £	Currency translation reserve £	Retained earnings £	Total equity £
At 1 October 2020	15,296,312	173,911,921	31,772,175	268,621,725	**489,602,133**
Comprehensive income/(expense)					
Profit for the year	-	-	-	64,205,719	**64,205,719**
Other comprehensive expense					
Currency translation differences	-	-	(4,778,900)	-	**(4,778,900)**
Total comprehensive income	-	-	(4,778,900)	64,205,719	**59,426,819**
At 30 September 2021 and 1 October 2021	15,296,312	173,911,921	26,993,275	332,827,444	**549,028,952**
Comprehensive income					
Profit for the year	-	-	-	77,570,937	**77,570,937**
Other comprehensive income					
Currency translation differences	-	-	25,997,073	-	**25,997,073**
Total comprehensive income	-	-	25,997,073	77,570,937	**103,568,010**
At 30 September 2022	**15,296,312**	**173,911,921**	**52,990,348**	**410,398,381**	**652,596,962**

Company	Share capital £	Share premium £	Accumulated losses £	Total equity £
At 1 October 2020	15,296,312	173,911,921	(28,262,876)	**160,945,357**
Comprehensive expense				
Loss for the year and total comprehensive expense	-	-	(8,243,347)	**(8,243,347)**
At 30 September 2021 and 1 October 2021	15,296,312	173,911,921	(36,506,223)	**152,702,010**
Comprehensive expense				
Loss for the year and total comprehensive expense	-	-	(466,549)	**(466,549)**
At 30 September 2022	**15,296,312**	**173,911,921**	**(36,972,772)**	**152,235,461**

The notes on pages 23 to 69 are an integral part of these consolidated financial statements.

Group balance sheet as at 30 September 2022

	Note	2022 £	2021 £
Assets			
Non-current assets			
Property, plant and equipment	9	391,609,387	323,054,587
Right of use assets	10	48,421,867	49,803,935
Goodwill	11	87,655,107	81,324,787
Other intangible assets	12	28,406,567	28,291,082
Deferred income tax asset	14	520,803	694,165
Total non-current assets		556,613,731	483,168,556
Current assets			
Inventories	15	28,933,374	27,433,602
Current income tax asset		12,725,558	11,855,436
Trade and other receivables	16	248,010,601	176,668,338
Cash and cash equivalents	17	108,790,846	115,088,844
Total current assets		398,460,379	331,046,220
Total assets		955,074,110	814,214,776
Equity and liabilities			
Liabilities			
Current liabilities			
Borrowings	18	8,981,660	8,932,251
Trade and other payables	19	157,472,068	130,639,348
Current income tax liabilities		1,657,440	1,871,218
Total current liabilities		168,111,168	141,442,817
Non-current liabilities			
Borrowings	18	60,333,086	62,884,153
Deferred income tax liabilities	14	30,958,963	22,989,688
Deferred income	20	19,595,652	18,982,324
Other non-current liabilities	21	17,215,671	15,383,139
Provisions for liabilities and charges	22	6,262,608	3,503,703
Total non-current liabilities		134,365,980	123,743,007
Total liabilities		302,477,148	265,185,824
Equity attributable to owners of the parent			
Share capital	23	15,296,312	15,296,312
Share premium	23	173,911,921	173,911,921
Currency translation reserve		52,990,348	26,993,275
Retained earnings		410,398,381	332,827,444
Total equity		652,596,962	549,028,952
Total equity and liabilities		955,074,110	814,214,776

The notes on pages 23 to 69 are an integral part of these consolidated financial statements. The financial statements on pages 16 to 69 were authorised for issue by the Board of directors on 13 March 2023 and were signed on their behalf by:

A D Armstrong (Director) N Harkin (Director) **Registered number: NI 041551**

Company balance sheet as at 30 September 2022

	Note	2022 £	2021 £
Assets			
Non-current assets			
Property, plant and equipment	9	24,567,011	13,271,318
Right of use assets	10	4,174,307	3,103,894
Other intangible assets	12	2,674,486	2,940,739
Investments in subsidiaries	13	175,676,859	175,676,859
Finance lease receivable	16	10,885,739	11,992,404
Total non-current assets		217,978,402	206,985,214
Current assets			
Trade and other receivables	16	309,763,784	259,229,796
Cash and cash equivalents	17	59,677,629	67,382,349
Total current assets		369,441,413	326,612,145
Total assets		587,419,815	533,597,359
Equity and liabilities			
Liabilities			
Current liabilities			
Borrowings	18	381,367,189	326,839,954
Trade and other payables	19	22,879,346	21,994,972
Total current liabilities		404,246,535	348,834,926
Non-current liabilities			
Borrowings	18	26,492,342	28,924,536
Deferred income tax liabilities	14	1,996,533	1,111,857
Deferred income	20	148	446
Other non-current liabilities	21	1,948,796	2,023,584
Provision for liabilities and charges	22	500,000	-
Total non-current liabilities		30,937,819	32,060,423
Total liabilities		435,184,354	380,895,349
Equity attributable to owners of the parent			
Share capital	23	15,296,312	15,296,312
Share premium	23	173,911,921	173,911,921
Accumulated losses			
At 1 October		(36,506,223)	(28,262,876)
Loss for the year		(466,549)	(8,243,347)
At 30 September		(36,972,772)	(36,506,223)
Total equity		152,235,461	152,702,010
Total equity and liabilities		587,419,815	533,597,359

The notes on pages 23 to 69 are an integral part of these financial statements. The financial statements on pages 16 to 69 were authorised for issue by the Board of directors on 13 March 2023 and were signed on their behalf by:

A D Armstrong
(Director)

N Harkin
(Director)

Registered Number: NI 041551

Group cash flow statement for the year ended 30 September 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	25	73,482,305	111,417,913
Interest paid		(731,740)	(1,112,961)
Income tax paid		(5,832,016)	(947,010)
Net cash generated from operating activities		66,918,549	109,357,942
Cash flows from investing activities			
Purchase of intangible assets		(9,109,186)	(8,669,752)
Purchase of property, plant and equipment		(69,892,127)	(47,003,009)
Capital grants received		2,789,638	3,358,236
Finance income received		3,102	9,254
Net cash used in investing activities		(76,208,573)	(52,305,271)
Cash flows from financing activities			
Lease principal payments		(10,018,755)	(8,179,226)
Repayment of borrowings		(2,180,790)	(5,140,241)
Repayments to related parties		-	(178,590)
Net cash used in financing activities		(12,199,545)	(13,498,057)
Net (decrease)/increase in cash and cash equivalents		(21,489,569)	43,554,614
Effect of foreign exchange movement on cash and cash equivalents		15,133,536	(1,093,653)
Cash, cash equivalents and overdrafts at beginning of the year		115,011,048	72,550,087
Cash, cash equivalents and overdrafts at end of the year	17	108,655,015	115,011,048

The notes on pages 23 to 69 are an integral part of these consolidated financial statements.

Company cash flow statement for the year ended 30 September 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Cash (used in)/generated from operations	25	(1,070,552)	4,105,654
Interest paid		(11,973,793)	(14,575,447)
Net cash used in operating activities		(13,044,345)	(10,469,793)
Cash flows from investing activities			
Purchase of property, plant and equipment		(12,115,307)	(4,084,594)
Purchase of intangible assets		(491,090)	(2,277,865)
Purchase of subsidiary undertakings		-	(55,946)
Proceeds from disposal of property, plant and equipment		-	73,620
Proceeds from disposal of other intangible assets		-	28,600
Receipts from finance leases		1,472,568	1,472,567
Repayments from group undertakings		-	9,658,402
Advances to group undertakings		(52,106,328)	-
Finance income received		9,584,862	6,764,373
Net cash (used in)/generated from investing activities		(53,655,295)	11,579,157
Cash flows from financing activities			
Lease principal payments		(2,049,260)	(1,886,050)
Repayment of borrowings		(1,388,980)	(4,149,663)
Advances from group undertakings		53,469,118	43,193,168
Repayments to related parties		-	(178,590)
Net cash generated from financing activities		50,030,878	36,978,865
Net (decrease)/increase in cash and cash equivalents		(16,668,762)	38,088,229
Effect of foreign exchange movement on cash and cash equivalents		8,964,042	-
Cash, cash equivalents and bank overdrafts at beginning of the year		67,382,349	29,294,120
Cash, cash equivalents and bank overdrafts at end of the year	17	59,677,629	67,382,349

The notes on pages 23 to 69 are an integral part of these consolidated financial statements.

Notes to the financial statements for the year ended 30 September 2022

1 Accounting policies

General information

The group's principal activities during the year extend across drug discovery, API development and manufacture, analytical services, diagnostic services, pharmaceutical development, all areas of clinical trial support, interactive response technologies and the manufacture and commercialisation of pharmaceutical products. The company's principal activity is that of a holding company. The financial statements are presented in UK pound sterling. Almac Group Limited is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The company is registered in Northern Ireland. The company's registered address is detailed on page 1. The financial statements were approved by the Board of directors on 13 March 2023.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These consolidated and company financial statements have been prepared on a going concern basis and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The consolidated and company financial statements have been prepared under the historical cost convention.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Almac Group Limited transitioned to UK-adopted International Accounting Standards in its company financial statements on 1 October 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies.

Going concern

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group has adequate financial resources to meet its operational needs for at least a period of twelve months from the date the financial statements. Consequently, the directors have prepared these financial statements on a going concern basis. After making enquiries and having assessed the Group's principal risks, covenant compliance and the other relevant matters, the directors have a reasonable expectation that the company has access to adequate financial and other resources to continue in operational existence for the foreseeable future.

Company profit and loss account

The directors' have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and have not presented an income statement for the company alone. The loss for the year ended 30 September 2022 is £466,549 (2021: loss of £8,243,347)

New and amended standards adopted by the company

The following standards and amendments are applicable for accounting periods beginning on or after 1 January 2021 and are therefore effective for this year end. These amendments have had no impact on the company's financial position or performance in the current or prior years.

- COVID-19-Related Rent Concessions – amendments to IFRS 16, and
- Amendments to IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform Phase 2

Notes to the financial statements for the year ended 30 September 2022 (continued)

1 Accounting policies (continued)

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2022 reporting periods and have not been early adopted by the company. None of these are expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. 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 over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interests proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

(b) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Notes to the financial statements for the year ended 30 September 2022 (continued)

1 Accounting policies (continued)

Property, plant and equipment

Land and buildings comprise mainly offices, leasehold improvements and laboratories. Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

No depreciation is charged on land, nor on assets in the course of construction until such time as they are brought into use. For all other assets depreciation is calculated to write off the cost less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned, or the life of the project, whichever is earlier. The principal annual rates used are as follows:

		%
Buildings	-	2 - 12.5
Plant and machinery	-	10
Fixtures, fittings and computer equipment	-	10 - 25
Motor vehicles	-	20

The assets' residual values and useful economic lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the income statement.

