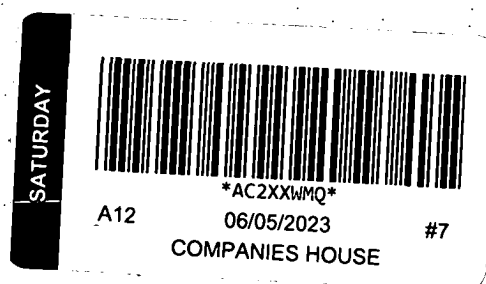


**Chiesi Healthcare Limited**

**Annual report and financial statements**

**Registered number 03297174**

**For the year ended 31 December 2022**



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## Strategic Report

### Business review

The Company is a UK subsidiary of the Italian-based Chiesi Group of companies. It is the UK holding company for Chiesi Limited, a UK subsidiary of the Chiesi Group.

The Company does not carry out any operating activities and its role is to act as the holding company for the UK Group structure receiving dividends when appropriate from its UK subsidiaries and paying dividends to its ultimate parent company, Chiesi Farmaceutici SpA.

Other than dividends receivable and payable of £12.6m (2021: £13.0m), there are no revenues or expenses.

The Company does not have any employees.

As part of a larger UK group the directors are satisfied with the role and results of the Company but are aware that the situation of the operational subsidiaries have a consequence on the position of the Company.

No key performance indicators have been used during the year as the management deemed metrics on non-trading companies as not applicable.

### Principal risks and uncertainties

As the Company is the parent of its sole subsidiary, Chiesi Ltd (Chiesi Ltd. principal activity is that of sales and marketing of branded ethical pharmaceutical products) and receives dividends based on its profitability then some of the key risks are mutually shared. Such key risks and uncertainties facing the Company are therefore:

- Economic, political and market conditions, such as Government imposed pricing regulations or taxation policy, can adversely affect our revenue growth and profitability as was evidenced during 2018 with the introduction of the updated "VPAS" (Voluntary Pricing & Access Scheme). The new scheme was introduced on 1 January 2019 and lasts for 5 years and replaced the previous version (PPRS). It requires a payment to be made quarterly to the Department of Health based on an annual percentage of sales of branded medicines to the NHS. The percentage has fluctuated significantly over the course of the VPAS (requiring payments of 9.6% (2019); 5.9% (2020); 5.1% (2021); 15% (2022) and now 26.5% in 2023). The payment rate of 26.5% will cause a significant reduction of planned revenues in 2023 and so some planned operating expenses may be reduced to maintain as high a level of margin as possible. The Directors have reviewed forecasts and despite the high rate of 26.5% the Directors consider that the Company will deliver a good level of profitability in 2023. The fluctuation of payback rates makes planning with predictability quite difficult and the paybacks could still have significant impact on our ability to grow and choices of investments. The continuing reform to the NHS and its subsequent restructure and continued focus on cost-containment is a current area of uncertainty for the Pharma industry as a whole. In the current economic climate this risk increases as Government and NHS are seeking ways to contain costs. These risks are managed by the Directors by ensuring they have access to up-to-date information and participate wherever possible and feasible in working groups with Industry and Government bodies to be informed. Scenario planning is undertaken to consider business choices if risks crystallise. Inflationary pressures can affect costs and wages but the effect of this on the current year has not significantly affected business strategies – however, the directors continue to monitor this situation.
- Our business is primarily undertaken in the United Kingdom with transactions performed in Pounds Sterling with very limited short-term use of foreign currency when required. As a result, there are no requirements to undertake any type of currency hedging activities and currency risk is low but if our customer base were to change and/or more transactions performed in foreign currency then the risk profile would change and the directors would review the company's approach to this area. Significant changes in exchange rates can impact on our sales through increased imports of comparable products by customers instead of those supplied directly by ourselves. The level of risk has remained low during the year as the high majority of transactions continue to be performed in Pounds Sterling.

