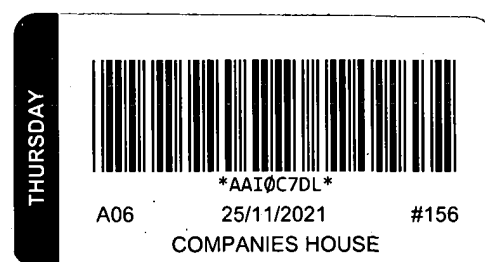


Sojitz Europe Plc

Annual report and financial statements

Registered number 02753531

31 March 2021



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Strategic Report

The directors present their strategic report of Sojitz Europe Plc (“the Company”) for the year ended 31 March 2021.

Principal activities

The Company acts as an international trader, dealing primarily as principal and in substance as agent in a broad range of products and services including machinery, automotive, chemicals, plastics, shipping and foodstuffs. The Company also provides finance and other services related to this trading. The Company also has a portfolio of equity accounted investments over which the company either exercises significant influence or has a joint control.

A majority of the Company’s transactions are with third parties. The Company also has material transactions with Sojitz Corporation in Japan, the ultimate parent company and other affiliated companies of the Sojitz Group.

Business review

The Company’s operations to date have seen some direct impact from the Covid-19 pandemic as detailed below, and we have focused on implementing measures to ensure the safety of our employees and contractors, the integrity of our operational facilities and to prepare the business to face potential challenges that emerge. The potential impacts were assessed and have resulted in lower demand for automotive products. The actions implemented to mitigate the risks associated with the Covid-19 pandemic are set out on pages 2-3. The Company has a strong operational and financial capacity to withstand the challenges faced by the COVID-19 pandemic.

The Board are enormously proud of the professionalism, dedication and energy that all our employees in the region have demonstrated as they helped ensure the company’s operations continued uninterrupted – all the while managing their own, at times extremely difficult, situations at home. On behalf of the Board, I would like to express my deepest thanks to them all for the exceptional way they are responded to these most challenging circumstances.

The company’s key performance indicators include revenue and profit after tax.

Revenue for the year ended 31 March 2021 amounted to £177.011m (2020: £189.763m) and gross profit percentage was 10.85% (2020: 10.66%). Current year results were adversely affected by a number of factors, including the appreciation of sterling against the dollar and the Euro, and continued volatility in commodity markets. These factors were partly mitigated by lower reported operating expenses, especially travel costs.

The Company’s profit for the year after taxation amounted to £1,118,000 (2020: loss of £806,000). The prior year results included additional provisions of £1.152m against the value of loans receivable from fellow subsidiary undertaking Sojitz Energy Development Limited and an impairment charge of £1.538m against the value of its investment in its subsidiary undertaking, Sojitz Middle East FZE. Both these costs are included within Amounts written off investments and were non-recurring.

The Company’s share of profit in associated undertakings was £0.088m in the current year (2020: £1.857m). The decrease was primarily due to the deterioration in the results of Nano Automotive SL (“Nano”) – loss of £1.875m (2020: loss £0.3m). In 2019, Nano suffered a decrease in orders from its main client (which represents around 70% of sales), caused by the slowdown in the automotive sector worldwide. During 2020, this situation was aggravated by the Covid 19 crisis. Nano suffered a significant decrease in production between March and October 2020. As a direct result of these factors, and after careful evaluation, the Company took the decision to sell its 34.88% shareholding in Nano Automotive SL at net asset value as at 31st December 2020. The effective date of the transfer was 12th May 2021. The Company’s share of other comprehensive income in equity accounted entities resulted in a positive net movement of £1.064m for the year in other reserves. Other reserves currently show a net debit balance of £1,053m (2020: debit balance of £2.156m). Details of all equity accounted entities can be found in Note 13 of these financial statements.

The Company recorded loan repayments from a fellow subsidiary undertaking during the year, which resulted in a reduction in interest income. As the majority of these loan repayments were used to reduce borrowings, interest expense also showed a fell significantly.

Strategic report (continued)

The Company is aiming to improve earnings in the next financial year and by expanding trading business within the Chemicals and Foodstuffs & Agriculture divisions, achieve synergies by collaborating with our partners and explore new investment opportunities with them and by undertaking radical cost reductions.

The financial position of the Company is sound, and the balance sheet remains strong with net assets of £109,483,000 (2020: £107,496,000).

Principal risks and uncertainties

The Company faces a range of risks and uncertainties. The Company remains committed to reinforcing and enhancing risk management systems to address wide-ranging business risks where possible. The Company recognises that a unified and integrated approach across the company is critical to comprehensive risk management. This also entails quantifying and monitoring risk on an ongoing basis as a vital element of management.

In addition, the Company has considered the impact of Japan's Financial Instruments Exchange Law, which requires management to provide an assessment of its internal control over its financial reporting and obtain an auditor's opinion on management's assessment. The regulation, commonly referred to as "J-SOX", is applicable to companies that are publicly registered on Japanese stock exchanges. The law introduces strict rules for the internal control of financial reporting in order to protect investors by improving the accuracy and reliability of corporate disclosures. However, a number of these risks and uncertainties remain outside of the control of the directors. Detailed below are those specific risks and uncertainties that could have the most significant impact on the Company's long-term performance. The risks and uncertainties described below are not intended to be exhaustive.

UK withdrawal from the European Union

The UK left the EU on 31 January 2020 and entered a transition period until 31 December 2020. A Trade and Cooperation Agreement between the EU and the UK was agreed on 24 December 2020 and ratified by the UK on 30 December 2020. The deal mainly focused on goods and services but also covered a wide range of other areas, including competition, state aid, tax, fisheries, transport, data and security. The Company is committed to understanding what the change in the relationship between the UK and the EU means for the company. This includes assessments of the impact on customer demand and profitability, as well as supply chains, taxes and regulation, financing, movement of people, contracts and market access, and has put in place measures to ensure compliance and minimise any risks.

Sojitz Corporation is assessing the feasibility of reorganising its regional subsidiaries including the Company and its operations within Europe to deal with the effects of Brexit. One of the options being considered would involve the transfer of the trading business from the Company to newly established entities within the European Union (EU).

Risk arising from COVID-19 pandemic

There continues to be global economic uncertainty in the markets where the Company operates, as a result of COVID-19 outbreak. The speed at which countries and territories will be able to unwind the government support measures and restrictions and return to pre-Covid-19 economic levels will vary based on the levels of infection, local governmental decisions and access to and ability to roll out vaccines. Whether or not there will be further lockdowns this year is impossible to predict. As the situation is fluid and rapidly evolving, the Company continues to actively monitor and manage its operations to minimise any potential impact. The Company does not expect to be materially affected by these developments as outlined below:

Government protection

The UK Government has announced the below support packages to companies in the UK, which are also available to the Company:

- Coronavirus Job Retention Scheme
- Deferral of VAT and Corporation Tax Self-Assessment payments on account
- Statutory Sick Pay rebate
- Coronavirus Large Business Interruption Loan Scheme

The Company has not relied upon any of the above support packages as its business continues to operate normally.

Strategic report (continued)

Customers

The Company's customers continue to trade and have access to our products by taking or receiving products as usual. To minimise any potential impact from lower demand, the Company has been in regular contact with main customers and closely monitoring the situation in the market and has been developing a diverse customer base in its main markets.

The Company has not faced any issues regarding its receivables due to COVID-19. Customers have been paying as per the contractual due dates. The Company manages its credit risk as per the Sojitz Group Credit Risk guidelines and minimises credit risk by ensuring that all potential third-party counterparties are assessed prior to registration and entering into new contracts. Existing third-party counterparties are also subject to regular reviews, including re-appraisal and approval of granted limits. These limits are reviewed when there is a change in market environment. Before entering into any new deal with customers, the Company reviews the current credit limit. Therefore, changes in market environment due to COVID-19 will be carefully monitored to assess any potential adverse impact on the Company in terms of credit risk.

Supply chain

The Company's suppliers continue to operate and have no restrictions in delivering products purchased by the Company. The Company has a diverse base of suppliers and their ability to supply has not been significantly impacted by COVID-19. Therefore, there is a minimal potential risk of supply chain disruption for the Company arising from current market conditions. In addition, there has been no disruption to Company's trading operations from the service providers such as freight/shipping, inspection, and other relevant services.

Employees

The Company's employees have been working from home since 13 March 2020. All employees can work from home without any restrictions or interruptions and have been delivering their duties without any issues or delays. The Company can continue for an undefined period of time with employees working remotely. The business does not have a reduced workforce and school closures have not impacted the employees' deliverables.

Financing

The Company's ability to obtain financing has not been impacted by COVID-19. The company obtains finance from its fellow subsidiary undertaking Sojitz Global Finance Plc. In addition, the Company's banks confirmed their readiness to support the Company with its financing needs as per the existing facilities.

