

KBio Holdings Limited

Registered Number 13534398

Annual report and financial statements

For the period ended 31 December 2022

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Strategic report

The Directors present their strategic report on KBio Holdings Limited (the “Company”) for the period ended 31 December 2022. The Directors have opted to apply an extended accounting period as permitted by the UK Companies Act 2006 (the “Act”). The annual report and accounts reflect the Company’s financial performance for the 17-month period from the date of its incorporation until 31 December 2022 (“Period”), and the Company’s financial position as at 31 December 2022.

Principal activities

The Company was incorporated on 28 July 2021 as part of the British American Tobacco Group’s (the “Group”) corporate reorganisation of its plant-based vaccine and monoclonal antibody strategic assets. The Company’s focus is on development of new biological treatments derived from an innovative plant-based platform.

Review of the period ended 31 December 2022

Following the Company’s incorporation, it acquired the entire issued share capital of KBio Inc. (previously Kentucky BioProcessing Inc.) (“KBio Inc.”) from Reynolds American Inc., another member of the Group. The Company also acquired certain intellectual property from KBio Inc. and appointed KBio Inc. to provide contract research services to the Company as part of that corporate reorganisation.

The loss for the financial period attributable to the Company’s shareholder after deduction of all charges and the provision of taxation amounted to US\$ 59.1m.

The Directors expect the Company’s activities to continue on a similar basis in the foreseeable future.

Key performance indicators

Given the nature of the Company’s activities, the Company’s Directors believe that key performance indicators are not necessary or appropriate for an understanding of the Company’s specific development, performance, or the position of its business. However, key performance indicators relevant to the Group, and which may be relevant to the Company, are disclosed in the Strategic Report in British American Tobacco p.l.c.’s 2022 Annual Report and Form 20-F (“BAT ARA & 20-F”) and do not form part of this report.

Principal risks and uncertainties

The principal risks and uncertainties of the Company, including financial risk management, are integrated with the principal risks of the Group, and are monitored by audit committees to provide a framework for identifying, evaluating, and managing risks faced by the Group. Accordingly, the key Group risk factors that may be relevant to the Company are disclosed in the BAT ARA & 20-F and do not form part of this report.

UK Companies Act 2006: Section 172 (1) Statement

The Company is part of the Group and is ultimately owned by British American Tobacco p.l.c. As set out above in the Company’s Strategic Report, the Company’s principal activity is development of new biological treatments derived from an innovative plant-based platform.

Under Section 172(1) of the Act and as part of the Directors’ duty to the Company’s shareholder to act as they consider most likely to promote the success of the Company, the Directors must have regard for likely long-term consequences of decisions and the desirability of maintaining a reputation for high standards of business conduct. The Directors must also have regard for business relationships with the Company’s wider stakeholders, and the impact of the Company’s operations on the environment and communities in which it operates. Consideration of these factors and other relevant matters is embedded into all Board decision-making and risk assessments throughout the year.

The Company’s key stakeholders are its shareholder and KBio Inc., the Company’s wholly owned subsidiary based in the US, which is contracted by the Company to perform research and development activities within the field of biological treatment development. Except as described herein, the Company does not have any employees, or customers or suppliers outside of the Group.

Strategic report (Continued)

The Company engages with other Group undertakings, including its shareholder and subsidiary, through regular meetings, intra-group management activities and ongoing dialogue. There is also regular engagement within the Group on finance-related matters which is taken into account in the Company's decision-making.

Where the Directors do not engage directly with the Company's stakeholders, they are kept updated on stakeholder perspectives, including through the use of management reporting and board notes relating to matters presented to the Board during the year which set out stakeholder considerations as applicable to matters under consideration. This enables the Directors to maintain an effective understanding of what matters to those stakeholders and to draw on these perspectives in Board decision-making.

In accordance with the Group's overall governance and internal controls framework and in support of the Company's purpose as part of the Group, the Company applies and the Directors have due regard to all applicable Group policies and procedures, including the Group Statement of Delegated Authorities ("SoDA"), and the Group Standards of Business Conduct, International Marketing Principles, Health and Safety Policy, and Environment Policy as set out on pages 45 and 91 of the BAT ARA & 20-F. As a Group company, the Company acts in accordance with the Group's policies in relation to the safeguarding of human rights and community relationships, which are set out on page 45 of the BAT ARA & 20-F.