## Strategic Report *(continued)*

### Principal risks and uncertainties *(continued)*

- One key area of recent uncertainty is the “Brexit” situation whereby the UK left the European Union on 31 January 2020 and entered a transitional period of negotiations which lasted until 31 December 2020. Although the UK Government have negotiated a deal with the EU and the post-Brexit period has now extended to several years, there is still potential for economic uncertainty to arise as there could be financial consequences through increased costs such as supply chain and regulatory activities. In addition, foreign exchange rate movements can impact on import and export of products through parallel trade activity and “Brexit” could influence this situation. To date we do not consider that we have been adversely affected by this risk, and the associated risks reduced during the year, but we monitor the situation in case of any developments.
- The exact timing of our sales pipeline developments and approval of new products and any line extensions to existing products are difficult to predict and control, which can have the effect of causing significant delays in the sales cycle. This type of risk remains consistent and is a longer-term consideration. The Directors ensure that they are fully informed of any developments in the Group pipeline and prepare strategic plans which continue to deliver positive results projections in differing pipeline scenarios.
- We supply products in a competitive, cost-conscious pharmaceutical market which is subject to rapid changes in prescribing trends. The Company continues to invest in product development to maintain a competitive position in the market; however, the development of the market could result in significant new competition emerging which could have an adverse effect on the Company’s business. The level of this risk has increased during the year with an increase in generic competition which means that customers have access to bio-equivalent but less expensive versions of certain products. The Company has reacted positively to this risk by engaging with customers and offering cost effective solutions where possible dependant on customer requirements
- In common with other businesses the Company considers liquidity and cash flow risks can occur in the event of changes in commercial circumstances, for example large customers defaulting on payments, or supply issues for our key products. Due to the reliability and strength of the customer base, the risk continues to be low and is also mitigated because of access to a Group cash-pooling mechanism. The overall risk is borne by the Parent Group, but this would ultimately affect affiliates if a significant adverse cash situation arose. The Parent Group is in a strong positive cash position and its outlook remains positive so this risk is considered low.
- Serious incidences of health problems such as pandemics or large-scale outbreaks of serious illnesses could affect our own employees’ abilities to work for periods of time depending on the nature of situations. Similarly, access to customers may be affected by such circumstances and this could have an impact on sales performance. The Company currently continues to face a specific risk of this type in respect of the Covid-19 virus outbreak. This is a global situation, and the outbreak of this virus is affecting different countries in differing degrees of severity. The risk of business disruption has reduced as the severity of the situation has eased compared to the earlier periods. The parent company has also demonstrated its resilience in maintaining product supply and continuing to serve its customers and patients. Nonetheless, whilst the risk of this specific Covid situation is deemed to be reducing, such instances may reoccur so risk evaluation will remain necessary on this aspect. The risk is managed by creation of crisis teams and full contingency planning of inventory with the Parent Group and close dialogue with customers and suppliers. Employees are able to work remotely so operations are not adversely affected.
- The geopolitical situation in Eastern Europe intensified on February 24, 2022, with Russia’s invasion of Ukraine. The war between the two countries continues to evolve as military activity proceeds and additional sanctions are imposed. In addition to the human toll and impact of the events on entities that have operations in Russia, Ukraine, or neighbouring countries (e.g., Belarus) or that conduct business with their counterparties, the war is increasingly affecting economic and global financial markets and exacerbating ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption. The Directors note that there have been some detrimental financial impacts to the Company as some overhead costs, such as fuel, electricity, materials, have increased but the impact has, to date, had relatively little impact on overall profitability. The Directors continue to monitor the situation and adjust forecasts as necessary should the financial impact of the situation change.

## Strategic Report *(continued)*

### Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are noted above.

The UK Company is part of the Chiesi Group based in Parma, Italy, whose parent company has considerable financial resources and has affirmed that the UK group operations remain an important part of Group strategies for growth. The company has access to finance if required through the operation of a Group cash pooling operation. This contractual intercompany arrangement gives access to internal financial support if needed and is reinforced by a strong relationship with external banks and provides a robust financial platform to manage operations effectively.