Capitalisation of finance costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purposes of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Notes to the financial statements for the year ended 30 September 2022 (continued)

1 Accounting policies (continued)

Intangible assets (continued)

Computer software and software under development

The costs of acquiring and bringing into use computer software are capitalised and amortised on a straight-line basis over the estimated useful economic life of the software which is between three to ten years.

Capitalised software development costs include external direct costs of material and services together with direct labour costs relating to software development. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Software as a Service (SaaS) arrangements provide the group with the right to access cloud-based software applications over a contractual period. The software remains the intellectual property of the developer and as a result the group does not recognise an intangible asset in relation to subscription fees and costs incurred to customise or configure the software. The related costs are recognised in the group income statement when the service is received. Costs incurred to enhance or develop an existing intangible asset or develop new software code which meet the definition and recognition criteria of an intangible asset are capitalised as intangible software assets. Amortisation is recognised over the expected useful life of the software.

Product licences

Product licences acquired are capitalised and amortised over their useful economic life which is between one to twelve years. They are carried at historical cost less accumulated amortisation and impairment losses.

Research and development

Expenditure on research is written off in the year in which it is incurred. Development expenditure is capitalised when the criteria for recognising an asset are met.

Research and development tax credits

Under UK tax legislation introduced in the 2013 Finance Bill research and development credits can be claimed against qualifying research and development expenditure. Where these credits are not expected to be restricted by the PAYE/NI cap included within the legislation then the credit is, in substance, a government grant. The group has elected to treat such credits as a government grant and recognise the credits in the same period as the research and development expenditure arises.

Notes to the financial statements for the year ended 30 September 2022 (continued)

1 Accounting policies (continued)

Impairment of non-financial assets

Assets that have an indefinite useful economic life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped by cash generating unit. Non-financial assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication, the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter, any excess is recognised in profit and loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Financial assets

Classification

The group and company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. The company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group and company has transferred substantially all the risks and rewards of ownership.

Measurement
At initial recognition, the group and company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Notes to the financial statements for the year ended 30 September 2022 (continued)

1 Accounting policies (continued)

Financial assets (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. The group and company only has debt instruments which are held for collection of cash flows where those cash flow represent solely payments of principal and interest. These are subsequently measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as separate line item in the statement of profit or loss .

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

Provisions

Provisions for medical claims under the group's self-insured medical scheme are recognised where: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Investments in subsidiaries

Investments in subsidiaries are held as non-current assets and are recorded at cost, which is the fair value of the consideration paid, less any provision for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of the business, less applicable variable selling expenses.

Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as noncurrent assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

In the group statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, and bank overdrafts. In the group balance sheet, bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Notes to the financial statements for the year ended 30 September 2022 (continued)

1 Accounting policies (continued)

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and

it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity of different taxable entities where there is an intention to settle the balances on a net basis.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Grants

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Grants relating to property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected useful economic lives of the related assets.

Notes to the financial statements for the year ended 30 September 2022 (continued)

1 Accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services and products in the ordinary course of the group's activities. Revenue is shown net of value-added tax and after eliminating sales within the group. The group has a number of revenue streams across its divisions as follows:

a) *Provision of custom chemical synthesis, diagnostic services and full time equivalent staff to customer specified projects*
These services meet the criteria to be recognised over time as the business has the right to receive payment as performance progresses or, in the case of the provision of full time equivalent staff to customer specified projects, the customer simultaneously receives and consumes economic benefit as the services provided.

b) *Manufacture, packaging, distribution and sale of pharmaceutical products*
For contracts for the sale of pharmaceutical products, the performance obligation is the acceptance or delivery of the item. Revenue is recognised at the point in time when the customer obtains control of the goods based on the delivery terms of the contract.

c) *Product packaging, labelling, storage and shipping*
The group undertakes these services in support of clinical trials. These are treated as separate performance obligations as the customer can benefit from each separately as they are distinct promises within the respective contracts. As the business has the right to receive payment as the contract progresses revenue is recognised over time.

d) *Design, development, validation and maintenance of Interactive Response Technology*
Within the Clinical Technologies division Almac develops customer solutions in support of clinical trials capable of testing and evaluating pharmaceutical drug efficacy and capturing the results of related clinical trials. This may also include the maintenance and support of the system and management of the drug supply chain throughout the clinical trial. Revenue is recognised over time as the business has the right to receive payment as performance progresses.

e) *Product development services, project management and procurement services*
The group performs product development, project management and procurement services on a variety of contracts. The performance obligation is the completion of these services which meet the criteria to be recognised over time as the customer simultaneously receives and consumes the benefits as the performance progresses.

Foreign currency translation

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in UK pound sterling, which is the group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within administrative expenses.

Notes to the financial statements for the year ended 30 September 2022 (continued)

1 Accounting policies (continued)

Foreign currency translation (continued)

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting currency translation differences are recognised as a separate component of equity in a currency translation reserve.

Employee benefit trust

The group's share of the assets of the Almac Employee Benefit Trust and the Almac Offshore Employee Benefit Trust, which are both employee benefit trusts, have been incorporated within the group's balance sheet under the appropriate asset categories.

Pension obligations

The group operates a defined contribution plan for employees whereby the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments

The group issues cash-settled phantom share-based payments to certain employees of the company for their services to the group. The group accounts for these phantom share based payments as cash-settled phantom share-based payments which are measured at fair value and recognised as an expense in the income statement with a corresponding increase in liabilities (within accruals). The fair value is recognised over the period during which employees become unconditionally entitled to the awards, subject to the group's estimate of the number of awards which will lapse due to employees leaving the group prior to vesting. The total amount recognised in the income statement as an expense is adjusted to reflect the actual amount of awards that are expected to vest, except where forfeiture is due to employee's termination of contract.

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the Group to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the Group has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset; and
- Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used)

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the non-lease components are identified and accounted for separately from the lease component. The consideration in the contract is allocated to the lease and non-lease components on a relative standalone price basis using the principles in IFRS 15.

The Group predominantly engages in leases for land and buildings and motor vehicles. The majority of leases for the Group are located in the UK and Ireland as a result of the manufacturing and office locations.

Notes to the financial statements for the year ended 30 September 2022 (continued)

1 Accounting policies (continued)

Leases (continued)

Initial recognition and measurement

The Group and Company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the Group's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Subsequent measurement

After the commencement date, the Group measures the lease liability by:

(a) Increasing the carrying amount to reflect interest on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance cost in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:

(a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
(b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The Group then accounts for these in line with the accounting policy for new leases. If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

Notes to the financial statements for the year ended 30 September 2022 (continued)

1 Accounting policies (continued)

Leases (continued)

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

Short term and low value leases

The Group has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

Lease payments on short term leases are accounted for on a straight line basis over the term of the lease or other systematic basis if considered more appropriate. Short term lease payments are included in operating expenses in the income statement.

Sub leases

If an underlying asset is re-leased by the Group to a third party and the Group retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The Group continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease).

After classification lessor accounting is applied to the sublease.

Critical accounting judgements and estimates

Intangible assets – Goodwill

Goodwill is tested annually for impairment. Its recoverable amount is measured with reference to a value in use model, being the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset. The assumptions relating to future cash flows, estimated growth rates and discount rates are based on business forecasts and therefore inherently include an element of management judgement. Future events could cause the assumptions used in these impairments tests to change which may in turn mean future impairments to be recognised. Please refer to note 11 for further details.

Revenue recognition

In the application of IFRS 15 "Revenue from Contracts with Customers" and as set out in the accounting policy in Note 2 to these accounts, across a number of revenue streams the Group recognises revenue over time as the business has the right to either receive payment for work done as the performance of the contract progresses or the customer simultaneously receives and consumes economic benefit as the services are provided.

A number of key estimations are made within the accounting for revenue recognition; however, these do not carry a significant risk of resulting in a material adjustment within the next financial year. An estimate is made of progress towards complete satisfaction of each performance obligation for which revenue is recognised over time. Where delivery is part way through a performance obligation at the reporting date, an estimate is made of the amount of revenue to recognise to reflect the work performed up to that date. This amount is estimated on a percentage completion basis.

Notes to the financial statements for the year ended 30 September 2022 (continued)

2 Financial risk management

Financial risk factors

The group's operations expose it to a variety of financial risks that include price risk, interest rate risk, foreign exchange risk, credit risk and liquidity risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring the foregoing risks.

(a) Market risk

(i) Price risk

The group is not exposed to commodity price risk as a result of its operations nor is the group exposed to equity securities price risk as it holds no listed equity investments.

(ii) Interest rate risk

The group's interest rate risk arises from borrowings which are a combination of overdrafts, bank borrowings, term loans and finance lease liabilities (excluding lease liabilities arising on the adoption of IFRS 16). Interest bearing assets consist of short-term bank deposits. Borrowings at variable rates expose the group to cash flow interest rate risk. Borrowings at fixed rates expose the group to fair value interest rate risk. The group manages these risks by a mixture of variable interest rates on overdrafts and bank borrowings linked to Bank of England Base Rate (BOEBR) or other published interest reference rates, and fixed rate interest on the group's finance lease liabilities. The interest rate is monitored on a regular basis with reference to movements in global interest rates and the potential impact upon the group's cost of borrowing.

If average interest rates over the year had increased/decreased by 1% with all other variables held constant, the financial statements would have been impacted as follows:

	2022		2021	
	Impact on post-tax profits	**Impact on equity**	Impact on post-tax profits	Impact on equity
	£	**£**	£	£
Interest rates increase by 1%	**42,688**	**42,688**	(143,904)	(143,904)
Interest rates decrease by 1%	**(42,688)**	**(42,688)**	143,904	143,904

(ii) Foreign exchange risk

While the greater part of the group's revenues and expenses are denominated in UK pound sterling, the group is exposed to foreign exchange risk in the normal course of business in its overseas operations, principally on sales in US dollars and in Euros. Group policy is to minimise the exposure of overseas subsidiaries to transaction risk by matching local currency income and costs. While the group has not used financial instruments to date to hedge foreign exchange exposure, this position is kept constantly under review.

If the US dollar had weakened / strengthened by 10% against the UK pound sterling spot rate on 30 September with all other variables held constant, the financial statements would have been impacted as follows:

	2022		2021	
	Impact on post-tax profits	**Impact on equity**	Impact on post-tax profits	Impact on equity
	£	**£**	£	£
US dollar weakens by 10% against UK pound sterling	**(7,534,380)**	**(7,534,380)**	(5,845,797)	(5,845,797)
US dollar strengthens by 10% against UK pound sterling	**9,208,686**	**9,208,686**	7,144,863	7,144,863

The figures above reflect retranslation of the group's investment in foreign subsidiaries. The directors do not regard the group's foreign exchange exposure on sales in Euro as significant.