Investments

The Company's Associates and Joint venture, with the exception of Nano Automotive SL ("Nano"), have not been adversely impacted by COVID-19. The factors affecting Nano and the Company's decision to sell the investment are explained in more detail in the Business review on Page 1 and the Subsequent Events Review note on page 52. Increased demand for packing products boosted the results of Biaxis OY Ltd and Solvadis Deutschland GmbH. The Irish windfarm continued to operate without interruption while the Yunlin offshore windfarm in Taiwan is still under construction.

Brand reputation

The strong reputation and loyalty engendered by the Company's brand is a core part of the value of the business. Any damage to the brand caused by a single event or series of events could have a material impact on supplier and customer relationships and so adversely affect its business.

Engaging with stakeholders

Effective and high-quality engagement with stakeholders is vital for the success of the company. Therefore, the Company regularly engages with employees, customers, suppliers, shareholders, and other relevant stakeholders. Effective engagement with key stakeholders enables two-way dialogue: stakeholders are informed on a regular basis on the Company's key activities and strategies which may potentially impact them, and the Company obtains valuable information from key stakeholders which helps to shape company's plans and strategies to ensure sustainability and future growth of the Company

Strategic report (continued)

Senior leaders of the Company regularly participate in face to face meetings with clients, industry events and conferences. By carefully listening to the concerns of key stakeholders, the Company could successfully deliver bespoke solutions to its customers and improve the way it works with its customers, which serves as an invaluable differentiating factor in the competitive market.

Global economic downturn

The Company's operations are particularly sensitive to changes in economic conditions in the markets in which it operates. A global economic downturn may adversely affect the demand for the services provided by the Company which could result in a material adverse impact on the Company's financial performance.

The Company continues to face strong competition within its traditional markets. Currency fluctuations, interest rate volatility, commodity market conditions, stock prices, credit risk relating to non-payment and collection are also causes of concern for the Company.

As the Company is dealing with multiple currencies, the exchange risk is hedged by booking foreign exchange contracts.

Anti-Corruption and anti-bribery

The Sojitz Group has an anti-bribery framework in place. The Group's attitude to bribery and corruption is set out in the Sojitz Group Anti-Corruption Policy and the Sojitz Group Code of Conduct and Ethics. All employees, directors and officers of Sojitz Group Companies are expected to follow these standards of conduct and comply with all applicable anti-bribery and anti-corruption laws in every country in which we operate. The Company's Compliance Committee is in place to monitor compliance with laws and regulations and to monitor the effectiveness of the anti-corruption framework, policies and procedures.

Streamlined Energy and Carbon Report (SECR)

SECR Energy Use and Carbon Emissions Disclosure

Sojitz Europe plc is classified as a large unquoted company due to its size of turnover and balance sheet. The Company is therefore responsible for in line with the requirements of the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013 and latest 2018 regulations to disclose its energy use and greenhouse gas emissions.

tCO ₂ e	2021	2020	% Change
Electricity	31.19	33.62	-7.8%
Gas	-	-	
Transport Fuels			
Gross Annual Total	31.19	33.62	-7.8%
Intensity Metric (floor area in sqm)	1,043	1,043	
Total TCO ₂ e/sqm	0.0299	0.0322	-7.8%
Qualifying Green Tariffs	21.41	21.40	
Net Annual Total	9.78	33.62	-243.8%

Table 1: Primary Statement (GHG emissions) for Financial Year ending 31st March 2021.

Strategic report (continued)

The above reported carbon emissions translate to Scope 1, 2 and 3 emissions as follows:

tCO ₂ e	2021	2020	% Change
Scope 1			
Scope 2 (location based)	31.19	33.62	7.2%
Scope 2 (market based)	9.78	33.62	70.9%
Scope 3	-	-	
Total (location based)	31.19	33.62	7.2%
Total (market based)	9.78	33.62	70.9%

Table 2: Greenhouse Gas Emissions for Financial Year ending 31st March 2021

* transport fuel consumption and mains gas included; no fugitive emissions recorded

kWh	2021	2020	% Change
Electricity	133,771	131,521	1.7%
Gas	-	-	
Transport Fuels	-	-	
Gross Annual Total	133,771	131,521	1.7%

Table 3: Primary Energy Statement (kWh) for Financial Year ending 31st March 2021

Baseline Year

This is the second year of GHG reporting and is aligned with the financial year, 01/04/2020 to 31/03/2021. The first year of reporting, 2019-20, forms the baseline year and total carbon emissions have reduced by 7.8% (location based).

Targets

Sojitz Europe plc have not developed any carbon targets for the current reporting period.

Intensity Measurement

The intensity metric chosen is net lettable floor area as at Financial Year ending 31st March 2021. This was chosen as the most suitable metric as the organisation's carbon emissions are closely linked to floor area, as all activities are undertaken from a single leased office, located in central London.

Carbon Offset

Sojitz Europe plc have no qualifying carbon offsets during this financial period. The majority of electricity that Sojitz Europe plc procured in this financial year was REGO backed, hence market based emissions are relatively small and a significant change compared to the baseline year.

Energy Efficiency Narrative

This years' reporting period was expected to have been significantly impacted by the Covid-19 situation which has reduced occupation of buildings since March 2020. This proved not to be the case. The Company uses motion sensors to control the lighting in the office. Faults with these sensors resulted in higher overall usage. The Covid-19 situation has also impacted on energy efficiency measures that the organisation had sought to implement during this financial year.

An energy and BMS optimisation audit have been recently completed and waiting for the report to be received. During Q3 2020, the first TM44 air conditioning inspection was undertaken. Plant run times are continually reviewed to

Strategic report (continued)

understand if any reduction in run hours is possible, but with the HVAC requirements during Covid, any reductions have been negligible against the plant running to maintain adequate ventilation.

The surveys and associated reports completed as part of Phase 2 ESOS should provide a route map for which energy conservation measures can be implemented cost effectively. To reduce energy consumption, cost and carbon emissions, Sojitz Europe plc is encouraged to continue their existing good work and implement further energy conservation measures in the next 12-month period, and as the changing Covid-19 situation allows.

Footnotes

Sojitz Europe plc has chosen operational control as the consolidation approach and the boundary includes all entities and facilities either owned or under our operational control that are within the UK.

The methodology used to calculate the CO₂e emissions is the Operational Control approach on reporting boundaries as well as utilising the carbon emissions methodology as defined by the World Resources Institute/World Business Council for Sustainable Development (WRI/WBCSD) Greenhouse Gas Protocol (GHG): A Corporate Accounting and Reporting Standard, Revised Edition. Emissions factor data source: BEIS 2020 conversion factors <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-20>.

Reporting covers electricity, gas and transport fuel consumption within the UK as required by Environmental Reporting Guidelines for non-quoted companies as defined in The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Future prospects

The directors are confident that the Company is soundly placed to continue its current trading activities and will continue to explore and promote new areas and more global activities.

By order of the board



S. Takahama

Director

19 November 2021

Directors' report

The directors present their annual report and the financial statements for the year ended 31 March 2021.

Proposed dividend

An interim dividend of £234,597 was declared and paid during the year (2020: £546,000). No dividend has been declared since the year end.

Branches

During the year and at the year-end, the Company operated branches outside the UK in Austria (established on 29th October 2020) France, Germany, Italy, Spain and Turkey.

Directors

The directors who held office during the year or who have been appointed since were as follows:

S. Takahama		
S. Nishihara	Resigned	1 April 2020
T. Sakai		
S. Tanaka	Appointed	1 April 2020

The Company did not provide qualifying third-party indemnity provisions to its directors during the year (2020: £nil).

Political and charitable contributions

The Company made no political donations in the year (2020: £nil). The charitable donations in the year were £700 (2020: £2,300).

Going concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

Sojitz Europe Plc ("the Company") acts as the European Regional Headquarters for the Sojitz Group (being the group headed by Sojitz Corporation). The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Sojitz Corporation is assessing the feasibility of reorganising its regional subsidiaries including the Company and its operations within Europe to deal with the effects of Brexit. One of the options being considered would involve the transfer of the trading business from the Company to newly established entities within the European Union (EU).

The directors are currently working with external advisors to formulate a plan in relation to the proposed restructuring. Once the plan is finalised, it will be submitted to the ultimate parent undertaking, Sojitz Corporation for consideration and approval. If the plan is approved, it will then be implemented, and the assets and liabilities of the Company will be transferred to new entities within the EU and the Company will cease trading. As at the date of signing of these financial statements, the plan has not been approved by Sojitz Corporation and it is uncertain whether this plan will proceed.

