

**Company Registration No. 02214224**

**Mitsubishi Corporation International  
(Europe) Plc**

**Annual Report and Financial Statements**

**For the year ended 31 March 2024**

# **Mitsubishi Corporation International (Europe) Plc**

## **Annual report and financial statements 2024**

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# **Mitsubishi Corporation International (Europe) Plc**

## **Annual report and financial statements 2024**

### **Officers and professional advisers**

#### **Directors**

A Takada  
A Yoshimi  
S Hayashi  
H Takemura

#### **Secretary**

Y Wen

#### **Registered Office**

MidCity Place  
71 High Holborn  
London  
WC1V 6BA

#### **Auditor**

Deloitte LLP  
2 New Street Square  
London  
EC4A 3BZ

# Mitsubishi Corporation International (Europe) Plc

## Strategic report

The Directors present their Strategic Report for the year ended 31 March 2024 in accordance with section 414C of the Companies Act 2006.

The principal activities of Mitsubishi Corporation International (Europe) Plc (“the company”) are those of trading related to metals and the provision of services including financing.

### Review of the business and key performance indicators

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

Revenue for the year ended 31 March 2024 amounted to £961.9 million (2023: £1,226.9 million) and the gross profit percentage was 4.11% (2023: 0.48%). The decrease in revenue was mainly due to the lower market price of aluminium. The increase in gross margin was due to more normalized market conditions during the year and improvement in premium evaluation profit by managing premium position wisely based on the lessons learnt in previous years. The increase in gross margin was partly offset by foreign exchange loss within other operating loss. Profit after taxation for the year ended 31 March 2024 amounted to £17.1 million (2023: £1.6 million), including dividend income of £5.0 million (2023: £1.7 million) from the company’s European subsidiaries. The company did not recognize any impairment losses during the year (2023: £1.0 million impairment loss following receipt of a dividend from Mitsubishi France S.A.S of £1.2 million). Please refer to note 12 for further details. Profit after tax increased partly due to higher gross profit and higher dividend income which was offset by higher interest expenses net of interest income. Interest expenses increased by £6.6 million to become net interest expense of £15.6 million (2023: net interest expenses £9.1 million) mainly due to an increase in the intercompany interest rate from a group financing company, Mitsubishi Corporation Finance Plc, and higher funding requirement for the aluminium business. Administration expenses increased by £1.4 million to £19.2 million (2023: £17.8 million) mainly because of higher personnel costs.

Other operating income for the current year amounted to £11.8 million (2023: £24.3 million) which comprises of service and management fee income, net foreign exchange gains and other income. The decrease of £12.5 million was mainly due to a reduction in net foreign exchange gains of £16.9 million from £17.5 million in prior year to £0.6 million, partially offset by an increase in service and management fee income of £1.8 million from £5.4 million to £7.2 million.

The inventory holding level, all of which is aluminium, was almost same at £251.1 million at 31 March 2024 compared with the prior year (2023: £258.8 million). The proportion of current liabilities to current assets is 61%, which is lower than the previous year (2023: 64%).

Taking into account the volatility in financial and commodities markets during the financial year the company has performed reasonably well during the year ended 31 March 2024. The directors expect that the company will continue to perform satisfactorily under the current economic and market conditions. The directors remain committed to further strengthening internal controls and compliance to manage the risks to which the company is exposed.

### Principal risks and uncertainties and financial risk management objectives and policies

Due to the nature of the company’s trading and business model, it is exposed to various risks, all of which are monitored and controlled. However, these risks could potentially have a material impact on the company’s performance. The principal risk areas relate to geopolitical and other macro environmental risks, credit risk, foreign exchange currency risk, interest rate risk, price risk and liquidity risk. These are discussed below and in more detail in notes 14 and 17 to the financial statements.

#### *Geopolitical and other macro environmental risks*

The ongoing war in Ukraine, the Israel-Gaza conflict and the Red Sea Crisis have the potential to cause significant volatility in financial, energy and commodities markets, including those in which the company trades. Senior management has continued to monitor these developments and evaluate their impact on the business. In the previous financial year, the conflict in Ukraine led to a notable increase in the aluminium market price and premium, driven by concerns about potential supply disruptions, rising electricity costs, and sanctions on Russian producers. However, during the year, the aluminium market price and premiums have stabilised as aluminium supply and production costs returned to more normal levels. When the price was relatively high, the company took action to reduce its aluminium premium position by entering into premium swap transactions in addition to the normal aluminium hedge transactions to mitigate the impact.



# Mitsubishi Corporation International (Europe) Plc

## Strategic report (continued)

### *Price risk*

Price risk is the risk that commodities that are bought at market price will fall in value before the company has been able to sell them. By the nature of its trading, the company is exposed to price risk. This risk is managed and controlled in different ways. Where possible the company enters into back-to-back transactions so that the buying price and selling price are fixed at the same time. Also, for some of the commodities that are traded, there is a commodities exchange market. In this instance commodity futures are bought and sold to hedge physical trading positions.

Further details of commodity price risks are discussed in note 17 Derivative and financial instruments.

### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk primarily arises since trade in most cases requires extending credit to customers, without which many would not trade with the company.

This risk is managed through taking out credit insurance wherever possible and also having rigorous monitoring and investigation carried out by the risk management department.

### *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The company trades in a variety of products in many countries in different currencies and is exposed to currency risk.

To manage this, the company has established and follows a strict policy of entering into forward exchange contracts to match sales and purchases in different currencies, wherever this risk exists.

### *Interest rate risk*

Interest rate risk is split into two different types of risks - cash flow interest rate risk and fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of financial instruments will fluctuate because of changes in market interest rates. As the company has variable rate bank deposits and loans, it is exposed to cash flow interest rate risk. During the year Sterling, US dollar and Euro interest rates increased until the middle of the year as central banks sought to control high inflation, and have been left unchanged since then. The increase in interest rates had an impact on the company's net interest expenses which were £15.6 million, net of interest income, in the year (2023: £9.1 million net interest income, net of interest expenses).