Notes to the financial statements for the year ended 30 September 2022 (continued)

2 Financial risk management (continued)

(b) Credit risk

The group has implemented policies that require appropriate credit checks on potential customers before sales are made. Credit control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The amount of exposure to individual customers is subject to limits, which are reassessed regularly by the Board. Credit risk also arises from cash and cash equivalents with banks and financial institutions. Banking arrangements are reviewed and regularly reassessed by the board.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Management monitors rolling forecasts of the group's liquidity reserve (comprising undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow. In addition, the group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these; monitoring balance sheet liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans.

3 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt/net funds divided by total capital. Net debt is calculated as total borrowings (current and non-current) as shown in the group balance sheet less cash and cash equivalents. Total capital is calculated as equity as shown in the group balance sheet plus net debt.

The gearing ratios at 30 September were as follows:

Group	2022 £	2021 £
Total borrowings (note 18)	69,314,746	71,816,404
Less: cash and cash equivalents (note 17)	(108,790,846)	(115,088,844)
Net debt	(39,476,100)	(43,272,440)
Total equity	652,596,962	549,028,952
Total capital	613,120,862	505,756,512
Gearing ratio	(6.4%)	(8.6%)

The group's strategy is to maintain an appropriate mix of debt and equity consistent with fulfilling long-term growth plans.

The company's objectives when managing capital are to safeguard the group and company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Notes to the financial statements for the year ended 30 September 2022 (continued)

4 Revenue

Revenue is attributable to the group's principal activities carried out in the United Kingdom, the United States of America, Asia and the Republic of Ireland.

Timing of revenue is as follows:	2022 £	2021 (restated) £
Point in Time	134,194,749	138,009,032
Over Time	706,262,250	597,062,132
Total	840,456,999	735,071,164

*During the year management performed a review of revenues between point in time and over time. As a consequence the 2021 disclosure has been updated to ensure consistent comparability with £46,912,873 being reclassified to over time from point in time in that period.

Disaggregation of revenue by geographical regions is as follows:

Group	2022 £	Restated* 2021 £
United Kingdom	412,688,043	367,380,250
Europe	91,157,920	80,835,634
United States	304,984,710	261,829,620
Other	31,626,326	25,025,660
Total	840,456,999	735,071,164

*During the year management performed a review of revenue disaggregation by geographical region. As a consequence the 2021 disclosure has been updated to more accurately reflect the geographical region where the activity that generates revenue takes place.

Refer to note 16 for details of related contract assets.

5 Expenses by nature

Group	2022 £	2021 £
Changes in inventories of finished goods and work in progress	902,269	5,029,301
Raw materials and consumables used	246,347,322	169,734,309
Employee benefits expense - net of capitalised software development costs (note 7)	355,461,157	302,406,282
Depreciation and amortisation	36,087,391	30,396,050
Depreciation on right of use assets	7,189,476	6,376,568
Transfer from capital grant reserve (note 20)	(2,347,345)	(2,318,559)
Revenue grants	(3,069,061)	(1,884,714)
Loss on disposal of property, plant and equipment and intangibles	99,438	83,876
Expense on short term leases	421,027	316,215
Other expenses*	110,160,548	134,788,274
Total cost of sales, distribution costs, administrative expenses and research and development expenditure	751,252,222	644,927,602

*Research and development expenditure of £9,427,150 (2021: £9,734,017) is included within other expenses and is stated after the deduction of £515,979 (2021: £673,300) of research and development tax credits. A further £7,101,167 (2021: £5,190,141) of research and development tax credits has been deducted from other expenses.

Notes to the financial statements for the year ended 30 September 2022 (continued)

5 Expenses by nature (continued)

Services provided by the group and company's auditors and its associates

During the year the group (including its overseas subsidiaries) obtained the following services from the group's auditor and its associates:

Group	2022 £	2021 £
Fees payable to the group's auditors for the audit of company and consolidated financial statements	**50,000**	42,125
Fees payable to the group's auditors and its associates for other services:		
- the audit of the company's subsidiaries pursuant to legislation	**453,730**	346,980
- taxation compliance services	**129,180**	218,680
- other services	**44,232**	235,807

6 Finance income/(costs) - net

Group	2022 £	2021 £
Interest expense:		
Interest payable on bank borrowings	**(437,328)**	(512,149)
Interest payable on related party loans	**-**	(737)
Interest payable on finance leases	**(2,150)**	(3,924)
Interest payable on IFRS16 leases	**(1,912,115)**	(1,907,430)
Foreign exchange loss on financing activities	**-**	(6,350,031)
Other finance costs	**(294,412)**	(596,151)
Finance costs	**(2,646,005)**	(9,370,422)
Interest income:		
Interest receivable on bank deposits	**3,102**	2,812
Foreign exchange gains on financing activities	**10,097,258**	-
Other finance income	**-**	6,442
Finance income	**10,100,360**	9,254
Finance income/(costs) - net	**7,454,355**	(9,361,168)

7 Employees and directors

	Group		Company	
	2022	2021	2022	2021
Group and Company	£	£	£	£
Staff costs during the year:				
Wages and salaries	**311,483,856**	265,072,148	**22,884,260**	20,176,127
Social security costs	**27,745,292**	22,768,251	**2,461,479**	2,163,730
Other pension costs (note 26)	**10,459,980**	8,715,100	**1,110,899**	843,300
Share based payment costs (note 29)	**6,695,822**	6,337,336	**1,011,854**	1,398,240
	356,384,950	302,892,835	**27,468,492**	24,581,397

Notes to the financial statements for the year ended 30 September 2022 (continued)

7 Employees and directors (continued)

The wages and salary costs include £923,793 (2021: £486,553) of capitalised labour costs.

	Group		Company	
	2022	2021	2022	2021
Group and Company	**Number**	Number	**Number**	Number
Average monthly number of persons employed (including directors) during the year by activity:				
Production	**5,073**	4,490	**-**	-
Sales and marketing	**252**	228	**-**	-
Administration	**1,039**	980	**468**	428
Research and development	**100**	85	**-**	-
	6,464	5,783	**468**	428

Key management compensation

	2022	2021
Group	**£**	£
Salaries and other short-term employee benefits	**8,563,223**	9,385,715
Pension costs - defined contributions plans	**116,934**	149,384
	8,680,157	9,535,099

	2022	2021
Company	**£**	£
Salaries and other short-term employee benefits	**2,459,634**	2,780,127
Pension costs - defined contributions plans	**-**	31,880
	2,459,634	2,812,007

The key management compensation given above includes directors and senior managers.

	2022	2021
Directors	**£**	£
Aggregate emoluments	**1,857,625**	2,268,882
Pension costs - defined contributions plans	**-**	31,880
Amounts receivable in respect of share-based payments	**309,185**	184,869

Three (2021: three) directors have retirement benefits accruing under a defined contribution plan. Three (2021: three) directors have exercised phantom share options in the year.

	2022	2021
Highest paid director	**£**	£
Aggregate emoluments	**723,665**	813,117

The highest paid director exercised phantom share options in the year and during the previous year.

Notes to the financial statements for the year ended 30 September 2022 (continued)

8 Income tax expense

	2022	2021
	£	£
Current tax		
UK corporation tax	6,289,413	4,141,152
Overseas tax	5,355,406	3,207,808
Adjustment in respect of previous periods	789,897	(867,904)
Total current tax expense	12,434,716	6,481,056
Deferred tax		
Origination and reversal of temporary differences	6,823,436	5,159,162
Changes in tax laws and rates	955,908	4,146,836
Adjustment in respect of previous periods	(1,125,865)	789,621
Total deferred tax charge (note 14)	6,653,479	10,095,619
Income tax expense	19,088,195	16,576,675

The tax on the group's profit before income tax differs from (2021: differs from) the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2022	2021
	£	£
Profit before income tax	96,659,132	80,782,394
Profit before income tax at the UK standard rate of 19% (2021: 19%)	18,365,235	15,348,655
Effects of:		
Expenses not deductible for tax purposes	1,128,923	1,131,561
Effect of changes in overseas tax rates	632,513	8,700
Movement in deferred tax not provided	(16,479)	(3,066,692)
Group relief not paid	71,130	46,526
Adjustments in respect of previous periods	(335,968)	(78,283)
Changes in tax laws and rates	705,087	4,118,017
Research and development tax credits	(294,000)	(382,060)
Super deduction	(1,168,246)	(549,749)
Income tax expense	19,088,195	16,576,675

Factors affecting tax rate

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the financial statements for the year ended 30 September 2022 (continued)

9 Property, plant and equipment

Group	Land and buildings £	Assets in the course of construction £	Plant and machinery £	Fixtures, fittings and computer equipment £	Motor vehicles £	Total £
Cost						
At 1 October 2020	262,896,661	3,791,152	147,559,178	62,958,751	382,226	477,587,968
Transfers	(1,716,580)	(2,650,705)	4,319,235	48,050	-	-
Additions	4,138,315	15,203,660	20,148,733	7,360,932	151,369	47,003,009
Disposals	(3,598)	(22,629)	(196,802)	(919,158)	(82,954)	(1,225,141)
Exchange adjustment	(5,803,594)	(3,533)	(2,433,628)	(1,354,811)	(10,748)	(9,606,314)
At 30 September 2021 and at 1 October 2021	259,511,204	16,317,945	169,396,716	68,093,764	439,893	513,759,522
Transfers	1,508,711	(6,737,206)	5,198,632	29,863	-	-
Additions	14,323,399	33,114,085	21,889,999	7,521,985	60,171	76,909,639
Disposals	(311,047)	-	(107,867)	(1,601)	(55,408)	(475,923)
Exchange adjustment	20,439,051	(713,539)	5,449,336	6,423,698	19,887	31,618,433
At 30 September 2022	**295,471,318**	**41,981,285**	**201,826,816**	**82,067,709**	**464,543**	**621,811,671**
Accumulated depreciation						
At 1 October 2020	54,050,116	-	75,378,447	42,751,900	308,658	172,489,121
Charge for the year	5,401,189	-	11,526,371	5,243,941	44,315	22,215,816
Disposals	(48)	-	(96,385)	(888,258)	(82,954)	(1,067,645)
Exchange adjustment	(1,039,060)	-	(1,039,952)	(844,204)	(9,141)	(2,932,357)
At 30 September 2021 and at 1 October 2021	58,412,197	-	85,768,481	46,263,379	260,878	190,704,935
Charge for the year	6,133,781	-	13,593,547	6,357,117	56,618	26,141,063
Disposals	(292,631)	-	(90,994)	-	(55,408)	(439,033)
Exchange adjustment	5,215,358	-	3,739,412	4,819,911	20,638	13,795,319
At 30 September 2022	**69,468,705**	-	**103,010,446**	**57,440,407**	**282,726**	**230,202,284**
Net book amount						
At 30 September 2022	**226,002,613**	**41,981,285**	**98,816,370**	**24,627,302**	**181,817**	**391,609,387**
At 30 September 2021	201,099,007	16,317,945	83,628,234	21,830,386	179,015	323,054,587
At 30 September 2020	208,846,545	3,791,152	72,180,731	20,206,851	73,568	305,098,847

Borrowings totalling £13,325,528 (2021: £15,478,446) are secured against the above assets (note 18).