If the plan does not proceed the Company will continue to trade and based on the cash flow forecasts the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and, as the likelihood of the plan proceeding is currently unknown, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

However, the ability of the Company to continue to trade is dependent on Sojitz Corporation's potential plan to transfer the trade of the Company not proceeding and so the directors have concluded that this represents a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Engaging with stakeholders

The directors regularly and actively engaged with the Company's employees, customers, suppliers, shareholders, and other relevant stakeholders to understand relevant stakeholder views. This is to ensure that all decision making is sufficiently informed and is supportive of directors' duties under Section 172 of Companies Act 2006. Further details on how Company's

Directors' report *(continued)*

relationships with stakeholders, shapes and influences strategic consideration around issues material to them can be found in the Strategic Report on pages 1 to 6.

Employees

The Company regards its employees as its most valued asset and puts great emphasis on the wellbeing and morale of the employees. Regular engagement with employees helps the Company understand the areas of importance with regards to the working environment and Company culture.

The Company updates its intranet website EAGLE and the Group updates the Sojitz Corporation website during the year. Through these, employees can access information, updates and articles about the Company and the Group, undertake e-learning courses manage performance and appraisal matters, and can give and receive feedback and recognition to and from colleagues.

Customers and suppliers

The Company, its Directors and relevant business personnel proactively and continuously engage with its customers and suppliers through both face-to-face meetings and digital platforms. Business trips to office locations of key customers and suppliers ensure loyalty and expansion of the Company's business relationships. Directors also regularly participate in industry events to meet new customers and suppliers and foster new business relationships.

Shareholders

The Company regularly engages with its shareholder, Sojitz Corporation, with representation at the shareholder's board of director's meetings, providing regular updates on business performance, strategies and plans for future years, as well as participating in other regular meetings at the Sojitz Corporation headquarters in Tokyo.

Other stakeholders

The Company also regularly engages with its bankers, government agencies and service providers to provide them with the required regulatory information to comply with laws and regulations. The Company also aims to establish and maintain transparent, collaborative and professional relationships with tax authorities and regulators. The Company expects the highest standards of integrity from our officers and employees and seeks to comply with relevant legislation and regulations in the countries in which we operate. Further details are contained in the Tax Strategy of Sojitz UK Companies, which can be found on the Company's website www.europe.sojitz.com.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

By order of the board



S. Takahama
Director

7th Floor
8, Finsbury Circus
London EC2M 7EA

19 November 2021

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

The directors are responsible for preparing the Strategic Report, the Directors' 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 SOJITZ EUROPE PLC

Opinion

We have audited the financial statements of Sojitz Europe plc ("the Company") for the year ended 31 March 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 March 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.

Material uncertainty related to going concern

We draw attention to note 1.2 to the financial statements which indicates that the Company's ultimate parent, Sojitz Corporation, is considering reorganising its regional subsidiaries within Europe which may lead to the transfer of the trading business of the Company to newly established companies in Europe. These events and conditions, along with the other matters explained in note 1.2, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Based on our financial statements audit work, we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Company to full scope component audit teams of relevant fraud risks identified at the Company level and request to full scope component audit teams to report to the audit team any instances of fraud that could give rise to a material misstatement in the Company.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOJITZ EUROPE PLC *(continued)*

and the risk of fraudulent revenue recognition. We address the risk that revenue is recorded in the wrong period and the risk that component and branch management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls

We performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included unusual revenue journal combinations, unusual cash journal combinations, journals containing specific key words, and journals posted close to the period end or post-closing (which included those to revenue).

Identifying and responding to risks of material misstatement due to non-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.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Company to full-scope component audit teams of relevant laws and regulations identified at the Company level, and a request for full scope component auditors to report to the Company audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at a Company level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, 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.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of Company legislation recognising the financial nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOJITZ EUROPE PLC *(continued)*

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 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, 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

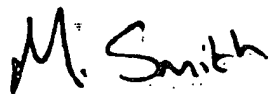
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOJITZ EUROPE PLC (*continued*)

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.



Mark Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
58 Clarendon Road
Watford
WD17 1DE
22/11/2021

Profit and Loss Account and Other Comprehensive Income
for year ended 31 March 2021

	Notes	2021	2020
		£000	£000
Turnover	2	177,011	189,763
Cost of sales		(157,805)	(169,524)
Gross profit		19,206	20,239
Administrative expenses	4	(23,271)	(27,927)
Other operating income	3	3,698	3,738
Operating loss		(367)	(3,950)
Share of profit in associated undertakings	13	88	1,857
Profit on sale of fixed assets		11	9
Income from other fixed asset investments	7	41	67
Amounts written-off investments		(19)	(2,679)
Other interest receivable and similar income	8	2,562	6,665
Interest payable and similar charges	9	(532)	(2,311)
(Loss) / profit on ordinary activities before taxation		1,784	(342)
Tax charge on ordinary activities	10	(666)	(464)
(Loss) / profit for the financial year		1,118	(806)
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Change in fair value of investments classified as available-for-sale		(7)	20
Share of OCI in associated undertaking	13	104	(440)
Share of OCI in associated undertaking (Foreign currency translation differences)	13	1,173	(5,525)
Foreign currency translations differences		(169)	(588)
Other OCI movement		-	447
Related tax		2	(6)
Other comprehensive income / (loss) for the year, net of income tax		1,103	(6,092)
Total comprehensive income / (loss) for the year		2,221	(6,898)

The notes on pages 17 to 53 form part of these financial statements.

All results disclosed are derived from continuing operations.

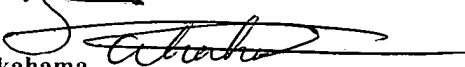
Balance Sheet

at 31 March 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	11	245	350
Tangible assets	12	947	1,358
Right-of-use assets	22	7,642	9,980
Investments	13	58,217	49,137
		67,051	60,825
Current assets			
Stocks	14	12,781	15,172
Debtors – due within one year	15	88,122	124,201
– due after one year	15	37,463	41,259
Derivative assets		5,016	1,293
Cash at bank and in hand		15,118	9,838
Assets held for sale	26	2,845	-
		161,345	191,763
Creditors: amounts falling due within one year	16	(71,516)	(98,253)
Derivative liabilities		(3,312)	(3,558)
		(74,828)	(101,811)
Net current assets		86,517	89,952
Total assets less current liabilities		153,568	150,777
Creditors: amounts falling due after more than one year	16	(43,574)	(42,767)
Provision for liabilities and charges			
Deferred tax liability	18	(59)	(61)
Other provisions	19	(452)	(453)
Net assets		109,483	107,496
Capital and reserves			
Called up share capital	21	103,980	103,980
Reserves		(1,053)	(2,156)
Profit and loss account		6,556	5,672
Shareholders' funds		109,483	107,496

The notes on pages 17 to 53 form part of these financial statements.

These financial statements were approved by the board of directors on 19 November 2021 and were signed on its behalf by:


S. Takahama
Director

Company registered number: 02753531

Statement of Changes in Equity
for year ended 31 March 2021

	Called up share Capital	Fair value reserves	Other reserves	Translation Reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2019	150,479	116	(538)	4,805	6,577	161,439
Total comprehensive income for the year						
Loss for the financial year	-	-	-	-	(806)	(806)
Other comprehensive income	-	14	(440)	(6,113)	447	(6,092)
Other comprehensive income	-	14	(440)	(6,113)	(359)	(6,898)
Issue of ordinary shares	4,501	-	-	-	-	4,501
Capital reduction	(51,000)	-	-	-	-	(51,000)
Dividends	-	-	-	-	(546)	(546)
Balance at 31 March 2020	103,980	130	(978)	(1,308)	5,672	107,496
Balance at 1 April 2020	103,980	130	(978)	(1,308)	5,672	107,496
Total comprehensive income for the year						
Profit for the financial year	-	-	-	-	1,118	1,118
Other comprehensive income	-	(5)	104	1,004	-	1,103
Total comprehensive income for the year	-	(5)	104	1,004	1,118	2,221
Issue of Ordinary shares	-	-	-	-	-	-
Capital Reduction	-	-	-	-	-	-
Dividends	-	-	-	-	(234)	(234)
Balance at 31 March 2021	103,980	125	(874)	(304)	6,556	109,483

The notes on pages 17 to 53 form part of these financial statements.

Notes

(Forming part of the financial statements)

1 Accounting policies

Sojitz Europe Plc (the “Company”) is a company incorporated, domiciled and registered in England in the UK. The registered number is 02753531 and the registered address is 7th Floor, No 8 Finsbury Circus, London, EC2M 7EA.

The Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company’s ultimate parent undertaking, Sojitz Corporation, includes the Company in its consolidated financial statements. The consolidated financial statements of Sojitz Corporation are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 1-1 Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo 100-8691, Japan.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible 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.

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

- The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

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

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified as fair value through the profit or loss or as available-for-sale. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

Sojitz Europe Plc (“the Company”) acts as the European Regional Headquarters for the Sojitz Group (being the group headed by Sojitz Corporation). The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Sojitz Corporation is assessing the feasibility of reorganising its regional subsidiaries including the Company and its operations within Europe to deal with the effects of Brexit. One of the options being considered would involve the transfer of the trading business from the Company to newly established entities within the European Union (EU).