The Directors consider that the Company and its associated wider Group has an established heritage and good reputation enabling positive ethical relationships with a number of NHS bodies across different geographic areas. The products are well established and where those products may face patent expiry within the next five years, the Directors consider that the Pipeline of new products and the development and growth of existing products will maintain the Company's revenues and profitability. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors also considered the potential impacts of the current Covid-19 virus situation on supply of stock and on revenue generation. The directors note that specific mitigating actions and planning were in place to deal with risks arising. The impact of COVID-19 is now much reduced but continues to be considered by the Directors in case its severity increases once more.

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, and in any case a period of not less than one year from the date of signing these financial statements. The directors have considered multiple scenarios taking account of risks and uncertainties and have confirmed that the Company continues to be profit making and has net assets and is well positioned to deal with positive or negative changes in circumstances. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## Strategic Report *(continued)*

### S172 Note of compliance

#### The Directors S172 obligations

The Directors recognise that they must act in good faith in a way that promotes the success of the Company, and for the benefit of the Company members as a whole, having regard, amongst other matters to:

- a) The likely consequences of decisions taken in the long term
- b) The interests of the company employees
- c) The need to maintain good relations with stakeholders such as employees, suppliers, and customers, but also any other relevant stakeholder
- d) The impact of the Company's decisions on the environment and community. The Company's Articles of Association have been updated to reflect this requirement.
- e) The desire to maintain the highest standards of operation at all times
- f) The need to act fairly and ethically with parties connected to the Company

#### Directors' engagement with stakeholders

In earlier years, the Directors have worked with key management of the business from the Company and also with key management of other Group companies to create a long-term strategic plan which focused not only on Financial results but also other strategic objectives, including alignment to several of the OECD's sustainable development goals "SDGs".

As part of this process, it was necessary to identify the main stakeholders of the business and define a suitable and appropriate way to engage with them.

The following stakeholders were identified, and details of engagement are covered in the following paragraphs:

- i. employees – Employee Engagement
- ii. customers – Business Relationships
- iii. suppliers - Business Relationships
- iv. Regulators - Business Relationships
- v. Shareholders - Business Relationships
- vi. The community and environment

In addition, in preparing the strategic plan the Directors recognised that any decisions taken should be considered not only from an immediate perspective, but also in the longer term and that such decisions could impact on the stakeholders mentioned above. In business operations undertaken during the year the Directors maintained a policy to consider the longer-term perspective of any decisions taken and would only action a decision if there was no reasonable risk or potential to negatively impact a stakeholder.

Decisions and actions taken by the Directors in the business operations are done so to foster positive relations with suppliers, customers, and others and these are outlined below within "Business Relations".

The Directors recognise the importance of maintaining a positive reputation for a high standard of business conduct and all decisions taken consider the reputational impact. As a family owned, private business, the impact on the reputation of the family name of "Chiesi" is considered in all decisions.

The Directors recognise that they should act fairly and ethically with all members of the company and also operate in a way to ensure that decisions in respect of stakeholders and business operations are taken fairly and transparently. For example, procurement decisions concerning suppliers are taken with reference to fair benchmarking criteria shared with suppliers beforehand.

During 2022 the directors continued to operate in a way fully aligned to these key principles.

## **Strategic Report** *(continued)*

### **S172 Note of compliance** *(continued)*

#### **Employee engagement**

During the review of the company Strategic plan undertaken in 2022, the Directors considered the resources required to achieve the targets and goals that were defined. The Directors committed to provide additional resource and training/development opportunities if it was required in order that employees would not face excessive workloads that they were not able to perform, but also that employees would feel enriched with new development of skills. In addition, the Directors maintained the policy of regular communication with employees, sharing information about the business results and performance in a transparent and fair way with several initiatives throughout 2022. These included “town hall” events where employees had an open forum to ask questions to the Directors, the concept of “suggestion box” was reinforced on the Company intranet with regular feedback given on the suggestions received. The Directors also undertook a further survey of employees to understand their feeling towards the level of engagement. The Directors were pleased to note that the participation level and scoring was high which gave the Directors confidence that the channels of communication, remuneration strategies and aspect of work/life balance were meeting and exceeding the requirements and expectations of employees.