Interest costs of £nil (2021: £nil) were capitalised during the year. Cumulative interest capitalised pre accumulated depreciation at 30 September 2022 was £1,082,459 (2021: £1,082,459).

Notes to the financial statements for the year ended 30 September 2022 (continued)

9 Property, plant and equipment (continued)

Assets held under finance leases had the following net book amount:

	2022	2021
Group	**£**	**£**
Cost	**108,246**	156,482
Accumulated depreciation	**(50,156)**	(156,482)
Net book amount	**58,090**	-

Company	Land and buildings £	Plant and machinery £	Fixtures, fittings and computer equipment £	Motor vehicles £	Total £
Cost					
At 1 October 2020	4,048,511	4,246,509	10,855,122	110,514	19,260,656
Additions	53,535	3,209,102	802,328	19,629	4,084,594
Disposals	(3,598)	(44,471)	(33,380)	(2,750)	(84,199)
At 30 September 2021 and at 1 October 2021	4,098,448	7,411,140	11,624,070	127,393	23,261,051
Additions	8,018,871	4,559,521	695,305	19,836	13,293,533
Disposals	(311,047)	-	-	-	(311,047)
At 30 September 2022	**11,806,272**	**11,970,661**	**12,319,375**	**147,229**	**36,243,537**
Accumulated depreciation					
At 1 October 2020	413,783	1,945,582	6,363,448	77,025	8,799,838
Charge for the year	50,595	147,824	987,706	12,315	1,198,440
Disposals	(48)	(2,965)	(2,782)	(2,750)	(8,545)
At 30 September 2021 and at 1 October 2021	464,330	2,090,441	7,348,372	86,590	9,989,733
Charge for the year	30,412	533,024	1,403,206	12,782	1,979,424
Disposals	(292,631)	-	-	-	(292,631)
At 30 September 2022	**202,111**	**2,623,465**	**8,751,578**	**99,372**	**11,676,526**
Net book amount					
At 30 September 2022	**11,604,161**	**9,347,196**	**3,567,797**	**47,857**	**24,567,011**
At 30 September 2021	3,634,118	5,320,699	4,275,698	40,803	13,271,318
At 30 September 2020	3,634,728	2,300,927	4,491,674	33,489	10,460,818

Borrowings totalling £11,289,803 (2021: £12,678,783) are secured against the above assets (note 18).

Notes to the financial statements for the year ended 30 September 2022 (continued)

10 Right of use assets

Group	Land and buildings £	Plant and machinery £	Fixtures, fittings and computer equipment £	Motor vehicles £	Total £
Cost					
At 1 October 2020	57,762,093	328,813	858,961	890,548	59,840,415
Additions	4,092,777	152,070	267,426	282,898	4,795,171
Disposals	(450,576)	(3,584)	(101,248)	(148,923)	(704,331)
Exchange adjustment	(1,880,596)	(7,720)	(21,741)	(9,891)	(1,919,948)
At 30 September 2021 and at 1 October 2021	59,523,698	469,579	1,003,398	1,014,632	62,011,307
Additions	1,619,420	109,909	154,684	204,969	2,088,982
Disposals	(237,987)	(76,539)	(143,963)	(306,459)	(764,948)
Exchange adjustment	5,145,551	6,386	108,669	31,545	5,292,151
At 30 September 2022	**66,050,682**	**509,335**	**1,122,788**	**944,687**	**68,627,492**
Accumulated depreciation					
At 1 October 2020	5,741,681	127,387	307,263	313,595	6,489,926
Charge for the year	5,665,360	143,156	283,889	284,163	6,376,568
Transfer	22,021	-	(22,021)	-	-
Disposals	(234,724)	(3,584)	(101,248)	(98,713)	(438,269)
Exchange adjustment	(204,295)	(2,410)	(10,812)	(3,336)	(220,853)
At 30 September 2021 and at 1 October 2021	10,990,043	264,549	457,071	495,709	12,207,372
Charge for the year	6,443,617	152,182	311,501	282,176	7,189,476
Disposals	(237,987)	(76,539)	(143,407)	(258,348)	(716,281)
Exchange adjustment	1,415,464	9,003	73,813	26,778	1,525,058
At 30 September 2022	**18,611,137**	**349,195**	**698,978**	**546,315**	**20,205,625**
Net book amount					
At 30 September 2022	**47,439,545**	**160,140**	**423,810**	**398,372**	**48,421,867**
At 30 September 2021	48,533,655	205,030	546,327	518,923	49,803,935
At 30 September 2020	52,020,412	201,426	551,698	576,953	53,350,489

The total cash outflow in the year in respect of lease payments associated with right of use assets was £10,018,755 (2021: £6,236,288.

The right-of-use assets consist of:

- buildings for warehouse space, offices and manufacturing facilities. Lease terms range from 2 to 20 years.
- plant and equipment are insignificant to the total leased assets portfolio.
- fixtures, fittings and computer equipment are insignificant to the total leased assets portfolio.
- motor vehicles are insignificant to the total leased assets portfolio.

Please refer to note 18 for details on lease liabilities.

Notes to the financial statements for the year ended 30 September 2022 (continued)

10 Right of use assets (continued)

Company	Land and buildings £	Fixtures, fittings and computer equipment £	Motor vehicles £	Total £
Cost				
At 1 October 2020	3,611,823	33,969	207,416	3,853,208
Additions	-	-	97,512	97,512
Disposals	(59,369)	(3,063)	(28,274)	(90,706)
At 30 September 2021 and at 1 October 2021	3,552,454	30,906	276,654	3,860,014
Additions	1,505,162	5,805	32,672	1,543,639
Disposals	-	-	(72,992)	(72,992)
At 30 September 2022	**5,057,616**	**36,711**	**236,334**	**5,330,661**
Accumulated depreciation				
At 1 October 2020	300,960	9,368	87,397	397,725
Charge for the year	300,960	9,353	79,418	389,731
Disposals	-	(3,063)	(28,273)	(31,336)
At 30 September 2021 and at 1 October 2021	601,920	15,658	138,542	756,120
Charge for the year	390,763	10,340	72,123	473,226
Disposals	-	-	(72,992)	(72,992)
At 30 September 2022	**992,683**	**25,998**	**137,673**	**1,156,354**
Net book amount				
At 30 September 2022	**4,064,933**	**10,713**	**98,661**	**4,174,307**
At 30 September 2021	2,950,534	15,248	138,112	3,103,894
At 30 September 2020	3,310,863	24,601	120,019	3,455,483

The total cash outflow in the year in respect of lease payments associated with right of use assets was £2,049,260 (2021: £1,945,421.

The right-of-use assets consist of:

- buildings for warehouse space, offices and manufacturing facilities. Lease terms range from 4 to 17 years.
- fixtures, fittings and computer equipment are insignificant to the total leased assets portfolio.
- motor vehicles are insignificant to the total leased assets portfolio.

Please refer to note 18 for details on lease liabilities.

Notes to the financial statements for the year ended 30 September 2022 (continued)

11 Goodwill

Group	£
Cost	
At 1 October 2020	87,746,261
Exchange adjustment	(1,511,360)
At 30 September 2021 and at 1 October 2021	86,234,901
Exchange adjustment	6,330,320
At 30 September 2022	**92,565,221**
Accumulated amortisation and impairment	
At 1 October 2020, at 30 September 2021, at 1 October 2021 **and at 30 September 2022**	**4,910,114**
Net book amount	
At 30 September 2022	**87,655,107**
At 30 September 2021	81,324,787
At 30 September 2020	82,836,147

Clinical Services

£66,871,044 (2021: £60,593,044) of goodwill relates to the group's clinical services business. The group's clinical services business, comprising clinical services businesses in Almac Group (UK) Limited and Almac Group Incorporated, is regarded as a cash-generating unit (CGU). The recoverable amount of a CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management and covering a five year period. Growth rates of 2% to 8% (2021: 2 to 8%) with a consistent gross margin were used for the five year period. Cash flows beyond the five year period are established using estimated growth rates of 2% (2021: 2%), which reflects the group's investment strategy and expansion. Management determined budgeted gross margins based on past performance and its expectations of market developments. The discount rate used of 11% (2021: 11%) is pre-tax and reflects specific risks relating to the group. There is sufficient headroom in the impairment calculation.

POA Pharma Scandinavia AB

£12,829,615 (2021: £12,829,615) of goodwill relates to the Group's acquisition of POA Pharma Scandinavia AB ("POA"), a 100% subsidiary of Galen Limited incorporated in Sweden. This company is also considered to be a CGU. The recoverable amount was determined based on a value-in-use calculation which incorporates pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate. Key assumptions applied in this review were as follows:

- The rate of forecast sales growth which is on average 14%;
- Gross margin assumption of c50%;
- Long term growth rate of 2%; and
- An applied pre-tax discount rate of 7.7%.

Our modelling shows that forecast sales can fall short by approximately 12% in each year before an impairment would be required. Should forecast sales drop by 15% in each year an impairment of £2.7m would be required.

Our modelling also shows that forecast gross margins can drop by approximately 6% before an impairment would be required. Should forecast gross margins reduce by 7.5% an impairment of £2.3m would be required.

Other goodwill
The remaining £7,954,448 (2021: £7,907,197) of goodwill relates to smaller acquisitions made by the Group. Management considers the recoverable amount of each business to be no less than the carrying value of goodwill.