The directors are currently working with external advisors to formulate a plan in relation to the proposed restructuring. Once the plan is finalised, it will be submitted to the ultimate parent undertaking, Sojitz Corporation for consideration and approval. If the plan is approved, it will then be implemented, the assets and liabilities of the Company will be transferred to new entities within the EU and the Company will cease trading. As at the date of signing of these financial statements, the plan has not been approved by Sojitz Corporation and it is uncertain whether this plan will proceed.

If the plan does not proceed the Company will continue to trade and based on the cash flow forecasts the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and, as the likelihood of the plan proceeding is currently unknown, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

However, the ability of the Company to continue to trade is dependent on Sojitz Corporation’s potential plan to transfer the trade of the Company not proceeding and so the directors have concluded that this represents a material uncertainty related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern and, therefore, that the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company’s functional currency at the 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 ruling 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 except for differences arising on the retranslation of qualifying cash flow hedges which are recognised in other comprehensive income.

1.4 Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through profit and loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Notes (continued)

1 Accounting policies (continued)

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through OCI (“FVOCI”) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Cash and cash equivalents

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

Notes (continued)

1 Accounting policies (continued)

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Intra-group financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Investment in equity securities

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. Investments in subsidiaries are carried at cost less impairment.

Notes (continued)

1 Accounting policies (continued)

Joint Arrangements

A joint arrangement is an arrangement over which the Company and one or more third parties have joint control. These joint arrangement are in turn classified as:

- Joint ventures whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities; and
- Joint operations whereby the Company has rights to the assets and obligations for the liabilities relating to the arrangement.

Associates

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Conversely, it is presumed that significant influence does not exist with a holding of less than 20 percent. These presumptions may be overcome if an ability, or lack of ability, to exercise significant influence is clearly demonstrated.

When assessing whether voting rights give rise to significant influence, the following qualitative factors are also considered:

- representation on the board of directors or equivalent governing body of the investee;
- participation in the investee's policy-making processes;
- material transactions between the investor and the investee;
- an interchange of managerial personnel; or
- provision of essential technical information.

Application of the equity method to associates and joint ventures

Associates and joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Company's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Company's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Company's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of an investee.

Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

Notes (continued)

1 Accounting policies (continued)

When the forecast transaction subsequently results in the recognition of a non-financial item (including a non-financial item that becomes a firm commitment for which fair value hedge accounting is applied – see below), the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability.

For all other hedged forecast transactions, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged expected future cash flows affects profit or loss.

When the hedging instrument is sold, expires, is terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the income statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on re-measurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

On the discontinuance of hedge accounting, any adjustment made to the carrying amount of the hedged item as a consequence of the fair value hedge relationship, is recognised in the income statement over the remaining life of the hedged item.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Freehold buildings	-	2%
Furniture, fittings and computer equipment	-	20%-33%
Motor vehicles	-	15%-20%
Leasehold property	-	life of lease

No depreciation is provided on freehold land. Freehold property includes both freehold land and buildings.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Notes (continued)

1 Accounting policies (continued)

1.6 Intangible assets, goodwill and negative goodwill

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred. Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of the intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use.

1.7 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost.

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost means expenditure incurred in bringing each product to its present location and condition (including transport costs). Net realisable value is based on the estimated normal selling price less further costs expected to be incurred prior to disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

1.9 Impairment

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. The Company measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, other debt securities for which credit risk has not increased significantly since initial recognition and finance lease receivables, which are measured as 12-month expected credit loss.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Notes (continued)

1 Accounting policies (continued)

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

1.10 Employee benefits

Defined contribution plans

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in independently administered funds. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

1.11 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.12 Turnover

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when or as it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset. Details of the revenue recognition policies are disclosed in Note 2.

1.13 Expenses

Operating lease payments (not included in the measurement of the lease liability in accordance with IFRS16)

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.14 Taxation

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

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

Notes (continued)

1 Accounting policies (continued)

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided

for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.15 Leases

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Notes (continued)

1 Accounting policies (continued)

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the Company as a lessor in the comparative period under IAS 17 were not different from IFRS 16.

1.16 Non-current assets held for sale and discontinued operations

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to stocks, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Company's accounting policies. Intangible assets and tangible fixed assets once classified as held for sale or distribution are not amortised or depreciated.

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale [or held for distribution]. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale [or held for distribution], if earlier. When an operation is classified as a discontinued operation, the comparative profit and loss account is restated as if the operation has been discontinued from the start of the comparative period.

Notes (continued)

2 Turnover

	2021 £000	2020 £000
Revenue from contracts with customers	177,011	189,763
	<u>177,011</u>	<u>189,763</u>

Revenue Streams

The Company generates revenue primarily from marketing and trading of the products in various segments. The application of IFRS 15 Revenue from Contracts with Customers does not have material impact on the Company. The Company have the following main revenue streams:

Automotive

Sale of automotive and motorcycle parts to third parties, mostly in Europe. The Company acts as principal in direct delivery transactions. The full sales revenue is recognised on Company's financial statements for these transactions. In case of consignment stock businesses, the Company acts as an agent, and only the net margin is recognized as revenue.

Machinery and Medical Infrastructure

Supply of bearing parts to group a fellow subsidiary undertaking in Spain, the supply of machinery parts within Europe and from Europe to Japan. Approximately 80% of divisions revenue is generated where the Company acts as principal. The balance of revenue is derived from transactions in which the Company acts as agent and only net margin is recognized.

Chemicals

This is the largest division of the Company by revenue, equally generated from two main departments, Chemicals and Plastics. The main business within Chemicals is the supply of solvents to Turkey (gross transaction), while the remaining Chemicals business is generated from direct supply from Asia or US to third parties in Europe and Russia or from Europe to group Companies in Japan. Plastics business (mainly flexible packaging) is in a large part a stock business, either owned by the Company or held as consignment stock at customer's site. The main market is Europe. For Chemicals the Company acts as principal, therefore full sales revenue is recognized in the financial statements.

Foods & Agriculture

Main business centres are the Paris and London branches. The main business transactions are the sale of frozen fish, dried fruits, rice, dairy products and organic food to third parties. In this business the Company mainly acts as principal, with full sales revenue fully recognized in the financial statements.

Energy and Social infrastructure

The revenue in Energy division is mainly generated by the Paris branch. The main activity consists of studies and projects commissioned by the Company and sold to a group company in Japan relating to nuclear energy. In these transactions, the Company acts as an agent, with only net margin being recognized as revenue. The Company also has investments in "green Energy" projects in particular wind power companies.

Aerospace and Transportation

The main activity of this division is related to marine and railways, with decreasing relevance since the transfer of the marine business to a fellow subsidiary undertaking. Customers are all third parties and where the Company acts as principal revenue accounts for 80% of total divisional revenue.

Notes (continued)

2 Turnover (continued)

Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by primary geographical markets, major products/services lines and timing of revenue recognition:

	2021 £000	2020 £000
Primary geographical markets		
Europe	120,338	125,319
Asia	48,389	47,324
ROW	8,284	17,120
	<hr/> 177,011 <hr/>	<hr/> 189,763 <hr/>
	2021 £000	2020 £000
Major products/services lines		
Automotive	10,384	9,860
Machinery & Medical Infrastructure	8,123	13,548
Aerospace & Transportation	727	1,244
Energy & Social Infrastructure	1,880	1,237
Metals & Mineral Resources	120	358
Chemicals	150,480	156,656
Foods & Agriculture	5,174	6,680
Retail and Lifestyle	67	127
Other	56	53
	<hr/> 177,011 <hr/>	<hr/> 189,763 <hr/>
	2021 £000	2020 £000
Timing of revenue recognition		
Products transferred at a point in time	177,011	189,763
	<hr/> 177,011 <hr/>	<hr/> 189,763 <hr/>

All revenue is recognised at a point in time.

