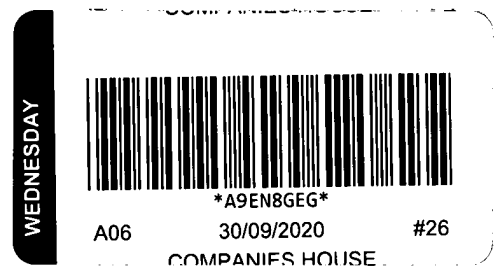


Company Registration No. 11711764

## SPVB Developments UK Limited

Annual Report and Financial Statements from  
incorporation on 5 December 2018 to  
31 December 2019



Address: 8 Sackville Street  
W1S 3DG London  
England, United Kingdom

## SPVB Developments UK Limited

### Contents

|  |    |
|--|----|
| Directors' report  | 3  |
| Directors' responsibilities statement  | 5  |
| Independent auditor's report to the members of SPVB Developments UK Limited              | 6  |
| <br>   |    |
| <b>Financial Statements</b>  |    |
| Income statement from incorporation on 5 December 2018 to 31 December 2019               | 9  |
| Statement of changes in equity from incorporation on 5 December 2018 to 31 December 2019 | 10 |
| Balance sheet as at 31 December 2019   | 11 |
| Notes to the balance sheet and income statement  | 12 |

## SPVB Developments UK Limited

### Directors' report

The directors present their first annual report and the audited financial statements of SPVB Development UK Limited (the Company) for the thirteen-month period from incorporation on 5 December 2018 to 31 December 2019. This directors' report has been prepared in accordance with the special provisions relating to small companies under s415a of the Companies Act 2006. The Company was also entitled to the small companies' exemption in relation to the strategic report under s414b of the Companies Act 2006 and as such a separate strategic report has not been prepared. The Company is currently none trading, however once operational, its intended principal activity will be the manufacture of tobacco products.

#### Results and dividends

The loss after taxation is £892k. As this is the first period of operation, there is no 2018 comparative balance. No dividends have been declared or paid to the Company's parent company, Loras Holding B.V.

#### Going concern

The directors are of the opinion that the Company is a going concern and the financial statements have been prepared on that basis.

*The Company is currently non-trading and is forecast to make a loss in the foreseeable future.*

The global ongoing outbreak of the coronavirus disease 2019 (COVID-19), a novel infectious pandemic disease, has led to worldwide economic turmoil with wide-ranging and severe impacts upon financial markets, including stock, bond and commodity markets. The full impact and consequences of this outbreak on economic growth and business activities cannot yet be predicted as it depends on the severity of the outbreak, and it is too early to state this in concrete financial terms. Nevertheless, management does currently not observe a direct significant impact on the operations of the Company and its activities and currently estimates that the impact will be limited going forward. Management is monitoring the situation closely.

As at 31 December 2019 the company had a cash balance of £711k and net current assets of £2,108k. The Company currently has no reliance on short-term or long-term bank overdrafts or loans. An intermediate parent company has given written assurance that they will continue to support the company for at least twelve months subsequent to the signing date of this report. The directors have considered the ability of the intermediate parent to provide this support and as such, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Directors

The directors who served during the period and to the date of signing of the financial statements are as follows;

- Mr Ivo Jurgen Van Wingerden (appointed 5 December 2018)
- Mr Diederik Jan Ex (appointed 5 December 2018)
- Mr Marco Petrus Matheus Ramaekers (appointed 17 March 2020)

## SPVB Developments UK Limited

### Directors report (continued)

#### Auditor

The directors confirm that:

- So far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The directors have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Deloitte LLP have been appointed as auditors of the Company during the period.

## SPVB Developments UK Limited

### Directors' responsibilities statement

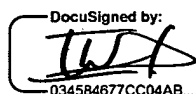
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Approved by the Board of Directors  
and signed on behalf of the Board

DocuSigned by:  


034584677CC04AB...  
I.J. van Wingerden  
Finance Director

## Independent auditor's report to the members of SPVB Developments UK Limited

### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of SPVB Developments UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 7.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### 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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

## Independent auditor's report to the members of SPVB Developments UK Limited (continued)

### 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.

### 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 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:

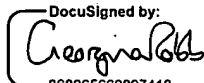
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

## Independent auditor's report to the members of SPVB Developments UK Limited (continued)

### 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.

DocuSigned by:  


868965689097418...  
Georgina Robb (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