Notes to the financial statements for the year ended 30 September 2022 (continued)

12 Other intangible assets

Group	Product licences £	Computer software £	Total £
Cost			
At 1 October 2020	30,011,167	80,329,191	110,340,358
Additions	168,015	8,501,737	8,669,752
Disposals	-	(45,836)	(45,836)
Exchange adjustment	(254,164)	(1,013,145)	(1,267,309)
At 30 September 2021 and at 1 October 2021	**29,925,018**	**87,771,947**	**117,696,965**
Additions	1,231,839	7,877,347	9,109,186
Disposals	(4,729,288)	(106,542)	(4,835,830)
Exchange adjustment	1,039,097	5,017,699	6,056,796
At 30 September 2022	**27,466,666**	**100,560,451**	**128,027,117**
Accumulated amortisation			
At 1 October 2020	26,712,280	55,465,817	82,178,097
Amortisation in the year	731,365	7,448,869	8,180,234
Disposals	-	(17,236)	(17,236)
Exchange adjustment	(152,858)	(782,354)	(935,212)
At 30 September 2021 and at 1 October 2021	27,290,787	62,115,096	89,405,883
Amortisation in the year	1,621,376	8,324,952	9,946,328
Disposals	(4,728,691)	(106,540)	(4,835,231)
Exchange adjustment	965,051	4,138,519	5,103,570
At 30 September 2022	**25,148,523**	**74,472,027**	**99,620,550**
Net book amount			
At 30 September 2022	**2,318,143**	**26,088,424**	**28,406,567**
At 30 September 2021	2,634,231	25,656,851	28,291,082
At 30 September 2020	3,298,887	24,863,374	28,162,261

Notes to the financial statements for the year ended 30 September 2022 (continued)

12 Other intangible assets (continued)

Company	Computer software £
Cost	
At 1 October 2020	7,033,535
Additions	2,277,865
Disposals	(33,000)
At 30 September 2021 and at 1 October 2021	**9,278,400**
Additions	491,090
At 30 September 2022	**9,769,490**
Accumulated amortisation	
At 1 October 2020	5,708,289
Amortisation in the year	633,772
Disposals	(4,400)
At 30 September 2021 and at 1 October 2021	6,337,661
Amortisation in the year	757,343
At 30 September 2022	**7,095,004**
Net book amount	
At 30 September 2022	**2,674,486**
At 30 September 2021	2,940,739
At 30 September 2020	1,325,246

Notes to the financial statements for the year ended 30 September 2022 (continued)

13 Investments in subsidiaries

Company	£
Cost	
At 1 October 2020, 30 September 2021 and 1 October 2021	177,368,916
Disposals	(8,245)
At 30 September 2022	**177,360,671**
Provisions for impairment	
At 1 October 2020, 30 September 2021 and 1 October 2021	1,692,057
Reversal of impairment	(8,245)
At 30 September 2022	**1,683,812**
Net book amount	
At 30 September 2022	**175,676,859**
At 30 September 2021	175,676,859
At 30 September 2020	175,620,913

Notes to the financial statements for the year ended 30 September 2022 (continued)

13 Investments in subsidiaries (continued)

Investments in subsidiary undertakings are recorded at cost, which is the fair value of the consideration paid, less any provisions for impairments. The subsidiaries of the group at 30 September 2022 and at 30 September 2021 were:

Name	Country of incorporation	Nature of business	Direct	Indirect
Almac Discovery Limited	Northern Ireland[1]	Discovery and development of innovative approaches to the treatment of cancer	100%	-
Almac Diagnostic Services Limited	Northern Ireland[1]	Development of cancer diagnostics and microarray based data analysis	1%	99%
Almac Diagnostic Services LLC	United States of America[10]	Development of cancer diagnostics and microarray based data analysis	-	100%
Almac Sciences Limited	Northern Ireland[1]	Provision of custom chemical synthesis services	-	100%
Almac Sciences LLC	United States of America[10]	Provision of custom chemical synthesis services	-	100%
Almac Sciences (Scotland) Limited	Scotland[V]	Provision of custom chemical synthesis services	-	100%
Almac Clinical Services Limited	Northern Ireland[1]	Provision of services to pharmaceutical and biotechnology companies	-	100%
Almac Clinical Services LLC	United States of America[10]	Provision of services to pharmaceutical and biotechnology companies	-	100%
Almac Clinical Technologies LLC	*United States of America*[10]	*Management of clinical trials* drug supply	-	100%
Almac Clinical Technologies Limited	Northern Ireland[1]	Management of clinical trials drug supply	-	100%
Almac Pharma Services Limited	Northern Ireland[1]	Manufacture of pharmaceutical products	-	100%
Almac Pharma Services LLC	United States of America[10]	Manufacture of pharmaceutical products	-	100%
Galen Limited	Northern Ireland[1]	Distribution and sale of pharmaceutical products	50%	50%
Almac Central Management LLC	United States of America[10]	Central administrative services for the US group	-	100%
Almac Pharmaceutical Services PTE Ltd	Singapore[7]	Provision of services to pharmaceutical and biotechnology companies	-	100%
Almac Pharmaceutical Services KK	Japan[8]	Provision of services to pharmaceutical and biotechnology companies	-	100%

Notes to the financial statements for the year ended 30 September 2022 (continued)

13 Investments in subsidiaries (continued)

Name	Country of incorporation	Nature of business	Direct	Indirect
Almac Group (Asia) PTE Ltd	Singapore[7]	Holding company	100%	-
Almac Group (UK) Limited	Northern Ireland[1]	Holding company	100%	-
Almac Group Incorporated	United States of America[10]	Holding company	100%	-
Almac (No. 2) Limited	Northern Ireland[1]	Dormant company	100%	-
Galen US Incorporated	United States of America[10]	Distribution and sale of pharmaceutical products	-	100%
Novis Pharma Limited	Northern Ireland[1]	Dormant company	-	100%
Napsco Limited	Northern Ireland[1]	Dormant company	-	100%
CTS Analytical Limited	Northern Ireland[1]	Dormant company	-	100%
Syngal Limited	Northern Ireland[1]	Dormant company	-	100%
Quchem Limited	Northern Ireland[1]	Dormant company	-	100%
Almac Diagnostics (2004) Limited	Northern Ireland[1]	Dormant company	-	100%
Almac Trustees Limited	Northern Ireland[1]	Holding company	-	100%
2007 Gal Limited	Northern Ireland[1]	Dormant company	-	100%
InterGal Pharma Limited	Northern Ireland[1]	Dormant company	-	100%
Almac (No. 1) Limited	Northern Ireland[1]	Dormant company	-	100%
Nelag Limited	Northern Ireland[1]	Dormant company	-	100%
Chargelink Limited	England[6]	Dormant company	-	100%
Galen Pharmaceuticals Limited	England[6]	Dormant company	-	100%
Galen Healthcare Limited	England[6]	Dormant company	-	100%
Galen Rhodes Limited	England[6]	Dormant company	-	100%
Galen Specialty Pharma US LLC	United States of America[10]	Dormant company	-	100%
Almac Realty Holdings LLC	United States of America[10]	Holding company	-	100%
Clinical Trial Services Incorporated	United States of America[11]	Dormant company	-	100%
Applied Clinical Concepts Incorporated	United States of America[14]	Dormant company	-	100%
Arran Chemical Company Limited	Republic of Ireland[2]	Manufacture of pharmaceutical products	-	100%
Ventureland Limited	Republic of Ireland[2]	Dormant company	-	100%
Almac Pharmaceuticals Group (Ireland) Limited	Republic of Ireland[4]	Holding company	100%	-
Almac Pharma Services (Ireland) Limited	Republic of Ireland[3]	Provision of services to pharmaceutical and biotechnology companies	-	100%
Almac Clinical Services (Ireland) Limited	Republic of Ireland[3]	Provision of services to pharmaceutical and biotechnology companies	-	100%
Bioclin Research Laboratories Limited	Republic of Ireland[4]	Dormant Company	-	100%
Almac Sciences (Ireland) Limited	Republic of Ireland[14]	Provision of services to pharmaceutical and biotechnology companies	-	100%

Notes to the financial statements for the year ended 30 September 2022 (continued)

13 Investments in subsidiaries (continued)

Name	Country of incorporation	Nature of business	Direct	Indirect
Camla (No.1) Pharma Ireland Limited	Republic of Ireland	Provision of services to pharmaceutical and biotechnology companies	-	100%
POA Pharma Scandinavia AB	Sweden[13]	Distribution and sale of pharmaceutical products	-	100%

[1]The registered office of these entities is Almac House, 20 Seagoe Industrial Estate, Craigavon BT63 5QD
[2]The registered office of these entities is Units 1-3 Monksland Industrial Estate, Athlone, Co. Roscommon, N37 DN24
[3]The registered office of these entities is Finnabair Industrial Estate, Dundalk Co. Louth, A91 P9KD
[4]The registered office of these entities is Riverside One, Sir John Rogerson's Quay, Dublin 2, D02 X576
[5]The registered office of this entity is Suite 2, Stafford House, Strand Road, Portmarnock Co Dublin, D13 H525
[6]The registered office of these entities is Broadwalk House, 5 Appold Street, London, EC2A 2HA
[7]The registered office of these entities is Lee & Lee, 50 Raffles Place, #60-00, Singapore Land Tower, Singapore, 048623
[8]The registered office of this entity is Tokyo Club Building, 11F, 3-2-6 Kasumigaski, Chiyoda-ku, Tokyo, 100-0013
[9]The registered office of this entity is 4th Floor, Saltire Court, 20 Castle Terrace, Edinburgh, Lothian, EH1 2EN
[10]The registered office of these entities is Corporation Service Company, 2711 Centreville Rd, Suite 400, Wilmington, Delaware, DE 19808
[11]The registered office of this entity is CSC, 103 Foulk Road, Suite 103, Wilmington, DE 19803 - 3742
[12]The registered office of this entity is 011 Allen Building, Durham, NC 27708
[13]The registered office of this entity is Ebbe Lieberathsgatan 21, 40022 Gotenborg, Box 24026, Sweden
[14]The registered office of this entity is IDA Business and Technology Park Garrycastle, Athlone, Co. Westmeath N37 XO61, Ireland

14 Deferred income tax

The gross movement on the deferred income tax account is as follows:

	Assets		Liabilities		Total	
	2022	2021	2022	2021	2022	2021
Group	**£**	**£**	**£**	**£**	**£**	**£**
At 1 October	**694,165**	706,543	**(22,989,688)**	(12,960,496)	**(22,295,523)**	(12,253,953)
Exchange adjustment	**-**	(407)	**(1,489,158)**	54,456	**(1,489,158)**	54,049
Charged to the income statement	**(173,362)**	(11,971)	**(6,480,117)**	(10,083,648)	**(6,653,479)**	(10,095,619)
At 30 September	**520,803**	694,165	**(30,958,963)**	(22,989,688)	**(30,438,160)**	(22,295,523)

	2022	2021
Company	**£**	**£**
At 1 October	**(1,111,857)**	(98,410)
Charged to the income statement	**(884,676)**	(1,013,447)
At 30 September	**(1,996,533)**	(1,111,857)

Notes to the financial statements for the year ended 30 September 2022 (continued)