Certain authorities for decision-making are delegated to management under the SoDA, part of the Group's governance and internal controls framework through which robust corporate governance, risk management and internal control are promoted within the Group. Application of the SoDA does not derogate from any requirement for Board review, oversight or approval in relation to the Company's activities.

The Directors receive training in relation to their role and duties as a Director on a periodic basis. All newly appointed Directors receive training in respect of their roles and duties on appointment, including on directors' duties under Section 172 of the Act. Director training is provided through the Company Secretary.

The principal decisions made by the Directors during the period included the acquisition of the entire issued share capital of KBio Inc., the issuance of shares to its parent company and the entry into a collaboration agreement with, and subsequent acquisition of a minority interest in, ZabBio Inc., a company incorporated in the US and active in the field of monoclonal antibody-based product development.

As part of the corporate reorganisation of KBio Inc., the Board reviewed and approved the Company's acquisition of the entire issued share capital of KBio Inc., the acquisition of certain intellectual property from KBio Inc. and the appointment of KBio Inc. to provide contract research services to the Company. To fund these activities and general operating costs, the Board reviewed and approved the subscription for ordinary shares in the Company by its parent company, Nicoventures Holdings Limited. The Board also reviewed and approved the acquisition of a minority investment in, and entry into collaborative arrangements with, ZabBio, Inc.

In these contexts, the Board considered, amongst other relevant factors, the Company's capital position, the amount of its distributable reserves, its cash position, the Company's actual and contingent liabilities and its ability to pay its debts as they fell due, and the interests of the Company's shareholder. Principal decisions are those decisions and discussions by the Board that are strategic or material to the Company and those of significance to any of Company's key stakeholders.

By Order of the Board

DocuSigned by:

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Mr P J Doyle
Director

20 April 2023

Directors' report

The Directors present their report together with the audited financial statements of the Company for the Period ended 31 December 2022.

Dividends

During the Period, the Company paid no dividends.

Board of Directors

The names of the persons who served as Directors of the Company during the period 28 July 2021 to the date of this report are as follows:

Patrick J Doyle (appointed 23 December 2021)

David O'Reilly (appointed 28 July 2021)

Philippe Zell (appointed 28 July 2021)

Research and development

The Company incurred research and development expenditure including recharges from KBio Inc. amounting to US\$ 56.9m during the Period.

Employees

The average number of employees employed by the Company during the Period was nil.

Auditor

In accordance with Section 485 of the Act, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Directors' report, and the financial statements in accordance with applicable law and regulations.

Applicable law requires the Directors to prepare financial statements for each financial year. Under applicable law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard ("FRS") 101 *Reduced Disclosure Framework*.

Under applicable 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.

Directors' report (continued)

Statement of Directors' responsibilities (continued)

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 Act. 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.

Directors' declaration in relation to relevant audit information

Having made appropriate enquiries, each of the Directors who held office at the date of approval of this report confirms that:

- (a) to the best of their knowledge and belief, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) they have taken all steps that a Director might reasonably be expected to have taken in order to make themselves aware of 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 Section 418 of the Act.

By Order of the Board

DocuSigned by:

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Mr P J Doyle
Director

20 April 2023

Independent Auditor's Report to the members of KBio Holdings Limited

Opinion

We have audited the financial statements of KBio Holdings Limited ("the Company") for the period from its incorporation on 28 July 2021 to 31 December 2022 ("the period") which comprise the profit and loss account, statement of changes in equity, balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the period 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 Company's policies and procedures to prevent and detect fraud as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

Independent Auditor's Report to the members of KBio Holdings Limited (continued)

Identifying and responding to risks of material misstatement due to fraud (continued)

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. This included identifying journal entries to test based on certain risk criteria and testing those journal 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.

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.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone 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.

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.

Strategic report and directors' report

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

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the period 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.

We have nothing to report in these respects.

Independent Auditor's Report to the members of KBio Holdings Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on pages 4 and 5, 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.

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.

DocuSigned by:



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Oliver Briggs (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London. E14 5GL

Date:

Profit and loss account for the 17 month period ended 31 December 2022

Continuing operations	Note	US\$'000
Turnover		-
Other income		-
Other operating expenses	2	(58,345)
Operating loss		(58,345)
Interest receivable and similar income	3	935
Interest payable and similar expenses	4	(7,754)
Loss before taxation		(65,164)
Taxation	5	6,075
Loss for the financial period		(59,089)

There are no items of other comprehensive income other than the profit for the financial year and therefore no Statement of other comprehensive income has been prepared.