During 2022 business operations returned to a more normal basis comparable to the situation before COVID-19 pandemic but the Directors wanted the Company to benefit from lessons learned from the situation. As a result because employees favoured the hybrid (“smart”) working practice and operations were not affected, it was agreed this way of work should be continued. The company also maintained a programme of regular communications with employees so that they continued to feel fully engaged with the business. Senior Management provided regular updates on performance and plans. There were regular business focused “Virtual Town Halls” to bring the whole company together, and also more informal “virtual” meetings to maintain engagement.

The Directors are committed to maintain this level of engagement with employees by maintaining and improving the programmes initially developed in 2022 by taking feedback and responding to it where it is appropriate. The Company also gives consideration to opportunities for disabled employees, and this discussed also in the Directors’ Report.

#### **Business relations**

**Customers:** The Directors recognise that in the pharmaceutical industry the “customers” are placed in several areas of the sales process. Some are “direct” customers (for example, wholesalers, hospitals), whilst others are “indirect” (for example the NHS, and patients themselves). The Directors have operated and taken decisions in the most compliant and ethical manner possible with all customers. The Company is required to adhere to the Association of British Pharmaceutical Industry (“ABPI”) Code of Practice and the Directors ensure that all the operating procedures and commercial arrangements strictly comply with all aspects of the Code of Practice. The Directors also ensured that decision taken resulted in no problems with supply of medicines to patients. When dealing with direct customers the Company commits to operate fairly maintaining commercially appropriate pricing strategies that do not favour any customers over others.

The company’s commitment to its patients has been clearly shown during the Covid-19 crisis. Patients remain at the forefront of planning and activities and so supply of our medicines was of paramount importance in this challenging period. Special measures were agreed between ourselves and with Government and Health Care Professionals to ensure prescribing was as normal as possible whilst also reassuring patients that they would not lose access to their treatments through Covid-related pressures.

## Strategic Report *(continued)*

### S172 Note of compliance *(continued)*

**Suppliers:** the Directors are committed to work with suppliers who share the same values as the Company. Suppliers are selected not only on commercial terms but also alignment to the Company values towards the sustainability agenda. Suppliers are required to demonstrate their positive compliance with provisions of Anti-Bribery and Modern Slavery legislation. During the year the Company's Procurement team and relevant management engaged in regular dialogue with suppliers to ensure positive business relationships and performance are maintained from both sides. The Company is also committed to pay suppliers on agreed terms wherever possible.

**Regulatory Bodies:** the Directors are fully committed to work closely with all relevant Regulatory Bodies to ensure all necessary obligations are fulfilled. Decisions taken by Directors always take account of ensuring compliance with the relevant bodies, and maintenance of the highest possible standards of quality and assurance.

**Shareholders:** Chiesi Ltd is a private company which is part of the larger Chiesi Group of companies. The group is privately owned, and the shareholders have stated their desire for the Group to remain private and independent for the foreseeable future. The Directors take decisions which are consistent and aligned to this company culture. Key decisions such as investments, expansion strategies, and financial strategies are taken by Directors in line with the Group strategic plan which is approved by the shareholders.

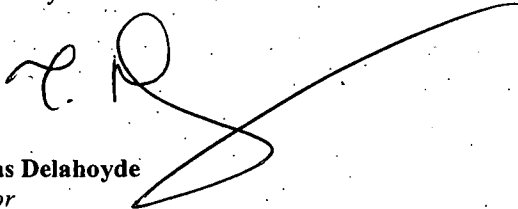
### Community and the environment

The Chiesi Group has stated a desire to become carbon neutral by 2035 and the Directors of Chiesi Ltd are fully aligned in this approach. Decisions taken always include an assessment of the impact on the community and environment and the Directors have taken positive steps to improve the carbon footprint of the Company. Examples of decisions and initiatives taken during the year included increased use of videoconferencing instead of air travel for meetings, introduction of electric and hybrid cars to the company fleet, use of 100% renewable energy. Employees are given an agreed allowance of work time towards volunteering in community programmes.