Notes (continued)

2 Turnover (continued)

Contract balances

The following table provides information about receivables, payables to customers, contracts assets and contracts liabilities from contracts with customers:

	2021 £000	2020 £000
Trade receivables (Note 15)	93,112	86,352
Contract liabilities (Note 16)	(1,828)	(1,261)
	<u>91,284</u>	<u>85,091</u>

Nature, timing and satisfaction of performance obligations and significant payment terms

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises the revenue at a time when it transfers the control over a good or service to a customer. This revenue recognition criteria applies to all revenue streams of the Company. Control over a product or service is passed to a customer according to the contract terms (based on Incoterms):

Notes (continued)

2 Turnover (continued)

Stream	Incoterms	Timing of recognition or method used to recognise revenue	Significant payment terms
Automotive	<ul style="list-style-type: none"> ▪ CIF ▪ DDP 	Depending on Incoterms specified in sales agreements, revenue is recognised when the Company delivers the products on board the vessel nominated by the customer at the loading port specified in the contract or when Company delivers the products to a destination point specified in the contract	Depending on terms specified in sales agreement, payment for the products supplied shall be made between 60 and 90 days of notice of delivery to destination point specified in the contract.
Machinery & Medical Infrastructure	<ul style="list-style-type: none"> ▪ DAP ▪ DDP 	Depending on Incoterms specified in sales agreements, revenue is recognised when the Company delivers the products to the named port and are ready for unloading by the buyer or when Company delivers the products to a destination point specified in the contract	Depending on terms specified in sales agreement, payment terms for the products supplied can range from advance settlement to 90 days from Notice of Readiness or notice of delivery to destination point specified in the contract.
Aerospace & Transportation	<ul style="list-style-type: none"> ▪ CPT 	Revenue is recognised when the Company delivers the products to the first carrier for shipment from the export country	Payment for products supplied shall be made within 60 days from notice of delivery to the first carrier for shipment from export country.
Energy & Social Infrastructure	<ul style="list-style-type: none"> ▪ CPT 	Revenue is recognised when the Company delivers the products to the first carrier for shipment from the export country	Payment for products supplied shall be made on notice of delivery to the first carrier for shipment from export country, Guarantee of Payment in place.
Metals & Mineral Resources	<ul style="list-style-type: none"> ▪ DDP 	Revenue is recognised when the Company delivers the products to a destination point specified in the contract	Payment for products supplied shall be made within 60 days from notice of delivery to destination point specified in the contract.
Chemicals	<ul style="list-style-type: none"> ▪ CIF ▪ CFR ▪ DDP ▪ EXW 	Depending on Incoterms specified in sales agreements, revenue is recognised when the Company delivers the products on board the vessel nominated by the customer at the loading port specified in the contract, when Company delivers the products to a destination point specified in the contract or when the products leave the premises of the Company.	Depending on terms specified in sales agreement, payment terms for the products supplied can range from advance settlement to 300 days from notice of delivery to destination point specified in the contract or upon leaving the premises of the Company.
Foods & Agriculture	<ul style="list-style-type: none"> ▪ CFR ▪ DDP 	Depending on Incoterms specified in sales agreements, revenue is recognised when the Company delivers the products on board the vessel nominated by the customer at the loading port specified in the contract or when Company delivers the products to a destination point specified in the contract	Depending on terms specified in sales agreement, payment terms for the products supplied can range from advance settlement to 90 days from notice of delivery to destination point specified in the contract.

There are no variable elements in consideration, obligation for returns or refunds nor warranty in the provision of goods and services by the Company.

Notes (continued)

3 Other Operating Income

Other operating income consists of income not directly related to the group's trading activities and mainly comprises service fees received and rental income.

	2021 £000	2020 £000
Rental income	221	87
Other income	3,477	3,651
	<u>3,698</u>	<u>3,738</u>

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2021 £000	2020 £000
Depreciation of tangible fixed assets (see note 12)	514	480
Depreciation of right-of-use assets (see note 22)	1,578	1,488
Amortisation of intangible assets (see note 11)	64	82
Operating lease charges		
Plant and Machinery	151	126
Property	897	961
Foreign exchange gains	1,120	(1,710)
	<u> </u>	<u> </u>

Auditor's remuneration:

	2021 £000	2020 £000
Audit of these financial statements	545	500
Other services pursuant to legislation	186	181
	<u> </u>	<u> </u>

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2021	2020
Sales and Marketing	104	106
Administration	80	84
	<u>184</u>	<u>190</u>

Notes (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	13,682	14,010
Social security costs	1,501	1,504
Contributions to defined contribution plans	866	759
	<u>16,049</u>	<u>16,273</u>

6 Directors' remuneration

The Company reimburses other group companies for the provision of various services including the secondment of executives, some of whom are directors of the Company. Emoluments calculated for disclosure purposes are as follows:

	2021 £000	2020 £000
Directors' remuneration: Emoluments	<u>829</u>	<u>795</u>
Remuneration of the highest paid director (excluding pension contributions)	<u>552</u>	<u>416</u>

Directors do not have share options and did not receive awards during the year in the form of shares under long-term incentive schemes £nil (2020: £nil). Directors' pensions are borne by the ultimate parent company, but the Company contributes towards the cost.

7 Income from other fixed asset investments

	2021 £000	2020 £000
Dividends received	<u>41</u>	<u>67</u>
	<u>41</u>	<u>67</u>

8 Other interest receivable and similar income

	2021 £000	2020 £000
Other interest receivable from fellow subsidiaries	262	3,708
Other interest receivable from related parties	1,790	1,921
Other interest receivable from third parties	542	1,064
(Loss)/gain on valuation of derivatives	(32)	(28)
	<u>2,562</u>	<u>6,665</u>

Notes (continued)

9 Interest payable and similar charges

	2021 £000	2020 £000
Bank loans and overdrafts	209	1,389
Interest payable to parent company	1	1
Interest payable to fellow subsidiaries	230	820
Other loans from third parties	8	5
Interest expense for leasing arrangements (Note 22)	84	96
	<u>532</u>	<u>2,311</u>

10 Taxation

Recognised in the profit and loss account

	2021 £000	£000	2020 £000	£000
<i>UK corporation tax</i>				
Current tax on income for the year	410		304	
Adjustments in respect of prior periods	12		41	
	<u>422</u>		<u>345</u>	
Double taxation relief		(363)		(177)
<i>Foreign tax</i>				
Current tax on income for the year	619		380	
Adjustments in respect of prior periods	(19)		(9)	
	<u>600</u>		<u>371</u>	
Total current tax		659		539
<i>Deferred tax (see note 18)</i>				
Origination and reversal of temporary differences	7		(75)	
Total deferred tax		7		(75)
Tax on profit		<u>666</u>		<u>464</u>

The standard rate of UK Corporation Tax applied to profit on ordinary activities is 19% (2020: 19%). The Finance Bill 2016 enacted provisions to reduce the main rate of UK Corporation Tax to 17% from 1 April 2020. However, in the March 2020 budget it was announced that the reduction in the UK rate to 17% would not occur and the Corporation Tax Rate would be held at 19%. The maintenance of the rate at 19% was substantively enacted in March 2020 and fully enacted by the Finance Act 2020 on 22 July 2020. As a result of this, the rate applicable to deferred tax arising on temporary differences subject to UK Corporation Tax is 19% at both 31 March 2020 and 31 March 2021.

The March 2021 Budget announced a further increase to the main rate of UK Corporation Tax to 25% from April 2023. This rate was not substantively enacted at the balance sheet date, as a result deferred tax balances arising on temporary differences subject to UK Corporation Tax as at 31 March 2021 continue to be measured at 19%. Management does not consider that there are any deferred tax balances currently recognised which will reverse at 25%.

Notes (continued)

10 Taxation (continued)

The Company has not recognised the benefit of future deductions arising from decelerated tax depreciation and other temporary differences amounting to £756,000 (2020: £991,000) as there is not sufficient certainty as to the availability of future taxable profits against which the future deductions can be offset.

Income tax recognised in other comprehensive income

	2021 £000	2020 £000
Fair value reserve		
Before tax	(7)	20
Tax expense	2	(6)
	<u>(5)</u>	<u>14</u>

Reconciliation of effective tax rate

	2021 £000	2020 £000
(Loss) / Profit for the year	1,118	(806)
Total tax expense	666	464
Profit excluding taxation	<u>1,784</u>	<u>(342)</u>
Tax using the UK corporation tax rate of 19% (2019: 19%)	339	(65)
Effects of:		
Permanent differences	100	810
Adjustments in respect of prior periods	(7)	32
Tax exempt revenues	(8)	(17)
Higher tax rates on overseas earnings	256	203
Change in unrecognised deferred tax assets	(103)	(70)
Tax effect of results of equity accounted investments	(17)	(353)
Effect of changes in tax rates and laws	2	(9)
Derecognition of deferred tax on branch balances	100	-
Other reconciling items	4	(67)
Total tax expense	<u>666</u>	<u>464</u>

The Company has made a Branch Exemption Election which comes into effect from 1 April 2021. The effect of the election is that profits or losses arising to the overseas branches are not subject to UK Corporation Tax or, in the case of losses, are not available to set against taxable profits derived from the Company's UK activities. Profits attributable to the overseas branches remain within the charge to corporate income tax within the regime in which they operate and losses remain capable of being relieved under the tax legislation of the country in which the loss arises.