Statement of changes in equity for the 17 month period ended 31 December 2022


	Called up share capital	Profit and loss account	Total Equity
	US\$'000	US\$'000	US\$'000
Share capital issued	177,310	-	177,310
Loss for the 17 month period	-	(59,089)	(59,089)
31 December 2022	177,310	(59,089)	118,221

The accompanying notes are an integral part of the financial statements.

Balance sheet as at 31 December

	Note	2022 US\$'000
Fixed assets		
Intangible assets	6	16,778
Investments in Group undertakings	7	68,093
		84,871
Current assets		
Debtors: amounts falling due within one year	8	68,631
		68,631
Creditors: amounts falling due within one year	9	(35,281)
Net current assets		33,350
Total assets less liabilities		118,221
Capital and reserves		
Called up share capital	10 (a)	177,310
Profit and loss account	10 (b)	(59,089)
Total shareholder funds		118,221

The financial statements on pages 9 to 18 were approved by the Directors on 20 April 2023 and signed on behalf of the Board.

DocuSigned by:

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 Mr P. J Doyle
 Director

Registered number
 13534398

The accompanying notes are an integral part of the financial statements.

Notes to the financial statements for the 17 month period ended 31 December 2022

1 Accounting policies

Basis of accounting

The Company is incorporated, domiciled and registered in England in the UK. The registered number is 13534398 and the registered address is Globe House, 1 Water Street, London, WC2R 3LA.

The financial statements of the Company have been prepared in accordance with the Act and in accordance with FRS 101.

The Company has chosen to adopt an extended accounting period in the preparation of its first set of financial statements following its incorporation on 28 July 2021. The annual report and accounts therefore represents the financial performance of the Company for the 17 month period from the date of incorporation until 31 December 2022, and the financial position of the Company as at 31 December 2022.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards but makes amendments where necessary in order to comply with the Act and has taken advantage of certain disclosure exemptions available under FRS 101, including those relating to the preparation of a cash flow statement or disclosures regarding financial instruments and transactions with related parties.

The financial statements have been prepared on a going concern basis under historical cost convention. The Directors have at the time of approving these financial statements a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months following the signing of these accounts.

The preparation of the financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. The key estimates and assumptions are set out in the accounting policies below, together with the related notes to the accounts.

The critical accounting estimates include the review of the carrying values of intangible assets.

Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best judgment at the date of the financial statements. In the future, actual experience may deviate from these estimates and assumptions, which could affect the financial statements as the original estimates and assumptions are modified, as appropriate, in the year in which the circumstances change.

The Company is included in the consolidated financial statements of British American Tobacco p.l.c. which is incorporated in the United Kingdom and registered in England and Wales. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of Section 400 of the Act.

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

Foreign currencies

Until 30 June 2022, the functional currency of the Company was Sterling. During the period the functional currency was reassessed in light of the Company's strategy, transactions, events and conditions which resulted in the conclusion that the functional currency had changed to US Dollars. The effect of the change of functional currency has been applied prospectively, with effect from 1 July 2022. Transactions arising in currencies other than the Company's functional currency (Sterling up until 30 June 2022, US Dollars with effect from 1 July 2022) are translated at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities expressed in currencies other than US Dollars are translated at rates of exchange ruling at the end of the financial year.

Notes to the financial statements for the 17 month period ended 31 December 2022

1 Accounting policies (continued)

Operating expenses

Operating expenses are recorded in period they relate to and are generated in the normal business operations of the Company.

Income

Income is recognised in the profit and loss account when all contractual or other applicable conditions for recognition have been met.

Taxation

Taxation is that chargeable on the profits for the period, together with deferred taxation.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date.

Tax is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or changes in equity.

As a UK-resident wholly-owned subsidiary of the Group, the Company is eligible to surrender tax losses to, or claim tax losses from, fellow members of the same UK Group for the purposes of calculating corporation tax due in the UK ("Group Relief").

It is Group policy that tax losses are surrendered unless the Company generating the losses has a particular need to carry the loss forward and it is also Group policy not to reimburse companies for Group Relief surrendered unless, on a stand-alone basis and assuming the Company were not in the Group, these losses are judged to have value to the entity generating the loss.