Fair value interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates. A significant proportion of activity centres around funding made available to related parties, for which interest is charged at a market rate. Funding for this is borrowed and so a potential risk of movements in interest rates arises on both the borrowing and lending side.

As a matter of policy, risk is managed by ensuring that lending is on the same basis as borrowing so movements on one side are matched by movements on the other side.

Further details of interest expenses are discussed in note 8 Interest expense.

### *Liquidity risk*

Liquidity risk is the risk that the company will have insufficient short-term assets to finance short-term liabilities. The company has significant levels of short-term liabilities so it is open to liquidity risk.

The risk is managed by effective cash management and continual monitoring of short-term funding requirements and an enhanced risk management system to identify any potential problems early with the realisation of liquid assets. The company also has quick access to short-term funding from group sources.

The use of derivatives is governed by the company's policies approved by the board of directors, which provides written principles on the use of financial derivatives. The company wishes to strictly control risk positions that are taken. All significant foreign exchange risk should be hedged. Where price risk occurs this needs to be within pre-approved limits and the company will use futures to hedge that exposure. The overall position is constantly monitored to ensure adherence to agreed limits.

# Mitsubishi Corporation International (Europe) Plc

## Strategic report (continued)

### Section 172 statement and stakeholder engagement

The board of directors (the “Board”) are fully aware of their duty under Section 172 of the Companies Act 2006 to act in good faith to promote the success of the company for the benefit of its shareholder but having regard amongst other matters to the following:

- the likely consequences of any decision in the long term;
- the interests of the company’s employees;
- the need to foster the company’s business relationships with clients, investors, regulators and others;
- the impact of the company’s operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The company is a subsidiary of Mitsubishi Corporation (“MC”), the immediate and ultimate parent company. Ownership is detailed in note 19.

The company’s strategy is aligned to regional and corporate strategies of MC and the day-to-day execution is monitored and tracked by the Board, Executive Committee and senior management team. The Board believes governance of the company is best achieved by delegation of its authority to the Executive Committee, subject to defined limits and monitoring by the Board.

The company comprises a metal division and corporate departments, all of which have extensive engagement with their own unique stakeholders as well as other businesses within the Mitsubishi Corporation Group.

The governance framework delegates authority for local decision-making at business division and department level (up to defined levels of cost). This allows the individual divisions and departments to enter into open and transparent dialogue with key stakeholders to develop a clear understanding of their needs which are taken into account in our decision-making. As part of that decision making process, the individual business divisions and corporate departments together with the Executive Committee are able to consider the potential impact of decisions on relevant stakeholders with the Executive Committee taking into consideration a longer-term view and holding themselves to the highest standards of conduct in line with the company’s Corporate Code of Conduct.

Reports are regularly made by the Executive Committee to the Board about strategy, performance and key decisions taken, which provides the Board with assurance that proper consideration is given to stakeholder interests in decision making by the Executive Committee and allows the Board to develop a clear understanding of stakeholder needs, assess their perspectives and monitor their impact on the company’s strategic ambition and culture.

During the year the Board has considered its duties under section 172 and how it fulfils its obligations thereof in respect to the following key stakeholder groups:

### Shareholder

As a wholly owned subsidiary of Mitsubishi Corporation, we rely on the support of our shareholder and its opinions are important to us. We have an open dialogue with our shareholder through one-to-one meetings and group meetings which routinely involve our Seconded Directors, and the interests of our shareholder are regularly heard in the boardroom. Discussions with our shareholder cover a wide range of topics including financial performance, strategy, vision, governance and ethical practices.

We work directly with our shareholder and fellow Mitsubishi Corporation group companies to maximise opportunities presented by them. Following the implementation by Mitsubishi Corporation of an internal reorganisation of business groups in order to enhance business creation capabilities the directors made changes to the structure and composition of the company’s business divisions.

# Mitsubishi Corporation International (Europe) Plc

## Strategic report (continued)

### Employees

Our people are our most important asset and are essential for the success of the company. By managing talent, strengthening employee engagement and enabling employees to build their skills and capabilities, the company promotes a high performance culture. The company is committed to providing a working environment in which all employees are treated fairly. The company focuses on respect, the highest standards of professional behaviour and rejects all forms of discrimination. The company promotes effective employee communications and undertakes employee surveys to get feedback on matters of importance to employees. The company has engaged with employees during the year with the following initiatives.

- We have continued with informal hybrid working arrangements to support employees in maintaining their home and work life balance. To maintain connectedness across the dispersed workforce we have continued with a range of activities to support open communication and internal networking.
- The Company has continued regular “All Employee update” meetings to share business updates and communicate business strategy, financial results and business changes with employees. These meetings include updates from the Managing Director and Senior Management members and take place electronically via Microsoft teams to optimise attendance amongst our dispersed workforce.
- Our Sports and Social club is run by volunteer employees and members organise a wide range of events and activities to support maintaining in-person interactions with colleagues and developing work partnerships. Remaining connected to one another whilst working within a dispersed operating model is important to the Company for enhanced communication and collaborative working.
- The results of the “All Employee Awareness Survey” undertaken in the previous financial year have been shared with employees and are being used to enhance employee engagement and enablement.
- Within our commitment to Training & Development, the Company conducts individual annual performance reviews with employees and these reviews include discussion of training and development needs, and career aspirations. The Company Training & Development policy encourages employees to take an active role in their professional development and company support to encourage this includes paid study leave, company funding for professional qualifications and attendance at networking/professional events. During this financial year we have offered Innovation training across the Company to employees at all levels to support drive growth, improve competitiveness and enhance customer satisfaction.
- The Company provides access to a wide range of employee communications via the cloud based Company intranet and this can be viewed by employees in the office or remotely via PCs or mobile devices for ease of access. Electronic Information resources include corporate information, company policies and employee social updates.