14 Deferred income tax (continued)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Group - deferred tax (liabilities)/assets	Accelerated capital allowances £	Tax losses £	Other temporary differences £	Total £
At 1 October 2020	(19,799,399)	2,995,990	4,549,456	(12,253,953)
Charged to the income statement	*(7,397,872)*	*(723,130)*	*(1,974,617)*	*(10,095,619)*
Exchange adjustments	-	54,049	-	54,049
At 1 October 2021	(27,197,271)	2,326,909	2,574,839	(22,295,523)
Charged to the income statement	(5,462,594)	(90,989)	(1,099,896)	(6,653,479)
Exchange adjustments	-	(1,489,158)	-	(1,489,158)
At 30 September 2022	**(32,659,865)**	**746,762**	**1,474,943**	**(30,438,160)**

Company - deferred tax liabilities	Other temporary differences £	Accelerated capital allowances £	Total £
At 1 October 2020	(845,063)	746,653	(98,410)
Charged to the income statement	(356,334)	(657,113)	(1,013,447)
At 1 October 2021	(1,201,397)	89,540	(1,111,857)
Credited/(charged) to the income statement	136,791	(1,021,467)	(884,676)
At 30 September 2022	**(1,064,606)**	**(931,927)**	**(1,996,533)**

Notes to the financial statements for the year ended 30 September 2022 (continued)

14 Deferred income tax (continued)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Deferred tax assets:				
- to be recovered after more than 12 months	520,803	694,165	-	89,540
	520,803	694,165	-	89,540
Deferred tax liabilities:				
- to be recovered after more than 12 months.	(30,958,963)	(22,989,688)	(1,996,533)	(1,201,397)
	(30,958,963)	(22,989,688)	(1,996,533)	(1,201,397)
Deferred tax liabilities – net	(30,438,160)	(22,295,523)	(1,996,533)	(1,111,857)

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable benefits is probable. Deferred income tax assets not recognised are comprised as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Accelerated capital allowances	27,413	27,413	27,413	27,413
Tax losses	4,048,540	4,391,513	-	-
Other temporary differences	279,314	279,314	-	-
	4,355,267	4,698,240	27,413	27,413

No deferred tax asset has been recognised in relation to the above as in the opinion of the directors it may not be recoverable in the foreseeable future. The potential deferred tax assets will be recognised when it can be regarded as more likely than not that there will be sufficient taxable profits from which the tax losses, accelerated capital allowances and other temporary differences can be deducted.

15 Inventories

Group	2022 £	2021 £
Raw materials	16,769,603	14,367,562
Work in progress	1,644,238	1,969,578
Finished goods	10,519,533	11,096,462
	28,933,374	27,433,602

The cost of inventories recognised as expense and included in cost of sales amounted to £247,249,590 (2021: £174,763,610).

Inventory is stated after a provision of £4,570,156 (2021: £4,698,297). During the year £680,112 of inventory provisions were reversed as they were not used (2021: £565,732) and inventory written off in the financial year amounted to £nil (2021: £nil). The amount reversed has been included in cost of sales.

Notes to the financial statements for the year ended 30 September 2022 (continued)

16 Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
Current	£	£	£	£
Trade receivables	192,960,500	135,689,953	-	-
Less: provision for impairment of trade receivables	(3,290,320)	(2,225,006)	-	-
Trade receivables (net)	189,670,180	133,464,947	-	-
Amounts owed by group undertakings (note 30)	-	-	302,633,088	251,576,645
Group relief receivable	-	-	-	1,731,618
Finance lease receivables	-	-	1,106,665	1,071,274
Other receivables	8,847,676	7,346,567	1,227,477	811,894
Prepayments and accrued income	49,492,745	35,856,824	4,796,554	4,038,365
	248,010,601	176,668,338	309,763,784	259,229,796

Trade receivables includes an amount of £4,163,751 (2021: £3,621,359) in respect of receivables subject to invoice discounting.

The fair values of trade and other receivables are not materially different from their carrying value. For the purposes of IFRS 9 "Financial instruments", all of the group's and company's financial assets are classified as measured at amortised cost.

	Group		Company	
	2022	2021	2022	2021
Non-current	£	£	£	£
Finance lease receivables	-	-	10,885,739	11,992,404

The finance lease receivables arise in respect of leases of property to other group undertakings. The lease receivable under these lease agreements are shown in the table below:

	2022	2021
	£	£
Receivable in:		
2022	-	1,472,568
2023	1,472,568	1,472,568
2024	1,472,568	1,472,568
2025	1,472,568	1,472,568
2026	1,472,568	1,472,568
2027	1,472,568	1,472,568
Thereafter	6,501,844	6,501,843
Subtotal	13,864,684	15,337,251
Less: future interest income	(1,872,280)	(2,273,573)
	11,992,404	13,063,678

Notes to the financial statements for the year ended 30 September 2022 (continued)

16 Trade and other receivables (continued)

The carrying amount of the group's and company's trade and other receivables are denominated in the following currencies:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Currency				
UK pound sterling	100,771,984	49,940,836	164,071,693	113,069,201
US dollar	126,367,837	108,689,892	140,730,994	130,909,544
Euro	17,997,559	14,781,046	10,480,362	21,535,652
Swiss Franc	939,011	368,256	-	-
Singapore dollar	1,384,955	2,036,905	4,602,637	4,630,441
Japanese yen	549,255	851,403	763,837	1,077,362
	248,010,601	176,668,338	320,649,523	271,222,200

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable above.

Trade receivables are presented after a provision for impairment at 30 September 2022 of £3,290,320 (2021: £2,225,006). The individually impaired receivables mainly relate to invoices for which there is uncertainty over recoverability. It was assessed that a portion of the receivables is expected to be recovered. The trade receivables that were impaired were all overdue by more than two months.

Movements on the provision for impairment of trade receivables and amounts owed by group company are as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
At the beginning of the year	2,225,006	2,083,043	40,002,170	36,179,737
Exchange adjustment	334,893	(61,291)	4,280,610	-
Provision for receivables impairment	1,049,811	965,535	4,077,591	4,080,528
Receivables written off during the year as uncollectible	(212,174)	(158,317)	-	-
Unused amounts reversed	(107,216)	(603,964)	(630,686)	(258,095)
At the end of the year	3,290,320	2,225,006	47,729,685	40,002,170

The creation and release of the provision for impaired receivables has been included in administrative expenses in the income statement.

The group has recognised the following assets relating to contracts with customers (these are all included within accrued income):

	2022	2021
	£	£
Contract assets recognised at start of the period	20,276,696	20,166,405
Revenue recognised in prior periods that was invoiced in the current period	(19,760,835)	(19,611,533)
Amounts recognised in revenue in the current period that will be invoiced in future periods.	30,887,020	19,738,860
Exchange adjustments	46,046	(17,036)
Balance at the end of the period	31,448,927	20,276,696

Contract assets are expected to be invoiced in the year to 30 September 2023.

Notes to the financial statements for the year ended 30 September 2022 (continued)

16 Trade and other receivables (continued)

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 30 September and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. On that basis, the loss allowance as at 30 September 2022 was deemed to be not materially different to that provision carried under IAS 39. The default rate on receivables is less than 1% (2021: 1%).

The group applies the practical expedient in IFRS 9 (which allows the group to measure impairment using the 12 month Expected Credit Loss model) in respect of amounts owed by group undertakings, for those balances that meet the following requirements:

- it has a low risk of default;
- the counterparty is considered, in the short term, to have a strong capacity to meet its obligations in the near term; and
- the group expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the counterparty to fulfil its obligations.

For those balances where there is a higher risk of default the group follows the 3 stage approach within IFRS 9 to determine lifetime expected credit losses.

17 Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Cash at bank and in hand	78,449,560	108,170,997	34,675,026	67,382,349
Short term deposits	30,341,286	6,917,847	25,002,603	-
	108,790,846	115,088,844	59,677,629	67,382,349

Cash and cash equivalents include the following for the purposes of the cash flow statement:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Cash and cash equivalents	108,790,846	115,088,844	59,677,629	67,382,349
Bank overdrafts (note 18)	(135,831)	(77,796)	-	-
	108,655,015	115,011,048	59,677,629	67,382,349

Notes to the financial statements for the year ended 30 September 2022 (continued)

18 Borrowings

	Group		Company	
	2022	2021	2022	2021
Current	£	£	£	£
Bank overdrafts – secured	135,831	77,796	-	-
Bank loans - secured (a)	2,240,561	2,172,685	1,423,000	1,380,873
Amounts owed to group undertakings (b)	-	-	378,376,169	324,037,051
Finance lease obligations	14,585	30,162	-	-
Lease liabilities arising from IFRS 16	6,590,683	6,651,608	1,568,020	1,422,030
	8,981,660	8,932,251	381,367,189	326,839,954

	Group		Company	
	2022	2021	2022	2021
Non-current	£	£	£	£
Bank loans - secured (a)	10,924,967	13,173,633	9,866,803	11,297,910
Amounts owed to group undertakings (b)	-	-	1,740,001	2,610,001
Finance lease obligations	9,584	24,170	-	-
Lease liabilities arising from IFRS 16	49,398,535	49,686,350	14,885,538	15,016,625
	60,333,086	62,884,153	26,492,342	28,924,536
Total borrowings	69,314,746	71,816,404	407,859,531	355,764,490

(a) Bank loans consist of the following amounts which refer to loan agreements entered into in 2011 (amended in 2012, 2013 and 2016 and 2019):

Group:

(i) A loan of £4.0m advanced in October 2019. This loan is repayable over 20 quarters commencing January 2020 and interest is charged at a fixed rate.

Group and company:

(ii) A loan of £7.5m. This loan is repayable over 20 quarters commencing January 2020 and interest is charged at a fixed rate.

(iii) A loan of £7.5m. This loan is repayable over 20 quarters commencing January 2020 and interest is charged at Bank of England Base Rate (BOEBR) plus a margin.

The above loans are secured against current and non-current assets within the group.

Notes to the financial statements for the year ended 30 September 2022 (continued)

18 Borrowings (continued)

(b) Company:

(i) £377,506,169 (2021: £323,167,052) is owed to group undertakings. Interest is charged at a published interest reference rate which varies depending on currency, such as Bank of England Base Rate (BOEBR), plus a margin, and the loans are repayable on demand.
(ii) £2,610,001 (2021: £3,480,000) is owed to Galen Limited. Interest is charged at LIBOR plus a margin. The loan is being repaid in annual instalments which commenced in August 2018 and are due to end in September 2025.

Finance leases are secured on the assets to which they relate.

The fair value of both current and non-current borrowings equals their carrying amount as the impact of discounting is not significant.

For the purposes of IFRS 9 "Financial instruments", the financial liabilities noted above are measured at amortised cost.