Intangible assets

The intangible assets shown on the Company balance sheet consist mainly of Intellectual Property acquired from KBio Inc. and licensed assets.

Intangible assets are carried at cost less accumulated amortisation and impairments and are amortised on a straight-line basis over the periods ranging from ten to twenty years. Intangible assets in the course of construction are not amortised until the assets are ready for their intended use.

Investment in Group undertakings

Investments in Group undertakings are stated at cost, together with subsequent capital contributions, less provisions for impairment in value, where appropriate.

Dividends

Final dividend distributions to the Company's shareholder are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholder at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared and paid.

Notes to the financial statements for the 17 month period ended 31 December 2022

1 Accounting policies (continued)

Financial instruments

The Company's business model for managing financial assets is in accordance with the principles set out in the Group Treasury Manual which notes that the primary objective with regard to the management of cash and investments is to protect against the loss of principal. The majority of financial assets are held in order to collect contractual cash flows (typically loans and other receivables).

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party to such provisions. Such assets and liabilities are classified as current if they are expected to be realised or settled within 12 months after the balance sheet date. If not, they are classified as non-current.

Financial instruments are initially recognised at fair value plus directly attributable transaction costs where applicable. The Company's financial assets (amounts owed by Group undertakings) are subsequently carried at amortised cost. Non-derivative financial liabilities, including creditors, are subsequently carried at amortised cost using the effective interest method. Financial guarantees are initially recorded at fair value, and subsequently carried at this fair value less accumulated amortisation changes in their fair values are recognised in profit and loss.

Impairment of financial assets

Loss allowances for expected credit losses on financial assets which are held at amortised cost are recognised on initial recognition of the underlying asset. As permitted by IFRS 9 *Financial Instruments*, loss allowances on trade receivables arising from the recognition of revenue under IFRS 15 *Revenue from Contracts with Customers* are initially measured at an amount equal to lifetime expected losses. Allowances in respect of loans and other receivables (debtors) are initially recognised at an amount equal to 12-month expected credit losses. Allowances are measured at an amount equal to the lifetime expected credit losses where the credit risk on the receivables increases significantly after initial recognition.

Impairment of non-financial assets

Assets are reviewed for impairment whenever events indicate that the carrying amount of an asset may not be recoverable. In addition, assets that have indefinite useful lives are tested annually for impairment.

An impairment loss is recognised to the extent that the carrying value exceeds the higher of the asset's fair value less costs to sell and its value in use.

Notes to the financial statements for the 17 month period ended 31 December 2022

2 Other operating expenses

	US\$'000
Research and Development costs, including recharges from Subsidiaries and Associates	56,860
Amortisation of intangible assets	1,155
Staff Costs	1,145
Audit fees	72
Exchange losses/ (gains)	(887)
	58,345

There were no employees. Staff costs included above relate to Director emoluments that were incurred by KBio Inc and recharged to the Company.

Directors' Emoluments:

The aggregate emoluments of the Directors payable by the Company in respect of their services to the Company whilst Directors were:

	US\$'000
Aggregate emoluments	1,145

The above figures do not include Mr O'Reilly or Mr Zell, on the basis that they are paid for their services by other Group companies. The Company considers that there is no practical method to allocate a portion of the emoluments which the Directors received from their respective Group company employer for any qualifying services in respect of the Company, as these are considered to be incidental and part of the Director overall management responsibilities within the Group.

	Number
Directors exercising share options during the period	-
Directors entitled to receive shares under a long-term incentive scheme	1
Directors retirement benefits accruing under a defined benefit scheme	-
Directors retirement benefits accruing under a defined contribution scheme	1

As 31 December 2022, the Company had no annual commitments in respect of non-cancellable operating leases.

3 Interest receivable and similar income

	US\$'000
Interest receivable from Group undertakings	935
	935

4 Interest Payables and similar expenses

	US\$'000
Interest payables to Group undertakings	25
Exchange Losses	7,729
	7,754

Exchange losses principally comprise losses incurred on cash positions held in currencies other than the Company's functional currency.