### Suppliers, Customers and Business Contacts

Mitsubishi Corporation is involved in businesses across a wide range of products and services worldwide and as its subsidiary, the company also trades in a variety of commodities and recognises the importance of building strong relationships with its suppliers, customers and business contacts to develop mutually beneficial and lasting partnerships. The Board ensures it has visibility over and takes into account these key relationships when making business decisions. As part of its commitment to maintaining high standards of business conduct, the company strives to ensure that its business activities do not cause or contribute to adverse human rights impacts, including modern slavery. It continues to share these commitments with key third-party partners to ensure that the goods and services it benefits from do not cause or contribute to modern slavery and during the past year, the Board updated its Modern Slavery Statement which sets out the steps the company has taken to mitigate the risks of modern slavery in our operations and supply chains. The company has continued to engage with external human rights experts to gain greater insight into salient human rights issue and to strengthen the capacity of the company to mitigate human rights risks. Further details are contained in the Modern Slavery Statement on [the company's website](#).

# **Mitsubishi Corporation International (Europe) Plc**

## **Strategic report (continued)**

### **Community and the environment**

The company is aligned to MC's Three Corporate Principles – Corporate Responsibility to Society; Integrity and Fairness; and Global Understanding through Business. These principles are at the heart of the company and they have served as MC's core philosophy since its inception. Building upon the foundation of these three principles, the "Corporate Standards of Conduct" establish the Group's expectations with regard to how business should be conducted, together with the "Mitsubishi Corporation Code of Conduct" which provides guidance to all officers and employees within the Group to comply with all applicable laws, rules and regulations, international standards, and to act in a socially responsible manner by complying with the highest ethical standards in the conduct of their business.

MC recognises that an enterprise with global reach cannot continue to exist without consideration for its environmental and social performance and outlines its stance on these issues in both the "Mitsubishi Corporation Environmental Charter" and the "Mitsubishi Corporation Social Charter", and well as its "Human Rights Policy". MC adopted the Environmental Charter and Social Charter in accordance with the Three Corporate Principles and commits to increasing its corporate value as well as contributing to the sustainable development of society through the simultaneous generation of economic, social and environmental value, as a globally integrated business enterprise.

### **Tax authorities and Regulators**

The company 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 tax legislation and regulations in the countries we operate. Further details are contained in the Tax Strategy for Mitsubishi Corporation Group's UK Companies on the company's website.

The company has a number of policies in place which are under regular review and consideration and are approved by the Board. These include legal and compliance-related policies on: Anti-Money Laundering, Cartel Prevention, Improper Payments, Legal Risk Management, Data Protection and Hotline Rules. In addition to publishing these policies for employees, the company holds annual e-learning sessions for the code of conduct and seminars where required for staff which include training on the policies.

The company is also accredited as an Authorised Economic Operator (AEO), an internationally recognised quality mark that states our role in the international customs supply chain is compliant and secure. The accreditation verifies that the company's internal customs controls and procedures are efficient and compliant to the authorities recommended standards. Other benefits include access to simplified customs procedures and financial guarantee allowances. The company has a customs and supply chain policy and customs handbook that cover the required controls that meet AEO standards, in addition provides ad-hoc training to the relevant administrators that handle customs related functions.

# Mitsubishi Corporation International (Europe) Plc

## Strategic report (continued)

### Streamlined energy and Carbon Report (SECR)

#### Organisational Structure

Mitsubishi Corporation International (Europe) Plc is classified as a large unquoted company due to its turnover and balance sheet total.

#### Reporting Period

The company is reporting for the fiscal year ended 31 March 2024.

#### Measurement Methodology

The energy and carbon footprint covers Scope 1, 2 and 3 emissions from 01 April 2023 – 31 March 2024 for the reporting year.

The footprint is calculated in accordance with Greenhouse Gas (GHG) Protocol. Outputs are in KWh and CO<sub>2</sub>e using the most up to date conversion factors from the UK Government GHG Conversion Factors for Company Reporting.

#### Energy Efficiency Action

Now that staff are using the office in a hybrid working style, filament lamps continue to be replaced with LED. Small power demand has reduced over time, also reduced MFD usage will result in number of machines being required.

### Energy Performance Results

| Energy Use (kWh)                 | 2024           | 2023             |
|----------------------------------|----------------|------------------|
| Company Vehicle Transport Energy | 21,841         | 24,842           |
| Electricity                      | 699,485        | 1,046,318        |
| <b>Total</b>                     | <b>721,326</b> | <b>1,071,160</b> |

### Carbon Performance Results

| Carbon Dioxide Equivalent Emissions (t CO <sub>2</sub> e)            | 2024          | 2023          |
|--|---------------|---------------|
| Scope 1 emissions from the combustion of fuel for transport purposes | 4.99          | 5.74          |
| Scope 2 emissions from purchased electricity                         | 144.85        | 202.34        |
| <b>Total</b>   | <b>149.84</b> | <b>208.08</b> |

### Intensity Ratio

| Reporting Boundary kg CO <sub>2</sub> e/m <sup>2</sup> | 2024  | 2023  |
|--|-------|-------|
|  | 52.12 | 54.57 |

# Mitsubishi Corporation International (Europe) Plc

## Strategic report (continued)

### Future developments

As mentioned in the business review, the aluminium business has performed reasonably well given the geopolitical, economic and market conditions. Though ongoing geopolitical tensions surrounding the Ukraine War and the Israel-Gaza conflict continue to present risks, the company has not experienced a significant effect on its performance. Therefore, the directors do not expect a significant impact and are confident in maintaining the company's performance.

The company has a close relationship with its parent company and follows the group's strategic plan whenever possible. The company will continue to take up new challenges and adapt to changes which best suit the group's development plan. It is considered that the company is in a good position to deal with these challenges. Internal controls that identify and manage risk exposures and good relationships with customers will continue to be fundamental management tools in the day-to-day business operations.