18 September 2020



## SPVB Developments UK Limited

## Income statement from incorporation on 5 December 2018 to 31 December 2019

|                                     | Note | £'000        | 2019<br>£'000 |
|-------------------------------------|------|--------------|---------------|
| General and administrative expenses |      | <u>(886)</u> |               |
| <i>Operating expenses</i>           |      |              | (886)         |
| Foreign exchange loss               |      | <u>(6)</u>   |               |
| <i>Net financial expense</i>        |      |              | <u>(892)</u>  |
| <i>Loss before taxation</i>         |      |              | (892)         |
| Income taxes                        | 4    | <u>-</u>     |               |
| <i>Loss after taxation</i>          |      |              | <u>(892)</u>  |

All costs are derived from continuing operations.

## SPVB Developments UK Limited

## Statement of changes in equity from incorporation on 5 December 2018 to 31 December 2019

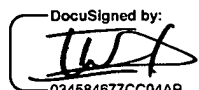
|                                | Called up<br>share capital<br>£'000 | Share<br>premium<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>£'000 |
|--------------------------------|-------------------------------------|---------------------------|-------------------------------|----------------|
| Balance at incorporation       | 1,000                               | -                         | -                             | 1,000          |
| Shares issued                  | -                                   | 2,000                     | -                             | 2,000          |
| Balance as at 31 December 2019 | <u>1,000</u>                        | <u>2,000</u>              | <u>-</u>                      | <u>3,000</u>   |
| Loss for the period            | -                                   | -                         | (892)                         | (892)          |
| Total comprehensive expense    | -                                   | -                         | (892)                         | (892)          |
| Balance as at 31 December 2019 | <u>1,000</u>                        | <u>2,000</u>              | <u>(892)</u>                  | <u>2,108</u>   |

## SPVB Developments UK Limited

## Balance sheet as at 31 December 2019

|  | Note | £'000 | 31 December<br>2019<br>£'000 |
|--|------|-------|------------------------------|
| <i>Property, Plant &amp; Equipment</i> | 2    |       |                              |
| Construction in Progress               |      | 1,242 |                              |
|  |      |       | 1,242                        |
| <i>Current assets</i>                  |      |       |                              |
| Cash & Cash Equivalents                |      | 711   |                              |
| Other Receivables                      |      | 237   |                              |
|  |      |       | 948                          |
|  |      |       | 2,190                        |
| <i>Current liabilities</i>             |      |       |                              |
| Accruals                               |      | (82)  |                              |
|  |      |       | (82)                         |
| Net assets                             |      | 2,108 |                              |
| <i>Shareholders' equity</i>            |      |       |                              |
| Share capital                          | 5    | 1,000 |                              |
| Share premium                          | 5    | 2,000 |                              |
| Retained earnings                      |      | (892) |                              |
|  |      |       | 2,108                        |

The financial statements of SPVB Developments UK Limited (registered number 11711764) were approved by the board of directors and authorised for issue on 18 September 2020. They were signed on its behalf by:

DocuSigned by:  
  
 034584677CC04AB...  
 I.J. van Wingerden  
 Finance Director

## SPVB Developments UK Limited

### Notes to the balance sheet and income statement

#### 1. General information

SPVB Developments UK 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. The address of the registered office is given on page 1. The Company is not currently trading, however once operational, its intended principal activity is the manufacture of tobacco. The level of future activity of the business is dependent on the outcome of Brexit.

#### 2. Significant accounting policies

##### Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- (b) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m); B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- (c) the requirements of paragraph 33 (c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;
- (d) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (e) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- (f) Comparative period reconciliations for share capital, tangible fixed assets, and intangible assets;
- (g) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (h) the requirements of IAS 7 Statement of Cash Flows;
- (i) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (j) the requirements of paragraph 17 of IAS 24 Related Party Disclosures.

##### Going concern

The directors are of the opinion that the Company is a going concern and the financial statements have been prepared on that basis.

The Company is currently non-trading and is forecast to make a loss in the foreseeable future.

The global ongoing outbreak of the coronavirus disease 2019 (COVID-19), a novel infectious pandemic disease, has led to worldwide economic turmoil with wide-ranging and severe impacts upon financial markets, including stock, bond and commodity markets. The full impact and consequences of this outbreak on economic growth and business activities cannot yet be predicted as it depends on the severity of the outbreak, and it is too early to state this in concrete financial terms. Nevertheless, management does currently not observe a direct significant impact on the operations of the Company and its activities and currently estimates that the impact will be limited going forward. Management is monitoring the situation closely.