### B Corp status

During 2019 as a result of the implementation of some new initiatives focused on engagement and the environment and the improvement of existing programmes the Directors were pleased to note that the Company was recognised as a "B-Corp" (Benefit Company) which validated the direction of the Company towards achieving success towards non-financial, societal beneficial targets as well as commercial success. During 2021 the company retained its B-Corp status making even more improvement to its assessment. Employees are encouraged to participate in activities that contribute to the B-Corp agenda.

Authorised by order of the board.



**Thomas Delahoyde**  
Director

333 Styal Road  
Manchester  
M22 5LG

24/3/23



## Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2022.

### Principal activities and future developments

The principal activity of the company was to market and promote pharmaceutical prescription products. On 1 January 2008 the Directors decided to transfer all the employees of the company to a fellow subsidiary. This transfer resulted in the company winding down its activities and it being dormant during the subsequent years.

### Events after the reporting period

There have been no material events post the end of the financial year that require disclosure.

### Statement of compliance

To comply with the Companies Act 2006, the Company provides, in the Strategic Report, a review of the development and performance of the business during the year, including key financial performance indicators, going concern considerations and a description of the principal risks and uncertainties facing the Company.

The Business Review contains forward looking statements and opinions that involve risks and uncertainties. These risks and uncertainties could cause our results to differ materially from our expectations. The principal risk factors are discussed more in the Strategic Report.

### Proposed dividends and transfer to reserves

Dividends paid during the year were £12,616,000 (2021: £12,980,138) representing £6.65 per share (2021: £6.84 per share). No dividends have been proposed since the year end.

### Directors

The Directors who held office during the year and to date of signing were as follows:

Thomas Delahoyde

Marco Vecchia

Andrew Dickinson

Michael Dixon

Alessandro Carloni (Appointed 12 October 2022)

Ugo Di Francesco (Resigned 12 October 2022)

Alberto Chiesi (Resigned 12 October 2022)

Paolo Chiesi (Resigned 12 October 2022)

### Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

## Directors' Report *(continued)*

### Employee involvement

During the year, employees are provided with information about the company and parent Group through various channels. There is an internal website "portal" which is updated with relevant information and there are periodic company-wide meetings where important updates and developments are shared with employees. Regular meetings are also held between local management and employees to allow a free flow of information and ideas.

The Strategic report gives additional details of employee engagement and how the Directors have considered the interests of employees in its business operations and decisions taken.

### Business Relationships

The Strategic report provides details of how the Directors have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the company during the financial year.

### Disclosure of information to auditor

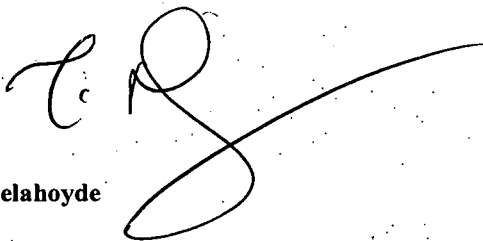
The Directors who held office at the date of approval of this Directors' Report confirm that:

- so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and Deloitte LLP will therefore continue in office.

  
**Thomas Delahoyde**  
Director

333 Styal Road  
Manchester  
M22 5LG

24/3/23

## Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the 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 company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Independent auditor's report to the members of Chiesi Healthcare Limited

### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of Chiesi Healthcare Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit and loss and other comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement;
- the related notes 1 to 10.

The financial reporting framework that has been applied in their preparation is applicable law, and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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.

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 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.

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

#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **Independent auditor's report to the members of Chiesi Healthcare Limited (continued)**

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 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 company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's 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 auditor's 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, Money Laundering regulations, Employment Law, Tax Legislation and Bribery Act.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. This included Health and Safety at work legislation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making

accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

## **Independent auditor's report to the members of Chiesi Healthcare Limited (continued)**

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal director concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Carl Acton

Carl Acton BA (Hons) BFP FCA  
Senior statutory auditor  
For and on behalf of Deloitte LLP  
Manchester  
United Kingdom

24 March 2023

**Statement of Profit and Loss and Other Comprehensive Income**  
*for the year ended 31 December 2022*

	<b>2022 Total £000</b>	<b>2021 Total £000</b>
Income from shares in group undertakings	<b>12,616</b>	12,980
<b>Profit before taxation</b>	<b>12,616</b>	12,980
Tax on profit	-	-
<b>Profit for the financial year</b>	<b>12,616</b>	12,980

All activities arise from continuing operations. There are no discontinued operations in the current or prior year.