Approved by the Board of Directors and signed by order of the Board



A Takada  
Managing Director  
13 September 2024

# Mitsubishi Corporation International (Europe) Plc

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2024.

### Directors

The current directors are shown on page 1. The directors who served throughout the year, except as noted, and up to the date of this report were:

A Takada

A Yoshimi (appointed 1 April 2023)

S Hayashi

K Tomita (resigned 18 April 2024)

H Takemura (appointed 19 April 2024)

There are no qualifying indemnities in place in respect of the Directors.

### Dividends

The directors have recommended and paid a dividend of £1.57 million during the year (2024: £27.3 million). No further dividends have been proposed or declared post year end.

### Financial risk management objectives and policies and future prospects

Details of the company's financial risk management objectives and policies and future prospects can be found within the principal risks and uncertainties and financial risk management objectives and policies section of the Strategic Report and form part of this report by cross-reference.

### Section 172 (1) Companies Act 2006 Statement

The Section 172 (1) Companies Act 2006 Statement is discussed in the strategic report under the heading "Section 172 statement and stakeholder engagement".

### Streamlined Energy and Carbon Report (SECR)

The Streamlined Energy and Carbon Report (SECR) is discussed in the strategic report under the heading "Streamlined Energy and Carbon Report (SECR)".

### Future developments

Future developments are discussed in the strategic report under the heading "Future developments".

### Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The company has strong risk management and treasury functions to oversee the current trading environment to minimise the impact of such risks. The company's principal source of financing is from a group finance company, Mitsubishi Corporation Finance Plc. The company's policy is to prioritise the use of group finance facilities though there are facilities with external banks. Management has obtained assurance from Mitsubishi Corporation Finance Plc that the group financing company will continue to support the company for at least twelve months subsequent to the approval of the financial statements. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the annual report and financial statements.

### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- (i) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (ii) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

## **Mitsubishi Corporation International (Europe) Plc**

### **Directors' report (Continued)**

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed by order of the Board



A Takada  
Managing Director  
13 September 2024



## **Mitsubishi Corporation International (Europe) Plc**

### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgements and accounting estimates that are reasonable and prudent;
- (iii) state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (iv) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **Independent auditor's report to the members of Mitsubishi Corporation International (Europe) Plc**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of Mitsubishi Corporation International (Europe) Plc (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement and statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 22.

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

### **Basis for opinion**

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

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

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **Other information**

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Independent auditor's report to the members of Mitsubishi Corporation International (Europe) Plc (continued)**

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty and these included The Data Protection Act 2018, The Public Interest Disclosure Act 1998, The Employment Rights Act 1996 and The UK Bribery Act 2010.

We discussed among the audit engagement team including relevant internal specialists such as financial instruments and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- Presumed revenue significant risk – revenue recognition cut-off. We presume a risk of material misstatement due to fraud related to revenue recognition and have therefore identified a significant audit risk around the cut-off of revenue. As the company enters into significant transactions throughout the year, including around period ends, there is a risk is that revenue transactions are not recorded in the correct period. Such errors would impact revenue, inventory and trade debtors. We have performed testing of the design and implementation, and operating effectiveness of the controls relevant to the revenue process. We have also performed substantive testing procedures to address the revenue cut-off assertion as at the financial year end.

## **Independent auditor's report to the members of Mitsubishi Corporation International (Europe) Plc (continued)**

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

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

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

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

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

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

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

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

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

We have nothing to report in respect of these matters.

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

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

Kevin Thompson (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
13 September 2024

## Mitsubishi Corporation International (Europe) Plc

### Income statement and statement of comprehensive income For the year ended 31 March 2024

|  | Notes | 2024<br>£'000 | 2023<br>£'000 |
|--|-------|---------------|---------------|
| <b>Revenue</b>   | 1, 2  | 961,927       | 1,226,929     |
| Cost of sales  |       | (922,367)     | (1,221,042)   |
| <b>Gross profit</b>  |       | 39,560        | 5,887         |
| Other operating income   | 4     | 11,841        | 24,296        |
| Administrative expenses  |       | (19,190)      | (17,787)      |
| Other operating expenses   |       | (5)           | (3,271)       |
| <b>Operating profit</b>  |       | 32,206        | 9,125         |
| Dividend income from shares in group undertakings and other investments                  | 6     | 5,029         | 1,678         |
| Impairment of fixed asset investment   | 12    | -             | (1,001)       |
| Interest income  | 7     | 1,854         | 2,574         |
| Interest expense   | 8     | (17,475)      | (11,622)      |
| <b>Profit before taxation</b>  |       | 21,614        | 754           |
| Tax  | 9     | (4,542)       | 820           |
| <b>Profit for the financial year attributable to owners of the Company</b>               | 5     | 17,072        | 1,574         |
| Change in effective tax rate relating to IFRS16  |       | -             | (328)         |
| <b>Total comprehensive income for the year attributable to the owners of the Company</b> |       | 17,072        | 1,246         |

All the results shown in the Profit and loss account derive from continuing operations in both the current and prior years. The notes on pages 18 to 50 form part of these financial statements.