Notes (continued)

11 Intangible fixed assets

	Software	Other	Total
	£000	£000	£000
<i>Cost</i>			
At 1 April 2020	1,248	351	1,599
Additions	10	-	10
Disposals	(1)	(75)	(76)
Translation differences	(18)	(10)	(28)
	<hr/>	<hr/>	<hr/>
At 31 March 2021	1,239	266	1,505
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At 1 April 2020	1,196	53	1,249
Charge for year	27	37	64
Disposals	(1)	(32)	(33)
Translation differences	(18)	(2)	(20)
	<hr/>	<hr/>	<hr/>
At 31 March 2021	1,204	56	1,260
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 March 2021	35	210	245
	<hr/>	<hr/>	<hr/>
At 31 March 2020	52	298	350
	<hr/>	<hr/>	<hr/>

Notes (continued)

12 Tangible fixed assets

	Leasehold improve- ments £000	Furniture, fittings and computer equipment £000	Motor Vehicles £000	Total £000
Cost				
At 1 April 2020	1,295	2,055	101	3,451
Additions	36	85	-	121
Disposals	-	(9)	(28)	(37)
Translation differences	(27)	(54)	(7)	(88)
At 31 March 2021	1,304	2,077	66	3,447
Depreciation				
At 1 April 2020	693	1,315	85	2,093
Charge for year	205	294	15	514
Disposals	-	(9)	(28)	(37)
Translation differences	(22)	(42)	(6)	(70)
At 31 March 2021	876	1,558	66	2,500
Net book value				
At 31 March 2021	428	519	-	947
At 31 March 2020	602	740	16	1,358

Notes (continued)

13 Fixed asset investments

	Subsidiary undertakings	Associated undertakings	Joint Ventures	Related companies	Other investments	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2020	1,555	31,807	16,807	152	1,221	51,542
Additions	25	-	12,248	-	-	12,273
Share of profit / (loss) retained by associate	-	1,145	(1,057)	-	-	88
Share of other comprehensive income	-	(619)	1,173	-	-	554
Dividends received from associated undertakings	-	(90)	-	-	-	(90)
Fair Value adjustment	-	-	-	-	(7)	(7)
Disposals	(17)	-	-	-	-	(17)
Re-Classification to Assets Held for Sale*	-	(2,845)	-	-	-	(2,845)
Translation differences	-	(1,233)	369	(6)	(6)	(876)
At 31 March 2021	1,563	28,165	29,540	146	1,208	60,622
Provisions						
At 1 April 2020	1,538	-	-	-	867	2,405
Charge	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 March 2021	1,538	-	-	-	867	2,405
Net book value						
At 31 March 2021	25	28,165	29,540	146	341	58,217
At 31 March 2019	17	31,807	16,807	152	354	49,137

*The investment in Nano Automotive SL has been re-classified as at Asset Held for Sale at the Balance Sheet date. The asset was sold on 12th May 2021.

Notes (continued)

13 Fixed asset investments (continued)

The Company has the following investments:

	Registered office address	Class of shares held	Ownership	
			2021 %	2020 %
Subsidiary undertakings:				
Sojitz Middle East FZE	PO Box 17178, JAFZA One Building, (Tower A), Office No 605, Jabel Ali Free Zone Dubai, UAE	Ordinary	100.00	100.00
Solar Mixdorf GmbH (Liquidated 02.04.20)	Neue Strabe 16 15299 Mixdorf Germany	Ordinary	-	100.00
Associated undertakings:				
Biaxis OY Ltd	Teknikonkatu 2 FIN-15520 Lahti Finland	Ordinary	12.25	12.25
Solvadis Deutschland GmbH.	Konigsberger Str., 1 60487 Frankfurt am Main Germany	Ordinary	40.00	40.00
Mirai Power Europe Limited	7th Floor, 8, Finsbury Circus London, UK EC2M 7EA	Ordinary	25.00	25.00
Nano Automotive SL (Asset held for sale as at 31.03.21)	Carretera Corella, KM 3 31500 Tudela, Navarra Spain	Ordinary	34.88	34.88
Joint ventures:				
Orchid Wind Power GmbH	Schirmerstrasse 76, 40211, Dusseldorf Germany	Ordinary	45.00	45.00
Other investments:				
Metton America Inc	2727 Miller Cut-Off Road LaPorte, TX 77571 USA	Ordinary	5.89	5.89
Kobelco Welding of Europe BV	Eisterweg 8 6422 PN Heerlen, The Netherlands	Ordinary	2.71	2.71

Notes (continued)

13 Fixed asset investments (continued)

Investment in associated undertakings and joint ventures

The following tables summarise the financial information of individually material associated undertakings and joint venture as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The company has either significant influence or joint control over the 5 entities listed below and has therefore applied equity accounting.

	2021 £000	2020 £000
<i>Associated undertakings</i>		
Biaxis OY Ltd	2,305	2,301
Solvadis Deutschland GmbH	19,333	17,708
Mirai Power Europe Limited	6,527	6,977
Nano Automotive SL	-	4,821
	<hr/> 28,165	<hr/> 31,807
<i>Joint ventures</i>		
Orchid Wind Power GmbH	29,540	16,807
	<hr/>	<hr/>
Total carrying amount for equity accounted investees in these financial statements	<hr/> 57,705	<hr/> 48,614

Notes (continued)

13 Fixed asset investments (continued)

Associated undertakings

Biaxis OY Ltd

	2021	2020
Percentage ownership interest	12.25%	12.25%
	£000	£000
Non-current assets	1,650	1,742
Current assets	18,533	19,180
Non-current liabilities	(12)	(28)
Current liabilities	(1,972)	(2,990)
	<hr/>	<hr/>
Net assets (100%)	18,199	17,904
	<hr/>	<hr/>
Company's share of net assets (12.25%)	2,229	2,193
Other adjustment	76	108
	<hr/>	<hr/>
Carrying amount of interest in associate	2,305	2,301
	<hr/>	<hr/>
Revenue	15,739	15,848
Profit after tax (100%)	1,522	1,015
	<hr/>	<hr/>
Company share of profit (12.25%)	186	124
Dividends received by the Company	90	61
	<hr/>	<hr/>

The financial statements of Biaxis OY Ltd used in applying the equity method have been prepared for the year ended 31 December 2020, which is a statutory reporting date of the investee and it is not practicable to obtain reliable financial information of an associate for the same accounting period as that of the investor. The length of reporting periods (one year) and the gap between reporting dates (3 months) are consistent from period to period.

The Company ownership in Biaxis OY Ltd is below 20%, but directors also considered the following qualitative factors of the significant influence:

- Sojitz Corporation has further 36.75% ownership interest;
- The Company has representative on Biaxis Board (1 out of 5 directors); and
- There are material transactions between Biaxis and SEU.

All these factors were considered in combination to come with the conclusion on the presence of significant influence.

Notes (continued)

13 Fixed asset investments (continued)

Solvadis Deutschland GmbH

	2021	2020
Percentage ownership interest	40%	40%
	£000	£000
Non-current assets	58,581	59,365
Current assets	82,422	61,281
Non-current liabilities	(62,501)	(57,866)
Current liabilities	(56,195)	(46,930)
	<hr/>	<hr/>
Net assets (100%)	22,307	15,850
	<hr/>	<hr/>
Company share of net assets (40%)	8,923	6,340
Goodwill arising on initial acquisition	4,527	4,703
Fair value adjustment	5,860	6,641
Other adjustment	23	24
	<hr/>	<hr/>
Carrying amount of interest in associate	19,333	17,708
	<hr/>	<hr/>
Revenue	341,287	361,366
Profit after tax (100%)	6,764	3,793
	<hr/>	<hr/>
Profit after tax (40%)	2,706	1,517
Fair value adjustment (depreciation)	(556)	(545)
Other adjustment	127	-
	<hr/>	<hr/>
Company share of profit (40%)	2,277	972
	<hr/>	<hr/>
Other comprehensive income (100%)	261	(1,100)
	<hr/>	<hr/>
Company share of other comprehensive income (40%)	104	(440)
	<hr/>	<hr/>

Notes (continued)

13 Fixed asset investments (continued)

Mirai Power Europe Limited

	2021	2020
Percentage ownership interest	25%	25%
	£000	£000
Non-current assets	52,351	52,366
Current assets	651	653
Non-current liabilities	(27,019)	(27,713)
Current liabilities	(224)	(211)
	<hr/>	<hr/>
Net assets (100%)	25,759	25,095
	<hr/>	<hr/>
Company share of net assets (25%)	6,440	6,273
Other adjustment	87	704
	<hr/>	<hr/>
Carrying amount of interest in associate	6,527	6,977
	<hr/>	<hr/>
Revenue	620	604
Profit/(Loss) after tax (100%)	2,227	2,222
	<hr/>	<hr/>
Company share of profit/(loss) (25%)	557	556
	<hr/>	<hr/>
Other comprehensive income (100%)	(2,895)	-
	<hr/>	<hr/>
Company share of other comprehensive income (25%)	(724)	-
	<hr/>	<hr/>

Notes (continued)

13 Fixed asset investments (continued)

Nano Automotive SL

	2021	2020
Percentage ownership interest	34.88%	34.88%
	£000	£000
Non-current assets	19,365	20,457
Current assets	5,698	9,039
Non-current liabilities	(6,712)	(6,259)
Current liabilities	(10,195)	(9,415)
	<hr/>	<hr/>
Net assets (100%)	8,156	13,822
	<hr/>	<hr/>
Company share of net assets (34.88%)	2,845	4,821
Other adjustment	-	-
	<hr/>	<hr/>
Carrying amount of interest in associate	2,845	4,821
	<hr/>	<hr/>
Revenue	11,343	13,781
Loss after tax (100%)	(5,375)	(803)
	<hr/>	<hr/>
Company share of loss (34.88%)	(1,875)	(280)
Dividends received by the Company	-	-
	<hr/>	<hr/>

The financial statements of Nano Automotive SL used in applying the equity method have been prepared for the year ended 31 December 2020, which is a statutory reporting date of the investee and it is not practicable to obtain reliable financial information of an associate for the same accounting period as that of the investor. The length of reporting periods (one year) and the gap between reporting dates (3 months) are consistent from period to period.