The carrying amount of the group's and the company's borrowings is denominated in the following currencies:

	Group		Company	
	2022	2021	**2022**	2021
	£	£	**£**	£
UK pound sterling	**32,653,132**	38,025,495	**300,946,948**	281,183,282
US dollar	**24,165,388**	21,432,798	**102,426,447**	68,835,390
Euro	**10,250,967**	9,395,773	**4,486,136**	5,745,818
Singapore dollar	**1,380,023**	1,619,645	**-**	-
Japanese yen	**865,236**	1,342,693	**-**	-
	69,314,746	71,816,404	**407,859,531**	355,764,490

The effective interest rates at the balance sheet date were as follows:	**2022**	2021
	%	%
Bank overdrafts	**1.75 - 4.73**	1.75 – 2.25
Variable rate loans	**4.29**	1.50 – 2.50
Fixed rate loans	**2.93**	2.00 – 4.00
Finance leases	**5.46**	0.00 – 13.50
Lease liabilities arising from IFRS 16	***1.67 – 5.16***	2.50 – 3.50

Please refer to note 10 for details on right of use assets in respect of lease liabilities.

Notes to the financial statements for the year ended 30 September 2022 (continued)

18 Borrowings (continued)

Maturity of financial liabilities

The maturity profile of the carrying amount of non-current borrowings at 30 September was as follows:

Group	Loans and bank overdrafts £	Finance lease obligations £	IFRS 16 lease liabilities £	Total 2022 £
In more than 1 year but not more than 2 years	2,305,113	8,304	6,569,438	8,882,855
In more than 2 years but not more than 5 years	8,619,854	1,280	14,710,961	23,332,095
In more than 5 years	-	-	28,118,136	28,118,136
	10,924,967	9,584	49,398,535	60,333,086

Group	Loans and bank overdrafts £	Finance lease obligations £	IFRS 16 lease liabilities £	Total 2021 £
In more than 1 year but not more than 2 years	2,236,484	14,585	6,484,089	8,735,158
In more than 2 years but not more than 5 years	10,937,149	9,585	14,516,631	25,463,365
In more than 5 years	-	-	28,685,630	28,685,630
	13,173,633	24,170	49,686,350	62,884,153

Company	Bank and other loans 2022 £	Amounts owed to group undertakings 2022 £	IFRS 16 lease liabilities 2022 £	Total 2022 £
In more than one year but not more than two years	1,461,846	870,000	1,522,187	3,854,033
In more than two years but not more than five years	8,404,957	870,001	4,609,620	13,884,578
In more than five years	-	-	8,753,731	8,753,731
	9,866,803	1,740,001	14,885,538	26,492,342

Company	Bank and other loans 2021 £	Amounts owed to group undertakings 2021 £	IFRS 16 lease liabilities 2021 £	Total 2021 £
In more than one year but not more than two years	1,418,924	870,000	1,445,157	3,734,081
In more than two years but not more than five years	9,878,986	1,740,001	4,259,443	15,878,430
In more than five years	-	-	9,312,026	9,312,026
	11,297,910	2,610,001	15,016,626	28,924,537

Notes to the financial statements for the year ended 30 September 2022 (continued)

18 Borrowings (continued)

The amounts included in the tables below are the contractual undiscounted cash flows of current and non-current borrowings.

Group	Bank and other loans 2022 £	Finance lease obligations 2022 £	IFRS 16 lease liabilities 2022 £	Total 2022 £
In less than one year	2,733,618	15,491	8,441,584	11,190,693
In more than one year but not more than two years	2,568,892	8,599	8,228,594	10,806,085
In more than two years but not more than five years	8,693,897	1,289	18,595,208	27,290,394
In more than five years	-	-	32,152,911	32,152,911
	13,996,407	25,379	67,418,297	81,440,083

Group	Bank and other loans 2021 £	Finance lease obligations 2021 £	IFRS 16 lease liabilities 2021 £	Total 2021 £
In less than one year	2,557,658	32,313	8,443,196	11,033,167
In more than one year but not more than two years	2,561,599	15,492	8,148,983	10,726,074
In more than two years but not more than five years	11,254,855	9,888	18,165,803	29,430,546
In more than five years	-	-	32,204,161	32,204,161
	16,374,112	57,693	66,962,143	83,393,948

Company	Bank and other loans 2022 £	Amounts owed to group undertakings 2022 £	IFRS 16 lease liabilities 2022 £	Total 2022 £
In less than one year	1,724,632	394,933,551	2,065,380	398,723,563
In more than one year but not more than two years	1,700,962	915,288	1,970,277	4,586,527
In more than two years but not more than five years	8,459,144	915,289	5,659,584	15,034,017
In more than five years	-	-	9,522,006	9,522,006
	11,884,738	396,764,128	19,217,247	427,866,113

Notes to the financial statements for the year ended 30 September 2022 (continued)

18 Borrowings (continued)

Company	Bank and other loans 2021 £	Amounts owed to group undertakings 2021 £	IFRS16 lease liabilities 2021 £	Total 2021 £
In less than one year	1,690,545	324,125,055	1,927,451	327,743,051
In more than one year but not more than two years	1,695,337	935,820	1,904,643	4,535,800
In more than two years but not more than five years	10,172,028	1,805,820	5,361,808	17,339,656
In more than five years	-	-	10,252,078	10,252,078
	13,557,910	326,866,695	19,445,980	359,870,585

19 Trade and other payables

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade payables	**38,792,925**	33,985,037	**541,821**	2,963,553
Amounts owed to group undertakings	-	-	**11,631,283**	11,543,793
Other tax and social security	**5,994,286**	4,793,643	**1,596,989**	666,277
Other creditors	**10,986,400**	8,349,725	-	-
Accruals and deferred income	**101,698,457**	83,510,943	**8,359,845**	6,821,349
Group relief payable	-	-	**749,408**	-
	157,472,068	130,639,348	**22,879,346**	21,994,972

The fair values of trade and other payables are not materially different from their carrying values as the impact of discounting is not significant. There is no material difference between the amounts shown above and the total contractual undiscounted cash flows of trade and other payables.

For the purposes of IFRS 9 "Financial instruments" the financial liabilities noted above are classified as measured at amortised cost.

The group has recognised the following liabilities relating to contracts with customers (these are all included with deferred income):

	2022 £	2021 £
Contract liabilities recognised at start of the year	**17,593,472**	13,659,889
Amounts invoiced in prior periods recognised as revenue in the current period	**(13,760,282)**	(11,314,611)
Amounts invoiced in the current period which will be recognised as revenue in later periods	**12,984,146**	15,296,323
Exchange adjustments	**24,302**	(48,129)
Balance at the end of the year	**16,841,638**	17,593,472

Contract liabilities are expected to be recognised as revenue within 12 months of the period end.

Notes to the financial statements for the year ended 30 September 2022 (continued)

20 Deferred income

Government and other grants	Group £	Company £
At 1 October 2020	17,838,505	743
Capital and other grants received during the year	3,358,236	-
Released to the income statement	(2,318,559)	(297)
Exchange adjustment	104,142	-
At 30 September 2021 and at 1 October 2021	18,982,324	446
Capital and other grants received during the year	2,789,638	-
Released to the income statement	(2,347,345)	(298)
Exchange adjustment	171,035	-
At 30 September 2022	**19,595,652**	**148**

The maturity profile of the carrying amount of deferred income, at 30 September was as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Less than one year	2,288,427	2,249,296	148	298
In more than one year but not more than two years	1,967,193	2,024,189	-	148
In more than two years but not more than five years	6,600,504	6,491,957	-	-
Later than five years	8,739,528	8,216,882	-	-
	19,595,652	18,982,324	148	446

21 Other non-current liabilities

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Accruals	17,215,671	15,383,139	1,948,796	2,023,584

Maturity of non-current liabilities

The maturity profile of the carrying amount of non-current liabilities at 30 September was as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
In more than one year but not more than two years	7,329,896	6,073,882	960,222	1,042,917
In more than two years but not more than five years	9,885,775	9,029,150	988,574	980,667
In more than five years	-	280,107	-	-
	17,215,671	15,383,139	1,948,796	2,023,584

There is no material difference between the amounts shown above and the total contractual undiscounted cash flows of other non-current liabilities.

Notes to the financial statements for the year ended 30 September 2022 (continued)

22 *Provisions for liabilities and charges*

Private medical claims and warranty provisions	Group £	Company £
At 1 October 2020	3,877,829	-
Charged to the income statement	1,281,481	-
Utilised during the year	(1,483,259)	-
Exchange adjustment	(172,348)	-
At 30 September 2021 and at 1 October 2021	3,503,703	-
Charged to the income statement	2,666,667	500,000
Utilised during the year	(1,558,559)	-
Transfer from accruals and deferred income	893,239	
Exchange adjustment	757,558	-
At 30 September 2022	**6,262,608**	**500,000**

During the year it was identified that a provision of £893,239 was included within accruals and deferred income in the prior year and has been reclassified as a provision in the financial statements.

The group operates a self-insured medical plan in respect of its employees in the United States of America and has made provision in these financial statements for employee medical claims which are known at the balance sheet date as well as those which have been incurred but have not yet been reported (subject to an actuarial valuation).

Provisions for liabilities and charges also include amounts for warranty payments to customers for which timing is uncertain at the balance sheet date.

See also contingent liability disclosed in note 28.

23 Share capital and share premium

Group and company Authorised share capital	2022 £	2021 £
139,999,999 (2021: 139,999,999) ordinary A shares of £1 each (2021: £1 each)	139,999,999	139,999,999
10,000,000 (2021: 10,000,000) class B non-voting ordinary shares of £1 each (2021: £1 each)	10,000,000	10,000,000
1 (2021:1) founder share of £1 (2021: £1 each)	1	1
	150,000,000	150,000,000

The ordinary A shares, B shares rank pari passu in all respects and enjoy the same rights and privileges save that the B shares are non-voting. The Founder share has veto rights in a number of areas; however it does not receive an economic benefit from the group. All shares rank in full for dividends.

	Shares of £1 each			
Group and company Allotted and fully paid and share capital	Ordinary A £	Class B ordinary £	Founder £	Total £
At 1 October 2021	13,534,728	1,761,583	1	15,296,312
At 30 September 2022	13,534,728	1,761,583	1	**15,296,312**

Notes to the financial statements for the year ended 30 September 2022 (continued)

23 Share capital and share premium (continued)

Group and company	Share premium £
At 1 October 2021	173,911,921
At 30 September 2022	173,911,921

24 Employee benefit trust

Under IFRS, an entity that controls an employee benefit trust is required by SIC 12 "Consolidation – Special Purpose Entities" to consolidate that Trust. Accordingly the assets, liabilities and transactions of the Almac Employee Benefit Trust and the Almac Offshore Employee Benefit Trust have been consolidated in these group financial statements. The Trusts are discretionary trusts established for the benefit of employees and former employees of the company, including directors, and may be used to meet obligations under the direction of the Trustees. At 30 September 2022 no shares of the company were held by the Trusts.