# Mitsubishi Corporation International (Europe) Plc

## Balance sheet As at 31 March 2024

|   | Notes | 2024<br>£'000    | 2023<br>£'000    |
|---|-------|------------------|------------------|
| <b>Non-current assets</b>                           |       |                  |                  |
| Intangible assets                                   | 10    | 113              | 84               |
| Property, plant and equipment                       | 11    | 10,559           | 10,942           |
| Investments   | 12    | 41,511           | 41,486           |
| Derivative assets                                   | 17    | -                | 794              |
| Deferred tax assets                                 | 9     | 1,292            | 1,679            |
| Other non-current assets                            | 14    | 1,633            | 3,219            |
|   |       | <u>55,108</u>    | <u>58,204</u>    |
| <b>Current assets</b>                               |       |                  |                  |
| Inventories   | 13    | 251,080          | 258,768          |
| Trade and other receivables                         | 14    | 287,627          | 341,933          |
| Derivative assets                                   | 17    | 12,622           | 21,919           |
| Cash and cash equivalents                           |       | 1,044            | 1,501            |
|   |       | <u>552,373</u>   | <u>624,121</u>   |
| <b>Current liabilities</b>                          |       |                  |                  |
| Trade and other payables                            | 15    | (328,941)        | (387,461)        |
| Derivative liabilities                              | 17    | (9,253)          | (12,295)         |
| Deferred income                                     | 15    | (62)             | (68)             |
|   |       | <u>(338,256)</u> | <u>(399,824)</u> |
| <b>Net current assets</b>                           |       | <u>214,117</u>   | <u>224,297</u>   |
| <b>Total assets less current liabilities</b>        |       | <u>269,225</u>   | <u>282,501</u>   |
| <b>Non-current liabilities</b>                      |       |                  |                  |
| Derivative liabilities                              | 17    | -                | (40)             |
| Lease liabilities and other creditors               | 15    | (97,165)         | (125,903)        |
|   |       | <u>(97,165)</u>  | <u>(125,943)</u> |
| <b>Net assets</b>                                   |       | <u>172,060</u>   | <u>156,558</u>   |
| <b>Equity</b>                                       |       |                  |                  |
| Share capital                                       | 16    | 120,658          | 120,658          |
| Share premium                                       | 16    | 33,665           | 33,665           |
| Profit and loss account                             | 16    | 17,737           | 2,235            |
| <b>Equity attributable to owners of the company</b> |       | <u>172,060</u>   | <u>156,558</u>   |

The financial statements of Mitsubishi Corporation International (Europe) Plc registered number 02214224 were approved by the Board of Directors on 13 September 2024.

Signed on behalf of the Board of Directors

  
A Takada  
Managing Director

## Mitsubishi Corporation International (Europe) Plc

### Statement of changes in equity For the year ended 31 March 2024

|  | Notes | Share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Profit and<br>loss account<br>£'000 | Total<br>£'000 |
|--|-------|---------------------------|---------------------------|-------------------------------------|----------------|
| <b>Balance at 1 April 2022</b>                 |       | 120,658                   | 33,665                    | 28,289                              | 182,612        |
| Profit for the year                            |       | -                         | -                         | 1,574                               | 1,574          |
| Other comprehensive expense for the year       |       | -                         | -                         | (328)                               | (328)          |
| <b>Total comprehensive income for the year</b> |       | -                         | -                         | <b>1,246</b>                        | <b>1,246</b>   |
| Dividends                                      | 21    | -                         | -                         | (27,300)                            | (27,300)       |
| <b>Balance at 31 March 2023</b>                |       | <b>120,658</b>            | <b>33,665</b>             | <b>2,235</b>                        | <b>156,558</b> |
| Profit for the year                            |       | -                         | -                         | 17,072                              | 17,072         |
| <b>Total comprehensive income for the year</b> |       | -                         | -                         | <b>17,072</b>                       | <b>17,072</b>  |
| Dividends                                      | 21    | -                         | -                         | (1,570)                             | (1,570)        |
| <b>Balance at 31 March 2024</b>                |       | <b>120,658</b>            | <b>33,665</b>             | <b>17,737</b>                       | <b>172,060</b> |

# Mitsubishi Corporation International (Europe) Plc

## Notes on the financial statements For the financial year ended 31 March 2024

### 1. General information and accounting policies

#### a) General information

Mitsubishi Corporation International (Europe) Plc is incorporated in England, the United Kingdom under the Companies Act. The company is a public company limited by shares and the address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report on pages 2 to 8.

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council (FRC). Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and inventories that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

#### Adoption of new and revised standards

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

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

|  |  |
|--|--|
| Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies | <p>The company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.</p> <p>The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.</p> <p>The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.</p> |
| Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates                                 | <p>The company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.</p>   |



# Mitsubishi Corporation International (Europe) Plc

## Notes on the financial statements (continued) For the year ended 31 March 2024

### New and amended IFRS Accounting Standards that are effective for the current year (continued)

|  |   |
|--|---|
| Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction | <p>The company has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.</p> <p>Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.</p>  |
| Amendments to IAS 12 Income Taxes— International Tax Reform — Pillar Two Model Rules                               | <p>The company has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.</p> <p>The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.</p> <p>Following the amendments, the company is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.</p>  |
| IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)                      | <p>The company has adopted IFRS 17 and the related amendments for the first time in the current year. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.</p> <p>IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.</p> <p>The company does not have any contracts that meet the definition of an insurance contract under IFRS 17.</p> |

### b) Significant accounting policies

The significant accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

### Group financial statements

These financial statements present information about the company as an individual undertaking and not about its group. Consolidated financial statements have not been prepared as the company is a wholly-owned subsidiary of Mitsubishi Corporation, a company incorporated in Japan and so is therefore exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare and deliver group financial statement

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### Cash flow statement and disclosure exemptions

As permitted by FRS101, the company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, standards not yet effective, presentation of comparative information in respect of certain assets, certain disclosure in respect of revenue from contracts with customers, lease accounting, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group financial statements of Mitsubishi Corporation which are available to the public and can be obtained as set out in note 19.

### Going concern

As discussed in the Review of the business and key performance indicators in the Strategic Report, the company performance was satisfactory during the year ended 31 March 2024. The company maintains a strong balance sheet with positive net current assets as at 31 March 2024 of £214.1 million (2023: £224.3 million) and shareholders' equity of £172.1 million (2023: £156.6 million). The company has sources of finance both from the group as well as third party banks. The total borrowings of the company as at 31 March 2024 of £324.3 million (2023: £415.3 million), details explained below and in note 15, are short-term and long term borrowings from a group financing company, Mitsubishi Corporation Finance Plc of £238.3 million and £78.7 million respectively. There are no third party borrowings as at 31 March 2024.