For 2022 and 2021 there has been no income or expense in other comprehensive income except for the profit for the financial year. Accordingly, no separate statement of comprehensive income has been presented. The notes on pages 19 to 25 form part of these financial statements.

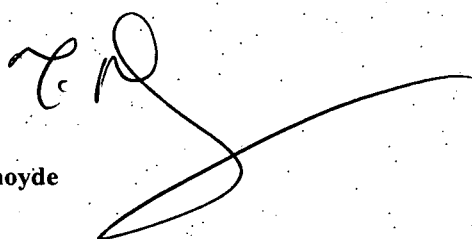
**Statement of Financial Position**  
*as at 31 December 2022*

	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Fixed asset investments	4	7,053	7,053
		<u>7,053</u>	<u>7,053</u>
<b>Current assets</b>			
Cash and Cash Equivalents	5	1	1
		<u>1</u>	<u>1</u>
<b>Trade and other payables: amounts falling due within one year</b>	6	(690)	(690)
		<u>(690)</u>	<u>(690)</u>
<b>Net current liabilities</b>		(689)	(689)
		<u>(689)</u>	<u>(689)</u>
<b>Total assets less current liabilities</b>		6,364	6,364
		<u>6,364</u>	<u>6,364</u>
<b>Net assets</b>		6,364	6,364
		<u>6,364</u>	<u>6,364</u>
<b>Capital and reserves</b>			
Called-up share capital	7	641	641
Share premium account		473	473
Other reserves	7	5,103	5,103
Profit and loss account		147	147
		<u>6,364</u>	<u>6,364</u>
<b>Shareholder's funds</b>		6,364	6,364
		<u>6,364</u>	<u>6,364</u>

The notes on pages 19 to 25 form part of these financial statements.

These financial statements were approved by the board of directors on 24 March 2023 and were signed on its behalf by:

**Thomas Delahoyde**  
Director





**Statement of Changes in Equity**  
*for the year ended 31 December 2022*

	<b>Called up share capital £000</b>	<b>Share premium account £000</b>	<b>Other reserves £000</b>	<b>Profit and loss account £000</b>	<b>Total £000</b>
<b>At 1 January 2021</b>	641	473	5,103	147	6,364
Profit for the financial year	-	-	-	12,980	12,980
<b>Total comprehensive income</b>	-	-	-	12,980	12,980
Dividend paid	-	-	-	(12,980)	(12,980)
<b>At 31 December 2021</b>	641	473	5,103	147	6,364
Profit for the financial year	-	-	-	12,616	12,980
<b>Total comprehensive income</b>	-	-	-	12,616	12,980
Dividend paid	-	-	-	(12,616)	(12,980)
<b>At 31 December 2022</b>	641	473	5,103	147	6,364

The notes on pages 19 to 25 form part of these financial statements.

**Cash Flow Statement**  
*for year ended 31 December 2022*

	<i>Note</i>	<b>2022 £000</b>	<b>2021 £000</b>
<b>Cash flows from investing activities</b>			
Dividends Received		<b>12,616</b>	<b>12,980</b>
<b>Net cash from investing activities</b>		<b>12,616</b>	<b>12,980</b>
<b>Cash flows from financing activities</b>			
Dividends paid		<b>(12,616)</b>	<b>(12,980)</b>
<b>Net cash from financing activities</b>		<b>(12,616)</b>	<b>(12,980)</b>
Cash and cash equivalents at 1 January		<b>1</b>	<b>1</b>
<b>Cash and cash equivalents at 31 December</b>	<b>5</b>	<b>1</b>	<b>1</b>

The notes on pages 19 to 25 form part of these financial statements.