Notes to the financial statements for the 17 month period ended 31 December 2022

5 Taxation

(a) Recognised in the profit and loss account

	US\$'000
<i>UK corporation tax</i>	
Current tax at 19%	6,075
<hr/>	
Double taxation relief	-
<hr/>	
<i>Foreign tax</i>	
Current tax on income for the period	-
Total current tax	-
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Total income tax income (note 5b)	6,075

(b) Factors affecting the taxation charge

The taxation charge for the year differs from the charge that would be expected based on the statutory 19% rate of corporation taxation in the UK. The major causes of this difference are listed below:

	US\$'000
Profit/(loss) for the period	(59,089)
Total tax credit	6,075
Profit/(loss) excluding taxation	(65,164)
<hr/>	
Tax using the UK corporation tax rate of 19%	(12,381)
Expenses not deductible	65
Group relief surrendered for less than the tax rate	6,241
Total tax credit for the period (note 5a)	(6,075)

The Company has not recognised deferred tax as there are no temporary differences.

The Company's tax losses for period ending 31 December 2022 will be surrendered to fellow Group subsidiaries on an arm's length basis with the value of the losses determined based on the likely benefit that the Company might have received had these losses not been surrendered, using discounted cash flow forecasts.

Notes to the financial statements for the 17 month period ended 31 December 2022

6 Intangible assets

Intangible assets include intellectual property acquired by the Company from its wholly owned subsidiary together with a license acquired by the Company from a third party.

	Total US\$'000
Cost	
28 July 2021	-
Additions	17,933
Disposals	-
31 December 2022	17,933
Accumulated amortisation	
28 July 2021	-
Charge for the period	(1,155)
Impairment charge	-
Disposals	-
31 December 2022	(1,155)
Net Book Value	
28 July 2021	-
31 December 2022	16,778

7 Investments in Group undertakings

The Company has the following investments:

	Share Class	Direct interest	Attributable Interest
(1) Shares in Group Undertakings			
Company			
United States			
<i>3700 Airpark Drive, Owensboro, KY 42301, United States</i>			
KBio Inc.	Ordinary	100.00	100.00
(2) Investments in Associate Undertakings			
Company			
United States			
<i>6160, Lusk Blvd, Suite C105, San Diego, CA 92121, United States</i>			
ZabBio, Inc.	Ordinary	49.00	49.00

Notes to the financial statements for the 17 month period ended 31 December 2022

7 Investments in Group undertakings (continued)

	Total US\$'000
Cost	
28 July 2021	-
Additions	68,093
31 December 2022	68,093
Impairment Provision	
28 July 2021	-
Charge for the period	-
31 December 2022	-
Net Book Value	
28 July 2021	-
31 December 2022	68,093

The Directors are of the opinion that the individual investments in the Group undertakings have a value not less than the amount at which they are shown in the balance sheet.

8 Debtors: amounts falling due within one year

	2022 US\$'000
Amounts owed by Group undertakings	68,365
Other debtors	203
Prepayments and accrued income	63
	68,631

Included within amounts owed by Group undertakings is an amount of \$62,290,000 which is unsecured, interest bearing and repayable on demand. The Company has amounts receivable from fellow Group subsidiaries where the variable interest rate is in accordance with the Group's intercompany lending agreements. During 2021, the standard lending agreements within the Group were revised to take account of global benchmark interest rate reform.

Amounts owed by Group undertakings also include the amount that is expected to be received for income tax losses that the Company plans to surrender.

9 Creditors: amounts falling due within one year

	2022 US\$'000
Amounts owed to Group undertakings	35,093
Trade creditors	80
Accruals and deferred income	108
	35,281

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

Notes to the financial statements for the 17 month period ended 31 December 2022

10 Capital and Reserves

(a) Called up share capital

Ordinary shares of GBP1.00 each	2022
Allotted, called up and fully paid	
- value	US\$177,309,700
- number	146,001,000

(b) Profit and loss account

The profit and loss account represents all current period profit and losses

11 Related party disclosures

As a wholly owned subsidiary the Company has taken advantage of the exemption under FRS 101 from disclosing transactions with other subsidiary undertakings of the Group.

12 Parent undertakings

The Company's ultimate parent undertaking and ultimate controlling party is British American Tobacco p.l.c. being incorporated in the United Kingdom and registered in England and Wales. The Company's immediate parent undertaking is Nicoventures Holdings Limited. Group financial statements are prepared only at Group level and may be obtained from:

The Company Secretary
Globe House
4 Temple Place
London
WC2R 3LA