These are matched to a large extent against the aggregate of cash and cash equivalents of £1.0 million (2023: £1.5 million), trade receivables of £276.7 million (2023: £317.4 million) (see note 14), amounts receivable from other group companies of £6.5 million (2023: £5.4 million) (see note 14) which are on terms similar to the borrowings and inventories of £251.1 million (2023: £258.8 million) (see note 13), a large portion of which relates to commodities that are traded on international exchanges and therefore considered to be liquid and easily convertible to cash.

The company has strong risk management and treasury functions to oversee the current trading environment to minimise the impact of such risks. The company has prepared its budget plan for the next 12 months from the date of signing the financial statements considering any material financial and business related effects of the increase in commodity prices. Total borrowings are expected to be relatively stable during the 12 months. The directors do not expect a significant impact on the company's financial performance during the next 12 months.

The company has current and uncommitted bank borrowings and facilities including the facility from Mitsubishi Corporation Finance Plc of USD1.1 billion (GBP equivalent 871 million) as at 31 March 2024. The facility from Mitsubishi Corporation Finance Plc is for a one-year term renewing automatically on each anniversary. The facility will expire and be due for renewal during the next 12 months. The directors have gained assurances from Mitsubishi Corporation Finance Plc that the facility will be provided if needed, for at least 12 months from the date of signing the financial statements. The bank facilities will also expire and be due for renewal during the next 12 months, although the bank facilities have not been relied upon when forming the conclusion relating to going concern. The directors have a reasonable expectation that adequate borrowing facilities will continue to be available to the company.

Based on the above factors, and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the annual report and financial statements.

### Intangible assets

Software assets are valued at cost on acquisition and are amortised in equal annual amounts over their useful economic lives, estimated to be approximately three years. Amortisation expenses are recognised within administration expenses in profit and loss. Provision is made for any impairment.

### Property, plant, and equipment

Property, plant, and equipment is stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided against cost in equal annual instalments over the estimated useful life of the asset on a straight-line basis. Office equipment has an estimated useful life of four years and IT equipment has an estimated useful life of three years. Vehicles and furniture, fixtures & fittings have an estimated useful life of four years.

A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### Property, plant, and equipment (continued)

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset.

### Inventories

Inventories except aluminium are stated at the lower of cost and net realisable value. Cost represents invoiced price together with, as appropriate, directly related overheads. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and cost to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

All aluminium inventories are valued at fair value less costs to sell. This is determined at the quoted price of aluminium at the London Metal Exchange (LME) at the balance sheet date, plus the approximate market premium/discount published by *Metal Bulletin* at that date adjusted to take account of location of inventory. Location factors are determined based on actual transport costs incurred.

### Revenue recognition

Revenue represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes. Revenue is recognised at the point where control of the goods has transferred, being when the goods have been shipped to the specific location instructed by the customers. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of loss in relation to the goods. A receivable is recognised by the company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For those transactions where the company is to provide the specified goods or services itself, revenue is recognised as principal. Where the company is to arrange for another party to provide those goods and services and the company acts as either agent or broker then only the commission receivable is recorded as revenue.

The company has previously accounted for all its revenue streams in line with IFRS 15. However, in March 2019, IFRS Interpretations Committee (IFRIC) published a paper where they clarified that IFRS 9 must be applied to “contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if those contracts were financial instruments (IFRS9.2.4)”, with one exception; the ‘own use scope exception’ in paragraph 2.4 of IFRS 9.

This requirement to adopt IFRS 9 for contracts defined above applies to the company as some of the company’s revenue streams include firm commitment contracts relating to the sales of metal commodities in the future. The company also has a revenue stream relating to the gain on the revaluation/derivative gain/loss from these firm commitments if the contract is made before the year-end but the actual delivery of these underlying physical metal commodities is after the year end. Thus, in line with the IFRIC guidance, revenue from such contracts should be accounted for under IFRS 9, rather than under IFRS 15 as it was previously for metal commodities transactions. The company made the change from IFRS 15 to IFRS 9 in the year ended 31 March 2021. During the year ended 31 March 2023 the company started a new aluminium business with its revenue stream accounted for under IFRS 15 since the new business does not involve derivative financial instruments.

### Other income

Interest income is recognised on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated cash receipts through the expected life of the financial asset to that asset’s net carrying amount.

Other operating income consists mainly of fees charged for non-trading services which are recognised over time where the customer receives and consumes the benefits provided by the entity.

Dividend income from investments is recognised when the company’s right to receive payment has been established.

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### Foreign exchange

The company's financial statements are presented in pounds sterling which is the currency of the primary economic environment in which it operates and is deemed to be its functional currency.

Monetary assets and liabilities denominated in foreign currencies have been translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated at the rates prevailing on the dates of the transactions. Resulting differences on translation are charged or credited to profit and loss.

In order to hedge its exposure to certain foreign exchange risks the company enters into forward contracts. See below for details of the company policy on such derivatives and financial instruments.

### Leases

The company has applied IFRS 16 from 1 April 2019, details of accounting policies are presented below.

#### *The company as lessee*

The company assesses whether a contract is or contains a lease, at inception of the contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise of the fixed lease payments, less any lease incentives receivable.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a significant change in the lease term.

The company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within the tangible fixed assets line in the balance sheet.

The company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'impairment of tangible and intangible assets' policy.

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### *The company as lessor*

The company enters into sublease agreements as a lessor with respect to its office head leases.

Leases for which the company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. Where a head lease is renewed but a sub-lease is not renewed in line with the head lease the sub-lease is reclassified as an operating lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### **Pension costs**

The company has a defined contribution schemes and the amount charged to profit and loss in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at the amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are not discounted.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in profit and loss, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they related to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

The company has a group relief policy with group companies. The policy allows company with a taxable loss to surrender its taxable loss to a group company with a taxable profit. The tax benefit of the group relief will be shared between the participating companies.