## Notes to the Financial Statements (forming part of the financial statements)

### 1 Accounting policies

Chiesi Healthcare Limited (the "Company") is a private company limited by shares and incorporated in the United Kingdom and Registered in England and Wales under the Companies Act 2006. The company's registered address is 333 Styal Road, Manchester, M22 5LG.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The board of directors have deemed it appropriate to prepare financial statements for the Company under International Financial Reporting Standards (IFRS) on a voluntary basis, commencing from the year ended 31 December 2022. The IFRS transition date was determined to be 1 January 2020. The presentational currency of these financial statements is pounds sterling, which is the currency of the primary economic environment in which the company operates. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Chiesi Farmaceutici SpA includes the Company in its consolidated financial statements. The consolidated financial statements of Chiesi Farmaceutici SpA are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Via Palermo, 26/A, 43100, Parma, Italy. In these financial statements, the company is considered to be a qualifying entity (for the purposes of IFRS and has applied the exemptions available under IFRS in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the year.

#### New and amended IFRS Standards that are effective for the current year

No new and amended IFRS that are effective for the current year that has an impact on the financial statements.

#### New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- Amendments to IAS 1
  - Classification of Liabilities as Current or Non-current.
- Amendments to IAS 16
  - Property, Plant and Equipment – Proceeds before intended use.
- Annual Improvements to IFRS Standards 2018 – 2020 Cycle
  - Amendments to IFRS First time adoption of International Financial Reporting Standards.
  - IFRS 9 Financial Instruments.
  - IFRS 16 Leases.
- Amendments to IAS 1 and IFRS Practice Statement 2
  - Disclosure of Accounting Policies.
- Amendments to IAS 8
  - Definition of Accounting Estimates.
- Amendments to IAS 12
  - Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

The financial statements are prepared on the historical cost basis.

**Notes to the Financial Statements** *(continued)*  
*(forming part of the financial statements)*

**1.2 Adoption of new and revised Standards**

In 2022 the Company has adopted IFRS as its accounting Standard. There have been no adjustments or restatements needed as a result of changing from FRS 102 to IFRS.

**1.3 Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are noted above.

The UK Company is part of the Chiesi Group based in Parma, Italy, whose parent company has considerable financial resources and has affirmed that the UK group operations remain an important part of Group strategies for growth. The company has access to finance if required through the operation of a Group cash pooling operation. This contractual intercompany arrangement gives access to internal financial support if needed and is reinforced by a strong relationship with external banks and provides a robust financial platform to manage operations effectively.

The Directors consider that the Company and its associated wider Group has an established heritage and good reputation enabling positive ethical relationships with a number of NHS bodies across different geographic areas. The products are well established and where those products may face patent expiry within the next five years, the Directors consider that the Pipeline of new products and the development and growth of existing products will maintain the Company's revenues and profitability. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors also considered the potential impacts of the current Covid-19 virus situation on supply of stock and on revenue generation. The directors note that specific mitigating actions and planning were in place to deal with risks arising. The impact of COVID-19 is now much reduced but continues to be considered by the Directors in case its severity increases once more.

This context is likely to persist for a part of 2023, although with different impacts and effects in the various Geographical Areas in which the Group operates.

During the COVID-19 emergency, Chiesi Group has proved a relevant ability to adapt both its production sites and commercial operations to the new external conditions that have been created. Business operations have been carried on throughout the period, safeguarding the health and safety of the employees, in order to ensure the product delivery to patients all over the world.

Therefore, we expect that, also in 2022, the Group will be able to guarantee the continuity in the production and distribution of its goods."

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, and in any case a period of not less than one year from the date of signing these financial statements. The directors have considered multiple scenarios taking account of risks and uncertainties and have confirmed that the Company is well positioned to deal with positive or negative changes in circumstances. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## **Notes to the Financial Statements** *(continued)* *(forming part of the financial statements)*

### **1.4 Classification of financial instruments issued by the Company**

In accordance with IFRS 9, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

### **1.5 Basic financial instruments**

Financial assets and financial liabilities are recognised in the Companies statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### **1.6 Investments in subsidiaries**

These are separate financial statements of the Company. Investments in subsidiaries are carried at cost less impairment in accordance with IAS 27, with any net revaluation losses taken to profit or loss account.