As at 31 December 2019 the company had a cash balance of £711k and net current assets of £2,108k. The Company currently has no reliance on short-term or long-term bank overdrafts or loans. An intermediate parent company has given written assurance that they will continue to support the company for at least twelve months subsequent to the signing date of this report. The directors have considered the ability of the intermediate parent to provide this support and as such, the Company's directors have a reasonable expectation that the Company will be able to

## SPVB Developments UK Limited

### Balance sheet as at 31 December 2019

continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, 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.

## SPVB Developments UK Limited

### Notes to the balance sheet and income statement (continued)

#### 2. Significant accounting policies (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not believe there are any key judgements or sources of estimation uncertainty within the company.

#### Employee information

The Company does not have any employees during the period. The directors of the Company are not employed by this company and received no remuneration during the period.

#### Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### Property, Plant & Equipment

The Company has recognised a Construction in Progress asset value for the reporting period relating to the site preparation for the tobacco manufacturing facility. This value is stated based on actual costs incurred. These costs have been capitalised in line with IAS 16 requirements.

In case of any impairment trigger, or in case of an intended liquidation of the Company and/or termination of activity, management of the Company will assess the need for an impairment.

No depreciation expense has been recognised during the reporting period as assets are not yet in use by the Company. Assets in the course of construction relate mainly to new premises under construction and deposits paid in respect of the installation of certain plant and machinery. Depreciation commences when these assets are ready for their intended use.

Depreciation will then be recognized so as to write off the cost of the assets (other than freehold land and assets under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

#### Land and buildings:

|  |                 |
|--|-----------------|
| Freehold land                                | Not depreciated |
| Land improvements                            | years           |
| Freehold buildings                           | up to 50 years  |
| Long leasehold (lease term 50 years or more) | up to 50 years  |
| Plant and machinery                          | up to 20 years  |
| Motor vehicles                               | up to 5 years   |
| Fittings and equipment                       | 3-10 years      |
| Assets in the course of construction         | Not depreciated |

The Company has held no assets under lease during the reporting period.

## SPVB Developments UK Limited

### Notes to the balance sheet and income statement (continued)

#### 3. Audit fee

Fees payable to Deloitte LLP and their associates for the audit of the Company's 2019 annual accounts were £14,750. No additional non-audit fees are payable to Deloitte for the period.

#### 4. Income taxes

The Company has not yet generated any taxable income and therefore no tax expense has been incurred.

The tax for the year can be reconciled to the loss in the income statement as follows:

|  | Period ended<br>31 December<br>2019<br>£'000 |
|--|--|
| Loss before tax  | (892)  |
| Tax at the UK corporation tax rate of 19%                      | (169)  |
| Tax losses for which no deferred tax asset has been recognised | 169  |
| Tax expense for the year                                       | -  |

No deferred tax asset has been recognised in respect of tax losses carried forward of £892,000. Management does not expect taxable profits to arise in the foreseeable future. The tax losses can be carried forward indefinitely.

#### 5. Share capital

|  | 31 December<br>2019<br>£'000 |
|--|------------------------------|
| Issued, allotted and fully paid:<br>1,000,002 ordinary shares of £1 each | 1,000                        |
| Share premium  | 2,000                        |
|  | 3,000                        |

#### 6. Controlling party

The Company is a wholly-owned subsidiary of Loras Holding B.V., a company incorporated and registered in the Netherlands. In the opinion of the directors, the Company's ultimate parent company and ultimate controlling party is Japan Tobacco Inc., a company incorporated in Japan.

Japan Tobacco Inc. is the parent undertaking of both the smallest and largest group in which the results of the Company are consolidated. Copies of the consolidated financial statements of Japan Tobacco Inc. may be obtained from the registered office at 2-2-1 Toranomon, Minato-ku, Tokyo, 105-8422, Japan.

## SPVB Developments UK Limited

### Notes to the balance sheet and income statement (continued)

#### 7. Events after the balance sheet date

Since the balance sheet date, the outbreak of the COVID-19 virus, declared a pandemic by the World Health Organisation on 11 March 2020, has given rise to material economic and financial uncertainties. This is considered to be a non-adjusting post balance sheet event for the Company. The impact has been and will continue to be considered by the Directors.