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when it becomes a principal party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Trade receivables are measured at amortised cost using the effective interest rate method.

In relation to the impairment of trade receivables, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The company has assessed the lifetime expected credit losses for its trade receivables as required and permitted under IFRS 9, and identified no material impact to the trade receivables amount due to the robust and comprehensive credit risk management procedure as describe in note 14.

Investments are stated at cost less any provision for impairment in all cases where the ultimate holding company holds a majority stake, as the company has no control of the cash flows or the eventual selling price. All other investments, including investments held as current assets, are classified as available-for-sale and are stated at fair value except where the directors are of the opinion that the variability in the range of reasonable fair value measurements for the company's shares in these undertakings is significant and the probabilities of the various estimates within the range cannot be reasonably assessed, in which case the investment is stated at cost less provisions for impairment as an approximation to fair value. Changes in fair value are recognised in other comprehensive income, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the net profit or loss for the period. Provisions for impairment are recognised in profit and loss.

Cash and cash equivalents comprise cash and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Interest bearing bank loans and overdrafts are recorded as the proceeds are received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in profit and loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables are measured at amortised cost, using the effective interest rate method.

Equity instruments issued by the company are recorded when the proceeds are received net of direct issue costs.

### *Derivative financial instruments and hedge accounting*

The company's activities expose it primarily to the financial risks of changes in price and changes in foreign currency exchange rates. The company uses foreign exchange forward contracts to hedge its foreign exchange exposure and uses futures as traded on the London Metal Exchange to manage against any price risk exposure on its aluminium trading operations. However, the company does not apply hedge accounting under IFRS 9 Financial Instruments for these derivatives used to manage price risk on commodities. The company only uses derivative financial instruments for speculative purposes to a limited extent with board approval.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The company designates certain

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

derivatives as hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

### *Hedge accounting*

The company designates certain hedging instruments, which include derivatives, as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking the various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis the company documents whether the

Hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

Note 17 sets out the details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the statement of other comprehensive income.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit and loss.

Amounts deferred in equity are recycled to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Fair value hedges that meet the hedge accounting criteria are accounted for as follows:

- (i) The gain or loss from re-measuring the hedging instrument at fair value is recognised in profit and loss; and
- (ii) The carrying amount of the hedged item is adjusted through profit and loss for the gain or loss on the hedged item attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

### **c) Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances, independent estimates, quoted market prices and common modelling techniques. Actual outcomes could result in a material adjustment to the carrying amount of assets or liabilities affected in future periods. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### **Critical judgements in applying the company's accounting policies**

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### *Principal versus agent considerations*

The company and its employees undertake a very wide range of business activities. These involve trading in goods on the company's own account and as an intermediary on behalf of others, as well as performing a range of management, treasury and other services on behalf of other Mitsubishi group undertakings.

Management is required to exercise judgement in order to determine to what extent, the company nature of its promise is a performance obligation to provide the specified goods or services itself (the company acting as a principal) or to arrange for the other party to provide those goods and services (the company acting as an agent).

Management judgement is also required to determine the specified good or service is a distinct good or service to be provided to the customer. If a contract with a customer includes more than one specified good or service, the company could be a principal for some specified goods or services and an agent for others.

To determine the nature of promise, management considers the detailed guidance set out in IFRS 15 *Revenue from contracts with customers*, identify the specified goods and services to be provided to customer and assess whether it controls each specified good or service before that good or service is transferred to the customer.

### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

### *Fair value measurements*

The company has material assets and liabilities which are measured at fair value or fair value less costs to sell, most notably the company's derivatives and aluminium inventories. Fair value measurements are based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. In almost all cases where fair value accounting is applied the company has chosen not to apply the hedge accounting requirements of IFRS 9 and as a result the full unrealised gains and losses resulting from the revaluation of these assets and liabilities at each reporting date are recognised directly in profit and loss.

Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to judgement, particularly where comparable market-based transactions rarely exist. Further details of the techniques applied, inputs used and the sensitivity to changes are given in notes 13 and 17 to the financial statements.



# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 2. Revenue

|                            | 2024<br>£'000  | 2023<br>£'000    |
|----------------------------|----------------|------------------|
| Metals commodity contracts | 932,016        | 1,189,417        |
| Other principal revenue    | 18,417         | 26,514           |
| Agency/Brokerage revenue   | 11,494         | 10,998           |
|                            | <u>961,927</u> | <u>1,226,929</u> |

Metals commodity contracts revenue represents metal commodities transactions which are accounted as derivative financial instruments where gain or loss on revaluation of future sales contracts are recognised.

Other principal revenue represents gross sales with respect to transactions in which the company is named as principal.

Agency/Brokerage revenue represents:

- (i) commission receivable for transactions in which the company acts as a disclosed settlement agent; and
- (ii) brokerage commission receivable.

An analysis of the Company's revenue by geographical market is set out below:

|                                  | 2024<br>£'000  | 2023<br>£'000    |
|----------------------------------|----------------|------------------|
| From customers located within:   |                |                  |
| Europe other than United Kingdom | 859,133        | 1,088,267        |
| United Kingdom                   | 44,875         | 113,159          |
| Australia                        | -              | 16,979           |
| America                          | 55,545         | 5,220            |
| Asia                             | 2,043          | 1,342            |
| Others                           | 331            | 1,962            |
|                                  | <u>961,927</u> | <u>1,226,929</u> |

### 3. Information regarding directors and employees

|                               | 2024<br>£'000 | 2023<br>£'000 |
|-------------------------------|---------------|---------------|
| <b>Directors' emoluments:</b> |               |               |
| Emoluments                    | <u>397</u>    | <u>355</u>    |
|                               | <u>397</u>    | <u>355</u>    |