25 Cash generated from operations

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Profit/(loss) before income tax	96,659,132	80,782,394	1,153,238	(9,145,442)
Adjustments for:				
Finance income	(10,100,360)	(9,254)	(15,990,915)	(7,199,926)
Finance costs	2,646,005	9,370,422	12,494,317	15,125,971
Depreciation of property, plant and equipment	26,141,063	22,215,816	1,979,424	1,198,440
Depreciation of right of use assets	7,189,476	6,376,568	473,226	389,732
Amortisation of intangible assets	9,946,328	8,180,234	757,343	633,772
Research and development credit	(7,617,146)	(5,863,441)		
Provision against amounts owed by group undertakings	-	-	3,446,905	3,822,433
Foreign exchange gains	(8,774,069)	-	-	-
Loss on disposal of property, plant and equipment	98,839	83,876	18,416	2,034
Loss on disposal of intangible assets	599	-	-	-
Release of capital grant	(2,347,345)	(2,318,559)	(298)	(297)
Movement in inventories	(876,666)	2,862,314	-	-
Movement in trade and other receivables	(52,205,362)	(18,505,057)	(4,784,160)	(15,576)
Movement in trade and other payables	12,721,811	8,242,600	(618,048)	(705,487)
Net cash generated from/(used in) operations	73,482,305	111,417,913	(1,070,552)	4,105,654

Notes to the financial statements for the year ended 30 September 2022 (continued)

25 Cash generated from operations (continued)

Net debt - Group

	Bank loans £	Other loans £	Related party loans £	Leases £	Subtotal £	Cash and cash equivalents £	Total £
Net debt as at 1 October 2020	(20,286,763)	(205,746)	(178,590)	(59,637,143)	(80,308,242)	72,550,087	(7,758,155)
Cash flows	4,934,495	205,746	178,590	8,179,226	13,498,057	43,554,614	57,052,671
Acquisitions – leases	-	-	-	(4,529,109)	(4,529,109)	-	(4,529,109)
Other changes *	5,950	-	-	(405,264)	(399,314)	(1,093,653)	(1,492,967)
Net debt as at 30 September 2021 and 1 October 2021	**(15,346,318)**	-	-	**(56,392,290)**	**(71,738,608)**	**115,011,048**	**43,272,440**
Cash flows	**2,180,790**	-	-	10,018,755	**12,199,545**	(21,489,569)	**(9,290,024)**
Acquisitions – leases	-	-	-	(2,040,315)	**(2,040,315)**	-	**(2,040,315)**
Other changes *	-	-	-	(7,599,537)	**(7,599,537)**	15,133,536	**7,533,999**
Net debt as at 30 September 2022	**(13,165,528)**	-	-	**(56,013,387)**	**(69,178,915)**	**108,655,015**	**39,476,100**

*Other changes includes interest charged and foreign exchange movements in the financial

Notes to the financial statements for the year ended 30 September 2022 (continued)

25 Cash generated from operations (continued)

Net debt – Company

	Bank loans £	Other loans £	Intercompany £	Related party £	Leases £	Subtotal £	Cash £	Total £
Net debt as at 1 October 2020	(16,622,700)	(205,746)	(283,453,884)	(178,590)	(17,736,038)	**(318,196,958)**	29,294,120	**(288,902,838)**
Cash flows	3,943,917	205,746	(43,193,168)	178,590	1,886,050	**(36,978,865)**	38,088,229	**1,109,364**
Acquisitions – leases	-	-	-	-	(38,143)	**(38,143)**	-	**(38,143)**
Other changes*	-	-	-	-	(550,524)	**(550,524)**	-	**(550,524)**
Net debt as at 30 September 2021 *and 1 October 2021*	**(12,678,783)**	-	**(326,647,052)**	-	**(16,438,655)**	**(355,764,490)**	**67,382,349**	**(288,382,141)**
Cash flows	1,388,980	-	(53,469,118)	-	2,049,260	**(50,030,878)**	(16,668,762)	**(66,699,640)**
Acquisitions – leases	-	-	-	-	(1,543,639)	**(1,543,639)**	-	**(1,543,639)**
Other changes *	-	-	-	-	(520,524)	**(520,524)**	8,964,042	**8,443,518**
Net debt as at 30 September 2022	**(11,289,803)**	-	**(380,116,170)**	-	**(16,453,558)**	**(407,859,531)**	**59,677,629**	**(348,181,902)**

*Other changes includes interest charged and foreign exchange movements in the financial year.

Notes to the financial statements for the year ended 30 September 2022 (continued)

26 Pension commitments

The group operates a defined contribution scheme for employees whereby the assets of the scheme are held separately from those of the group in an independently administered scheme. Pension costs for the defined contribution scheme were as follows:

	2022	2021
Group	£	£
Defined contribution scheme	10,459,980	8,715,100

Amounts owed to the pension scheme as at 30 September 2022 totalled £1,678,765 (2021: £1,432,712).

	2022	2021
Company	£	£
Defined contribution scheme	1,110,899	843,300

Amounts owed to the pension scheme as at 30 September 2022 totalled £182,337 (2021: £150,249).

27 Capital and other financial commitments

Contracts placed for future expenditure not provided in the financial statements:

	2022	2021
Group	£	£
Property, plant and equipment	87,025,488	19,228,542
Intangible assets	6,925,959	1,626
Software as a service	-	1,382,635

	2022	2021
Company	£	£
Property, plant and equipment	57,925	400,436
Software as a service	-	1,382,635

28 Contingencies

There exists a contingent liability to repay certain capital and revenue grants received from Invest Northern Ireland if future employment levels fall below specified levels. The directors do not anticipate any repayment falling due under the terms on which the grants were received.

The group and company's bank borrowings are secured by certain fixed and floating charges over the property assets and undertakings of the company.

The group operates a self-insured medical plan in respect of its employees in the United States of America. The group has made a provision in these financial statements for employee medical claims which are known at the balance sheet date as well as those which have been incurred but have not yet been reported (subject to an actuarial valuation). The group has a stop-loss insurance policy in place which limits individual claims to $325,000 (2021: $325,000).

Notes to the financial statements for the year ended 30 September 2022 (continued)

29 Share-based payments

The group operates a phantom share scheme whereby share awards are granted to directors and senior management employees. The share award is granted for £nil consideration and is conditional on the director or employee continuing in employment for a period of three years from the date the share award is made, which is the first of January following the financial year end. The group accounts for these share awards as cash-settled share-based payments which are measured at fair value and recognised as an expense in the income statement with a corresponding increase in liabilities (within accruals). The fair value is recognised over the period during which employees become unconditionally entitled to the awards, subject to the group's estimate of the number of awards which will lapse due to employees leaving the group prior to vesting. The total amount recognised in the income statement as an expense is adjusted to reflect the actual amount of awards that are expected to vest, except where forfeiture is due to employee's termination of contract.

Share awards are exercisable from the first of January, three years following the award date. The share award is exercisable at the share price at the end of the financial year when the share is exercisable, and all share awards are cash settled.

The fair value of each share award granted, and the assumptions used in the calculation for the group and company are as follows:

Grant date	30 September 2022	30 September 2021
Share price at grant date	£2.050	£1.300
Number of employees	107	107
Share awards	1,064,367	1,753,534
Vesting period (years)	4*	4*
Option life (years)	4	4
Expected life (years)	4	4
Fair value	£2.050	£1.300

*The vesting period is four years which is made up of the three years from the date of issue plus the year of service incurred in order to be eligible for the award.

The weighted average fair value of share awards granted during the year was £2.050 (2021: £1.300).

Movements in the number of share awards outstanding are as follows:

	2022 Group Number	2021 Group Number	2022 Company Number	2021 Company Number
Outstanding at the beginning of the year	5,716,830	5,729,595	1,252,759	1,242,095
Granted	1,056,334	1,753,534	221,767	360,498
Forfeited	(127,987)	(56,643)	-	-
Exercised	(2,086,902)	(1,709,656)	(507,084)	(370,617)
Outstanding at the end of the year	4,558,275	5,716,830	967,442	1,252,759
Exercisable on 1 January 2023/2022	1,899,188	1,938,738	407,777	427,994

The weighted average share price of share awards exercised in the year was £2.050 (2021: £1.300).

Notes to the financial statements for the year ended 30 September 2022 (continued)

29 Share-based payments (continued)

Share awards outstanding at the end of the year have the following expiry dates:

	2022 Group Number	2021 Group Number	2022 Company Number	2021 Company Number
2022	-	1,938,738	-	427,994
2023	1,899,188	2,055,156	407,777	458,147
2024	1,602,753	1,722,936	337,898	366,618
2025	1,056,334	-	221,767	-

The total expense recognised in the group income statement was £4,508,214 (2021: £6,337,336). The group liability at 30 September 2022 is £12,068,959 (2021: £9,940,397). The total expense recognised in the company income statement was £1,011,854 (2021: £1,398,240). The company liability at 30 September 2022 is £2,511,736 (2021: £2,216,486).

30 Related party transactions

Group	2022 £	2021 £
Interest payable to related parties	-	737

Company - transactions	2022 £	2021 £
Sales to group undertakings	53,630,450	44,655,308
Purchases from group undertakings	(799,926)	(630,811)
Interest receivable from group undertakings	9,582,258	6,761,562
Interest payable to group undertakings	(11,310,188)	(7,074,323)

Company - balances	2022 £	2021 £
Amounts owed by group undertakings (*)	302,633,088	251,576,645
Amounts owed to group undertakings	(391,747,453)	(338,190,845)
Group relief (payable)/receivable	(749,408)	1,731,618

Details of amounts owed by and to related parties are disclosed in notes 16, 18 and 19 respectively. Details of interest payable and receivable on related party balances are disclosed in note 6.

(*) Amounts owed by group undertakings are stated after provisions of £47,729,685 (2021: £40,002,170).

Please refer to note 7 for details on directors emoluments and key management disclosure.

Notes to the financial statements for the year ended 30 September 2022 (continued)

31 Ultimate controlling party and ultimate parent undertaking

Due to a split of ownership and control over the group there is not considered to be an ultimate parent undertaking.

Almac Group Limited, a company incorporated in Northern Ireland, is the parent undertaking of the largest and smallest group of undertakings of which the company is a member and for which group financial statements are prepared. The registered office of Almac Group Limited is Almac House, 20 Seagoe Industrial Estate, Craigavon, BT63 5QD.

During the period the ultimate controlling parties were A D Armstrong, S Campbell, C Hayburn, and J W Irvine. From 1 January 2023, the ultimate controlling parties are A D Armstrong, S Campbell and J W Irvine. The McClay Foundation is a related party due to common directors.