

REGISTERED NUMBER: 07312805 (England and Wales)

VECTURA GROUP INVESTMENTS LIMITED

07312805

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED**

31 DECEMBER 2021



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VECTURA GROUP INVESTMENTS LIMITED
COMPANY INFORMATION

DIRECTORS: P Fry (resigned 31 March 2022)
W Downie (resigned 31 March 2022)
E Knowles (appointed 31 March 2022)
J Murphy (appointed 31 March 2022)

COMPANY SECRETARY: J Murphy

REGISTERED OFFICE: One Prospect West
Chippenham
Wiltshire
SN14 6FH
United Kingdom

REGISTERED NUMBER: 07312805 (England and Wales)

INDEPENDENT AUDITOR: KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom

PRINCIPAL BANKER: Barclays Bank Plc
1 Churchill Place
Canary Wharf
London
E14 5HP
United Kingdom

DIRECTORS' REPORT

The Directors present their report on the affairs of Vectura Group Investments Limited (the "Company") for the year ended 31 December 2021. As the Company traded in the year, it was not eligible for exemption from audit on the basis of being dormant. Consequently the following financial statements have been audited. This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of managing and maintaining the investment in its subsidiary. The Company received and paid a dividend in the year, therefore, was no longer dormant as in the prior year.

IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The Company is a wholly-owned subsidiary of Vectura Group Services Limited. The smallest and largest group into which the results of the Company are consolidated is that of the ultimate controlling party, Philip Morris International Inc. which is incorporated in the United States of America.

GOING CONCERN

As a holding company, the Company supports the activities of its investments and the Directors do not expect any financing requirements. On this basis, and on the basis of current financial projections, and after making due enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue to operate for the foreseeable future and that the Company has sufficient funds to meet any liabilities for a period of at least twelve months. Accordingly, the Directors continue to adopt the going concern basis in preparing the report and financial statements.

DIVIDENDS

Dividends of £95.0m were paid in the year (2020: nil).

DIRECTORS

The Directors who held office during the year were as follows:

P Fry (resigned 31 March 2022)
W Downie (resigned 31 March 2022)

The ultimate parent company has granted an indemnity to its Directors against liability in respect of any proceedings brought by third parties, which remains in force as at the date of approving the Directors' Report. All costs in relation to the Directors' remuneration are met by other entities within the Group. The Directors do not receive any remuneration for services provided to the Company.

POLITICAL AND CHARITABLE DONATIONS


No political or charitable donations were made in the year (2020: nil).

DISCLOSURE OF AUDIT INFORMATION

The Directors who held office at the date of approval of this 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 they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

POST BALANCE SHEET EVENTS

There were no reportable post balance sheet events.

A handwritten signature in black ink, appearing to read 'John Murphy', is written over a horizontal dotted line.

John Murphy
Director
29 September 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VECTURA GROUP INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Vectura Group Investments Limited ("the Company") for the year ended 31 December 2021 which comprise the Income Statement, Balance Sheet, Statement Of Changes in Equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework* and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the Vectura Group Limited's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations.
- Reading board and audit committee minutes

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Director's report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

VECTURA GROUP INVESTMENTS LIMITED
INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

.....
Adrian Wilcox (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
United Kingdom

29 September 2022

VECTURA GROUP INVESTMENTS LIMITED
INCOME STATEMENT

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Year ended 31 December 2021 £m	Year ended 31 December 2020 £m (unaudited)
Dividend income from subsidiary		95.0	-
Profit / (loss) before tax		95.0	-
Tax on profit	4	-	-
Profit / (loss) after taxation		95.0	-

All results are attributable to shareholders of Vectura Group Investments Limited and are derived from continuing operations.

As there are no items of income or expense that are not recognised in the income statement, no separate statement of other comprehensive income has been prepared.

The accompanying notes form an integral part of these financial statements.

VECTURA GROUP INVESTMENTS LIMITED
BALANCE SHEET

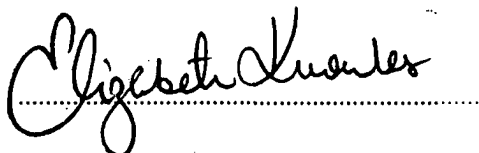
BALANCE SHEET AS AT 31 DECEMBER 2021

		Year ending 31 December 2021 £m	Year ending 31 December 2020 £m (unaudited)
	Note		
CURRENT ASSETS			
Investments in subsidiary undertakings	5	140.0	140.0
TOTAL AND NET ASSETS		140.0	140.0
SHAREHOLDERS' EQUITY			
Called up share capital	6	-	-
Share premium		125.7	125.7
Other reserves		14.3	14.3
TOTAL EQUITY		140.0	140.0

The accompanying notes form an integral part of these annual financial statements.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. The accompanying notes form an integral part of these financial statements.

These financial statements of Vectura Group Investments Limited, registered Company number 07312805, were approved and authorised for issue by the Board of Directors and were signed on its behalf by:



Elizabeth Knowles
Director
29 September 2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
At 31 December 2019 (unaudited)	-	125.7	14.3	140.0
At 31 December 2020 (unaudited)	-	125.7	14.3	140.0
Profit for the year	-	-	95.0	95.0
Dividends paid	-	-	(95.0)	(95.0)
At 31 December 2021	-	125.7	14.3	140.0

Allotted, issued and fully paid up share capital of 1,000 ordinary shares (2020: 1,000) with a par value of £1 (2020: £1) each are held by the Company's immediate parent undertaking Vectura Group Services Limited.