13 Fixed asset investments (continued)

Joint venture

Orchid Wind Power GmbH

	2021	2020
Percentage ownership interest	45%	45%
	£000	£000
Non-current assets	221,521	210,785
Current assets	1,799	1,878
Non-current liabilities	(181,617)	(175,382)
Current liabilities	(374)	(223)
	<hr/>	<hr/>
Net assets (100%)	41,329	37,058
	<hr/>	<hr/>
Company share of net assets (45%)	18,598	16,676
Other adjustment (equity contribution in January & February 2021)	10,942	131
	<hr/>	<hr/>
Carrying amount of interest in associate	29,540	16,807
	<hr/>	<hr/>
Revenue	-	-
(Loss) after tax (100%)	(2,349)	(1,328)
	<hr/>	<hr/>
Company share of profit/(loss) (45%)	(1,057)	(598)
Adjustments on current TA	-	1,083
	<hr/>	<hr/>
Company share of profit (45%)	(1,057)	485
	<hr/>	<hr/>
Other comprehensive income (100%)	2,606	(12,277)
	<hr/>	<hr/>
Company share of other comprehensive income (45%)	1,173	(5,525)
	<hr/>	<hr/>

Orchid owns 45% of the shares in Starwind Offshore GmbH. Starwind Offshore GmbH owns 27% of the shares in Yunlin Holding GmbH, which in turn is the sole shareholder in Yunneng Wind Power Co.Ltd. Yunneng Wind Power Co.Ltd is developing an offshore wind farm, which is currently still under construction and is not operating yet.

In accordance with the agreements between shareholders the Company has a joint control over each investment in the investment chain.

The Company used the management accounts of Orchid Wind Power GmbH for year ended 31 December 2020 in applying the equity method. This was because these accounts consolidated the results of Starwind Offshore GmbH ("Starwind") whose financial statements are prepared to 31 December. The Starwind accounts in turn, include the results of the main investee Yunlin Holdings GmbH, whose statutory reporting date is 31 December 2020. It is not practicable to obtain reliable financial information for both these entities for the same accounting period as that of the investor. The length of reporting periods (one year) and the gap between reporting dates (3 months) are consistent from period to period.

Notes (continued)

14 Stocks

	2021 £000	2020 £000
Finished goods and goods for resale	12,057	13,719
Consignment stock	724	1,453
	<u>12,781</u>	<u>15,172</u>

The write-down of stocks to net realisable value amounted to £299,000 (2020 £nil). The write-down was included in cost of sales.

15 Debtors

Debtors: amounts falling due within one year

	2021 £000	2020 £000
Trade debtors	76,727	73,495
Amounts owed by the parent undertaking	1,199	983
Amounts owed by group undertakings	5,529	42,475
Loans receivable	5	6
Other debtors	1,969	2,594
Corporation tax recoverable	713	2,315
Prepayments and accrued income	1,827	2,173
Deferred tax (note 18)	153	160
	<u>88,122</u>	<u>124,201</u>

Included within the amounts owed by group undertakings due within one year, are loans receivable from our fellow subsidiary undertaking Sojitz Energy Development Limited amounting to £nil. (2020: £40,511,000).

Note 2 shows trade receivable balance amounting to £93,112,000 (2020: £86,352,000), which is made up as follows:

	2021 £000	2020 £000
Debtors: Amounts falling due within one year		
Trade Debtors	76,727	73,495
Amounts owed by the parent undertaking	1,111	905
Amounts owed by group undertakings	5,056	1,044
Debtors: Amounts falling due after more than one year		
Trade Debtors	10,173	10,858
Amounts owed by parent undertaking	45	50
	<u>93,112</u>	<u>86,352</u>

Notes (continued)

15 Debtors (continued)

Debtors: amounts falling due after more than one year

	2021 £000	2020 £000
Trade debtors	10,173	10,858
Amounts owed by the parent undertaking	79	104
Loans receivable	26,939	29,971
Other debtors	246	258
Prepayments and accrued income	26	68
	<hr/> 37,463	<hr/> 41,259
Total debtors	<hr/> 125,585 <hr/>	<hr/> 165,460 <hr/>

16 Creditors

Creditors: amounts falling due within one year

	2021 £000	2020 £000
Bank loans and overdraft	8,452	650
Payments received on account	1,418	1,056
Trade creditors	25,337	24,022
Amounts owed to parent undertaking	2,748	4,071
Amounts owed to group undertakings	22,465	57,537
Other taxation and social security	168	236
Corporation tax	869	1,221
Other creditors and accruals	8,568	7,914
Lease liabilities – short term	1,491	1,546
	<hr/> 71,516	<hr/> 98,253

Included within the amounts due to group undertakings due within 1 year, are loans payable to our fellow subsidiary undertaking, Sojitz Global Finance Plc, amounting to £nil (2020: £39,497,000). The interest rate on these loans are nil (2020 between 0.75% and 2.78% (floating)).

Note 2 shows contract liabilities balance of £1,828,000, which are made up of £1,472,000 of Payments received on account plus an amount £356,000 included within Amounts owed to group companies (2020: £1,261,000, made up of £1,132,000 of Payments received on account and £129,000 included within Amounts owed to group companies).

Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Bank loans and overdrafts	-	8,065
Amounts owed to parent undertaking	2,445	2,784
Amounts owed to group undertakings	27,177	15,507
Other creditors & accruals	7,730	7,924
Lease liabilities – long term	6,222	8,487
	<hr/> 43,574	<hr/> 42,767

Notes (continued)

16 Creditors (continued)

Included within the amounts due to group undertakings due within 1 year, are loans payable to our fellow subsidiary undertaking, Sojitz Global Finance Plc, amounting to £27,177,000 (2020: £nil). The interest rate on these loans are 0.75% (2020: nil).

	2021 £000	2020 £000
<i>Bank loans and overdrafts:</i>		
Repayable as follows:		
Within one year or less	8,452	650
In the second to fifth years	-	8,065
Over 5 years	-	-
	<u>8,452</u>	<u>8,715</u>

17 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2021 £000	2020 £000
Creditors falling due more than one year		
Unsecured bank loan	-	8,065
	<u>-</u>	<u>8,065</u>
Creditors falling due within less than one year		
Unsecured bank facility	1,204	650
Unsecured bank loan	7,248	-
	<u>8,452</u>	<u>650</u>

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2021 £000	Carrying amount 2021 £000	Face value 2020 £000	Carrying amount 2020 £000
Joyo Bank	USD	0.89938 % (Floating)	2022	7,248	7,248	8,065	8,065
				<u>7,248</u>	<u>7,248</u>	<u>8,065</u>	<u>8,065</u>

Notes (continued)

18 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2021 £000	2020 £000	Liabilities 2021 £000	2020 £000	Net 2021 £000	2020 £000
Investments	-	-	59	61	59	61
Derivatives	(8)	(2)	-	-	(8)	(2)
Tax value of timing differences	(145)	(158)	-	-	(145)	(158)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Tax (assets) / liabilities	(153)	(160)	59	61	-	-
Net of tax (assets)/liabilities	-	-	-	-	(94)	(99)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net tax (assets) / liabilities	(153)	(160)	59	61	(94)	(99)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

UK deferred tax balances at 31 March 2020 and 31 March 2021 have been calculated at the rate at which temporary differences are expected to reverse (19%). The opening and closing German capital gain on investments is calculated at 32%.