#### *Impairment of assets*

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

#### *Impairment of non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### *Impairment of financial assets*

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**Notes to the Financial Statements** *(continued)*  
*(forming part of the financial statements)*

**1.7 Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

**1.8 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**1.9 Income from shares in group undertakings**

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

**1.10 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis; however the directors do not consider that any of the judgements and estimates has a significant effect on the financial statements.

## Notes to the Financial Statements *(continued)*

### 2 Auditor and directors' remuneration

Fees payable to the Company's auditor and their associates for the audit of the Company's financial statements were £5,000 (2021: £4,100) which was borne by the Company's subsidiary. There were no non-audit fees in either period. The directors are also directors of other group companies and received no remuneration in respect of their services to this company.

### 3 Taxation

	2022 £000	2021 £000
Profit for the year	12,616	12,980
Total tax expense	-	-
Profit excluding taxation	12,616	12,980
Tax using the UK Corporation tax rate of 19% (2021: 19%)	2,397	2,466
Income not taxable in determining taxable profit	(2,397)	(2,466)
	-	-

The Standard rate of tax applied to reported profit on ordinary activities is 19% (2021: 19%). Finance (No. 2) Act 2015, which was substantively enacted on 26 October 2015, includes provisions to reduce the rate of UK corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. On 5 March 2021, the Budget was announced, and from April 2023, profit above £250,000 will be taxed at 25%

### 4 Fixed asset investments

	Shares in group undertakings £000	Total £000
<b>Cost</b>		
At beginning of year	7,053	7,053
At end of year	7,053	7,053
<b>Provisions</b>		
At beginning of year	-	-
At end of year	-	-
<b>Net book value</b>		
At 31 December 2022	7,053	7,053
At 31 December 2021	7,053	7,053

## Notes to the Financial Statements (continued)

The company has the following investments in subsidiaries:

	Country of incorporation	Principal Activity	Registered Address	Class of shares held	Ownership 2022 %	Ownership 2021 %
Chiesi Limited	United Kingdom	Sales and marketing of branded ethical pharmaceutical products	333 Styal Road, Manchester, M22 5LG	Ordinary	100	100

### 5 Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	1	1
Cash and cash equivalent per cash flow statements	1	1

### 6 Trade and other payables: amounts falling due within one year

	2022 £000	2021 £000
Amounts owed to group undertakings	690	690
	690	690

Amounts owed by parent company are in respect of financial support for historical operating costs and payable on demand. Interest is not charged.

### 7 Capital and Reserves

	2022 £000	2021 £000
<b>Share Capital</b>		
<i>Allotted, called up and fully paid</i>		
641,200 ordinary shares of £1. each	641	641
	641	641

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Other reserves of £5,103,000 (2021 - £5,103,000) relate to goodwill created on the cancellation of the share premium account during 1997.



## 8 Subsequent events

There have been no material events post the end of the financial year that require disclosure.

## 9 Related parties

Related party transactions within the balance sheet:

	Receivables outstanding 2022 £000	Receivables outstanding 2021 £000	Creditors outstanding 2022 £000	Creditors outstanding 2021 £000
Amounts payable to subsidiary company, Chiesi Limited	690	690	690	690
	<u>690</u>	<u>690</u>	<u>690</u>	<u>690</u>

The amount relates to financial support in respect of historical operating costs. The balance is unsecured and remains repayable on demand should the subsidiary require it. During the year the company received a dividend from its subsidiary company, Chiesi Ltd in the amount of £12,980,138 (2021: £12,980,138) and paid a dividend to Chiesi Farmaceutici SpA in the amount of £12,980,138 (2021: £12,980,138).

## 10 Ultimate parent company and parent company of larger group

The company is a subsidiary undertaking of Chiesi Farmaceutici SpA, which is an associated undertaking of the ultimate parent company, Valline SRL, incorporated in Italy. Chiesi Farmaceutici SpA is the immediate parent company of Chiesi Healthcare Limited

The largest and smallest group in which the results of the company are consolidated is that headed by Chiesi Farmaceutici SpA. The financial statements of this group are available to the public and may be obtained from its registered address, Via Palermo 26/A, 43100, Parma, Italy.