1. General Information

Vectura Group Investments Limited (the "Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales and is a wholly-owned subsidiary of Vectura Group plc. The address of the registered office is One Prospect West, Chippenham, Wiltshire, SN14 6FH.

The Company is established as a holding company and, as such, has not traded during the year. The Directors believe it will continue to be a holding company and are not aware, at the date of this report, of any additional changes in the Company's activity in the forthcoming year.

These financial statements are presented in pounds sterling rounded to the nearest £0.1m. The presentational and functional currency is sterling being the primary currency of the UK economic environment in which the Company operates.

These financial statements are separate financial statements. The smallest and largest Group to consolidate Vectura Group Investments Limited is Philip Morris International, Inc. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the Group accounts of the ultimate parent, Philip Morris International Inc.

2. Basis of preparation

The Company prepares its financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRS") but has excluded certain information as permitted by FRS 101-Reduced Disclosure Framework.

These financial statements, which are prepared using the historical cost convention and on a going concern basis, are prepared in accordance with FRS 101-Reduced Disclosure Framework and with UK accounting presentation under the Companies Act 2006 as at 31 December 2021, with comparative figures as at 31 December 2020.

The following automatically available FRS 101 disclosure exemptions has been taken:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures of transactions with a management entity that provides key management personnel services; and

As the consolidated financial statements of the ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under the FRS 101 available in respect of the following disclosures:

- Disclosure requirements of IFRS 15 - Revenue from Contracts with Customers
- Disclosure requirements of IFRS 16 - Leases
- IFRS 2 - Share Based Payments in respect of Group settled share based payments
- The disclosures required by IFRS 7 - Financial Instrument Disclosures

Disclosure exemptions are taken where the relevant disclosure requirements are met in the consolidated financial statements, even where the disclosures are made in aggregate or in an abbreviated form, or, in relation to intra-group balances, those intra-group balances have been eliminated on consolidation.

Going concern

As a non-trading holding company, the Company's financing requirements are to support the activities of its investments. On this basis, and on the basis of current financial projections, and after making due enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue to operate for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report and financial statements.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

There has been no impact of any new accounting standards or policies for the year ended 31 December 2021.

3. Critical accounting policies

Impairment of investments

At each balance sheet date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that they have suffered an impairment loss. If any such indication exists, the recoverable amount of the investment is estimated to determine the extent of the impairment loss (if any).

Where the investment does not generate cash flows that are independent from other investments, the Company estimates the recoverable amount of the cash-generating unit to which the investment belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments for the time value of money and the risks specific to the investment for which the estimates of future cash flows have not been adjusted.

Impairment losses on continuing operations are recognised in the statement of comprehensive income in those categories consistent with the function of the impaired investment. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased and need to be reversed.

4. Income tax

	2021	2020
	£m	£m
Current income tax	-	-
Net tax credit reported in the income statement	-	-

The Company's effective tax rate is 0% (2020: 0%). The net tax charge / (credit) reporting in the income statement is reconciled as follows:

	2021	2020
	£m	£m
Profit / (loss) before tax	95.0	-
Profit/(loss) before tax calculated at the UK corporation tax of 19% (2019: 19%)	18.1	-
Tax effects of:		
Dividend income not subject to UK Corporation Tax	(18.1)	-
Total tax for the year	-	-

5. Investments in subsidiary undertakings

Investments are shown at cost, less provisions for any impairment in value.

	Vectura Delivery Devices Limited	Vectura Limited	Total equity
	£m	£m	£m
Net book value 31 December 2021	2.0	138.0	140.0

Details of the Company's subsidiaries as at 31 December 2021 and related undertakings are listed below. Unless otherwise stated the share capital disclosed comprises ordinary shares which are indirectly held by the Company.

Name of undertaking	Country of incorporation	Holding	Address	Proportion held	Nature of business
Vectura Delivery Devices Limited	England	Ordinary	A	100%	Pharmaceuticals
Vectura Limited	England	Ordinary	A	100%	Pharmaceuticals
Innovata Limited	England	Ordinary	A	100%	Holding Company
Innovata Biomed Limited ¹	Scotland	Ordinary	B	100%	Non-trading
Quadrant Drug Delivery Limited ^{2, 6}	England	Ordinary	A	100%	Dormant
Innovata HK Limited ³	Hong Kong	Ordinary	C	82%	Holding Company
Quadrant Technologies Limited ^{1, 6}	England	Ordinary	A	100%	Dormant
Quadrant Healthcare Limited ^{4, 6}	England	Ordinary	A	100%	Dormant

¹A subsidiary of Innovata Limited.

²A subsidiary of Quadrant Technologies Limited

³An associate of Innovata Biomed Limited.

⁴A subsidiary of Quadrant Drug Delivery Limited.

⁵A subsidiary of Quadrant Healthcare Limited.

⁶ in process of being struck off

A - consistent with the Company.

B - 2nd Floor North, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EN C - Unit 1802, 18/F., Asia Trading Centre, 79 Lei Muk Road, Kwai Chung, N.T., Hong Kong

6. Called up share capital

Allotted, issued and fully paid:

Number	Class	Nominal value	2021 £'000	2020 £'000
1,000	Ordinary	£1	1	1

7. Ultimate parent company

The Company's immediate parent undertaking is Vectura Group Services Limited, registered in the United Kingdom. The smallest and largest group into which the results of the Company are consolidated is that of the ultimate controlling party, Philip Morris International Inc. which is incorporated in the United States of America.

Copies of the Philip Morris International Inc. group financial statements can be obtained at:

120 Park Avenue
New York City
NY
United States
10017