Movement in deferred tax during the year

	1 April 2020 £000	Recognised in income £000	Recognised in equity £000	31 March 2021 £000
Investments	61	-	(2)	59
Derivatives	(2)	(6)	-	(8)
Temporary differences	(158)	13	-	(145)
	<hr/>	<hr/>	<hr/>	<hr/>
	(99)	7	(2)	(94)
	<hr/>	<hr/>	<hr/>	<hr/>

Movement in deferred tax during the prior year

	1 April 2019 £000	Recognised in income £000	Recognised in equity £000	31 March 2020 £000
Investments	54	-	7	61
Derivatives	3	(5)	-	(2)
Temporary differences	(88)	(70)	-	(158)
	<hr/>	<hr/>	<hr/>	<hr/>
	(31)	(75)	7	(99)
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

19 Provisions

Asset Retirement Obligations

	2021	2020
	£000	£000
At 1 April 2020	453	442
Provision made during the year	1	18
Provisions reversed during the year	-	(8)
Translation differences	(2)	1
	<hr/>	<hr/>
At 31 March 2021	452	453
	<hr/>	<hr/>

The Company is subject to asset retirement obligations related to certain items of property. Such asset retirement obligations costs are primarily associated with the removal of leasehold improvements in London, Dusseldorf, Milan and Madrid at the end of each lease term.

20 Employee benefits

Defined contribution plans

The Company operates defined contribution pension schemes for its employees. The assets of these schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the group to these funds and amounted to £866,000 (2020: £759,000). Outstanding pension contributions at year-end amounted to £73,000 (2020: £60,000).

21 Capital and reserves

Share capital

	2021	2020
	£000	£000
<i>Allotted, called up and fully paid</i>		
52,237 (2020: 53,237) Ordinary shares of £500 each	26,618	26,618
132,400 (2020: 132,400) Ordinary shares of Yen at 100,000 each	77,362	77,362
	<hr/>	<hr/>
	103,980	103,980
	<hr/>	<hr/>

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

Notes (continued)

Dividends

An interim dividend of £234,597 was recognised during the period (2020: £546,000).

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, associates and joint ventures, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

Other reserve

The other reserve comprises the Company's share of OCI recorded in the books of Solvadis Deutschland GmbH. This OCI arises from IFRS adjustments relating to the Solvadis retirement benefit scheme.

22 Leases

22.1 Leases as a lessee (IFRS 16)

Right-of-use assets

The Company has 5 office leases included in buildings. All depreciation is charged within Administrative expenses in the Profit and loss account

	Right-of-use assets £000
Balance at 1 April 2020	9,980
Additions to right-of-use assets	960
Derecognition of right-of-use assets	(1,594)
Depreciation charge for the year	(1,578)
Translation difference	(126)
	<hr/>
Balance at 31 March 2021	7,642
	<hr/>

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	£000
2021 - Leases	
Interest expense on lease liabilities	84
Expenses relating to short-term leases	529
Expenses relating to leases of low-value assets accounted, excluding short-term leases of low-value assets	519
Income from subleasing right-of-use assets presented in 'other revenue'	171
	<hr/>
	£000
2020 - Leases	
Interest expense on lease liabilities	96
Expenses relating to short-term leases	673
Expenses relating to leases of low-value assets accounted, excluding short-term leases of low-value assets	414
Income from subleasing right-of-use assets presented in 'other revenue'	133

Notes (continued)

22 Leases (continued)

22.2 Leases as a lessor (IFRS 16)

a) Finance leases

There were no significant finance lease arrangements the Company has as a lessor.

b) Operating leases

During the year £ 221,000 (2020: £ 87,000) was recognised as rental income by the Company.

The following table sets out a maturity analysis of lease payments to be received, showing the undiscounted lease payments to be received after the reporting date:

	£000
2021 – Operating leases under IFRS 16	
Less than one year	180
Between one and two years	180
Between two and three years	180
Between three and four years	135
Between four and five years	-
More than five years	-
	<hr/>
2020 – Operating leases under IFRS 16	
Less than one year	187
Between one and two years	187
Between two and three years	187
Between three and four years	187
Between four and five years	141
More than five years	-

23 Commitments

Off balance sheet arrangements

The operating leases noted above are entered into to provide normal operational and trading support for the Company. They consist of property rental and office equipment rental obligations.

The total financial obligations over the remaining lease terms are:

	2021 £000	2020 £000
Property rental obligations	2,248	1,747
Office equipment rental obligations	201	185
	<hr/>	<hr/>
	2,449	1,932
	<hr/>	<hr/>
	2021 £000	2020 £000
Open letters of credit	-	79
	<hr/>	<hr/>

Notes (continued)

24 Contingent liabilities

	2021 £000	2020 £000
Bank guarantees	2,950	4,188
Guarantees on loans of associated undertaking	6,755	6,928
	<u>9,705</u>	<u>11,116</u>

Bank guarantees outstanding, are in respect of customs duties, leases and performance bonds. The Company has also entered into an agreement to guarantee repayment of 25% of a loan borrowed by its associate undertaking, Mirai Power Europe Limited.

25 Related parties

Other related party transactions

31 March 2021

	Sales to related party £000	Purchases from related party £000	Other income from related party £000	Amounts owed from related party £000	Amounts owed to related party £000
Biaxis OY Ltd	288	8,090	-	75	1,194
Kobelco Welding of Europe BV	5	1,910	-	-	217
Metton America Inc	60	-	41	-	-
Mirai Power Europe Plc	-	-	96	-	-
Evalair Limited	-	-	1,767	26,886	-
Solvadis Deutschland GmbH	-	-	12	-	-
Nano Automotive SL	4,230	-	52	2,628	-
	<u>4,583</u>	<u>10,000</u>	<u>1,968</u>	<u>29,589</u>	<u>1,411</u>

31 March 2020

	Sales to related party £000	Purchases from related party £000	Other income from related party £000	Amounts owed from related party £000	Amounts owed to related party £000
Biaxis OY Ltd	398	7,611	-	69	1,176
Kobelco Welding of Europe BV	-	2,201	10	-	164
Metton America Inc	235	-	56	-	-
Mirai Power Europe Plc	-	-	87	-	-
Evalair Limited	-	-	1,921	29,911	-
Solvadis Deutschland GmbH	-	-	12	-	-
Nano Automotive SL	4,054	-	40	2,099	-
	<u>4,687</u>	<u>9,812</u>	<u>2,126</u>	<u>32,079</u>	<u>1,340</u>

The company has an indirect interest of 7.3% in Evalair Limited. The loan receivable from Evalair Limited is included within total Loans receivable due after more than one year in Note 15.

The Company has a direct interest in all of the other related parties with whom transactions have been identified. Details of investments in these related parties can be found in Note 13.

There were no other related party transactions in the period (2020: £nil).

Notes (continued)

26 Assets held for sale

26.1 Assets classified as held for sale

	£000
Investment in Nano Automotive SL	2,845

The company held 34.88% of the issued share capital of Nano Automotive SL. This investment was previously classified as an investment in Associated Undertakings. In December 2020, management committed to a plan to dispose of the entire shareholding to NBG Corporation. Accordingly, the investment is presented as a disposal group held for sale. The effective date of the transfer is 12 May 2021, when Sojitz Europe Plc ceased to be a shareholder of Nano Automotive SL.

26.2 Cumulative income or expenses included in OCI

There are £79,000 of cumulative income included in OCI relating to the assets held for sale.

26.3 Measurement of fair values

The Company's investment in Nano Automotive SL ("Nano") has been fair valued to agree to 34.88% of the net asset value of Nano as per the audited financial statements of Nano as at 31st December 2020. This represents the agreed purchase price calculation method stipulated in the Share Purchase Agreement that was signed on 20th April 2021. The audited financial statements of Nano Automotive SL were approved on 10th June 2021.

27 Subsequent events

With effect on 1st April 2021, part of Sojitz Europe Plc, Milan Branch's automotive business was transferred to the newly opened, Sojitz Europe Plc, Vienna Branch. Open receivable positions, stock and payable positions of the business were fully transferred.

The Company sold its 34.88% shareholding in Nano Automotive SL to NBG Corporation. Total selling price was agreed in principle and will be paid in 4 instalments. The sale was conditional on the receipt of the 1st instalment of EUR 579k and receiving a bank guarantee. The 1st instalment was received on 7th May 2021. The effective date of the transfer is 12 May 2021, when Sojitz Europe Plc ceased to be a shareholder of Nano Automotive SL.

On 12th November 2021, Sojitz Europe Plc subscribed for newly issued shares in Nexus Energia SA. The total value of the subscription was EUR 27.975m, and resulted in the Company owning 30% of the issued share capital of this entity. The investment will be made by the Company's London branch.

28 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Sojitz Corporation (registered address: 1-1 Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo 100-8691, Japan), which is the ultimate parent company incorporated in Japan. The ultimate controlling party is Sojitz Corporation.

The largest group in which the results of the Company are consolidated is that headed by Sojitz Corporation, incorporated in Japan. No other group financial statements include the results of the Company. The consolidated financial statements of Sojitz Corporation are available to the public and may be obtained from 1-1 Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo 100-8691, Japan.