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 3. Information regarding directors and employees (continued)

|  | 2024<br>£'000 | 2023<br>£'000 |
|--|---------------|---------------|
| Remuneration of the highest paid director (not member of pension scheme) | 327           | 230           |

|   | 2024<br>No. | 2023<br>No. |
|---|-------------|-------------|
| Monthly average number of employees (including directors) |             |             |
| Trading   | 37          | 37          |
| Administration  | 37          | 34          |
|   | 74          | 71          |

|   | 2024<br>£'000 | 2023<br>£'000 |
|---|---------------|---------------|
| Employee costs (excluding directors' emoluments)            |               |               |
| Wages and salaries  | 7,513         | 6,566         |
| Social security costs                                       | 1,011         | 1,159         |
| Pension costs   | 670           | 587           |
| Cost in respect of parent company's employees on secondment | 2,100         | 1,816         |
|   | 11,294        | 10,128        |

### 4. Other operating income

|                                   | 2024<br>£'000 | 2023<br>£'000 |
|-----------------------------------|---------------|---------------|
| Service and management fee income | 7,276         | 5,437         |
| Net foreign exchange gains        | 601           | 17,522        |
| Other income                      | 3,964         | 1,337         |
|                                   | 11,841        | 24,296        |

Service and management fees include management, accounting and other recharges to various group companies for services provided. Other items of operating income consist mainly of fair value gains on foreign exchange contracts, other income as well as movements in bad debt and other provisions.

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 5. Profit for the year

Profit for the year has been arrived at after charging/(crediting) the following amounts:

|  | 2024<br>£'000 | 2023<br>£'000 |
|--|---------------|---------------|
| Depreciation of property, plant and equipment  | 390           | 369           |
| Amortisation of intangible assets  | 96            | 85            |
| Depreciation of right-to-use assets  | 2,088         | 2,087         |
| Sublease income under IFRS16   | (1,206)       | (1,190)       |
| Staff costs including directors (see note 3)   | 11,691        | 10,483        |
| Net foreign exchange (gains)   | (601)         | (17,522)      |
| Mark to market losses on foreign contracts   | (2,734)       | 3,216         |
| Impairment of fixed asset investments  | -             | 1,001         |
| Impairment (gains) / loss recognised on trade receivables  | (106)         | 60            |
| Reversal of impairment loss recognised on trade receivables  | -             | -             |
| Charitable donations   | -             | -             |
| Auditor's remuneration   |               |               |
| – Fees payable to the company's auditor for the audit of the company's annual financial statements | 327           | 319           |
| – Fee payable to the company's auditor for audit-related assurance services (J-Sox audit)          | 143           | 147           |
| – Fees payable to the company's auditor and their associates for non-audit services to the company | 86            | 146           |

### 6. Dividend income from group undertakings and other investments

|                               | 2024<br>£'000 | 2023<br>£'000 |
|-------------------------------|---------------|---------------|
| Mitsubishi International GmbH | 4,024         | -             |
| Mitsubishi France S.A.S.      | 440           | 1,232         |
| Mitsubishi Italia S.P.A.      | 37            | 72            |
| Mitsubishi Nederland B.V.     | 528           | 173           |
| Others                        | -             | 201           |
|                               | <u>5,029</u>  | <u>1,678</u>  |

### 7. Interest income

|   | 2024<br>£'000 | 2023<br>£'000 |
|---|---------------|---------------|
| Interest receivable from group undertakings | 1,160         | 997           |
| Bank and other interest receivable          | 694           | 1,577         |
|   | <u>1,854</u>  | <u>2,574</u>  |

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 8. Interest expense

|  | 2024<br>£'000 | 2023<br>£'000 |
|--|---------------|---------------|
| Interest on bank loans and overdrafts  | 148           | 225           |
| Interest payable to group undertakings | 16,785        | 10,904        |
| Interest on lease liabilities          | 542           | 493           |
|  | <u>17,475</u> | <u>11,622</u> |

Interest expenses payable to group undertakings increased due to an increase in intercompany interest rates from group financing company, Mitsubishi Corporation Finance Plc, and funding for the new aluminium business. The average interest rate payable in the year to 31 March 2024 was 5.21% (2023: 2.73%).

### 9. Tax

(i) The tax charge comprises:

|   | 2024<br>£'000 | 2023<br>£'000 |
|---|---------------|---------------|
| Corporation tax:                                  |               |               |
| United Kingdom corporation tax                    | 4,122         | (361)         |
| Adjustment in respect of prior years              | (171)         | (413)         |
| Non recoverable withholding tax                   | 203           | 12            |
| Total current tax                                 | <u>4,154</u>  | <u>(762)</u>  |
| Deferred tax:                                     |               |               |
| Origination and reversal of temporary differences | 388           | (58)          |
| Total deferred tax                                | <u>388</u>    | <u>(58)</u>   |
| Total tax on profit                               | <u>4,542</u>  | <u>(820)</u>  |

(ii) The charge for the year can be reconciled to the income statement as follows:

|  | 2024<br>£'000  | 2023<br>£'000 |
|--|----------------|---------------|
| Profit before tax                                    | <u>21,614</u>  | <u>754</u>    |
| Tax at 25% (2023: 19%) thereon:                      | <u>(5,403)</u> | <u>(143)</u>  |
| Effects of:  |                |               |
| Expenses not deductible for tax purposes             | (29)           | (54)          |
| Fixed asset temporary differences                    | (78)           | (48)          |
| Other temporary differences                          | (50)           | 293           |
| United Kingdom dividend income                       | 1,257          | 319           |
| Other expense/income not chargeable for tax purposes | (207)          | 52            |
| Prior year adjustments                               | 171            | 413           |
| Non recoverable withholding tax                      | (203)          | (12)          |
| Total tax (charge)/credit for the year               | <u>(4,542)</u> | <u>820</u>    |

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 9. Tax (continued)

#### (iii) Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

|                          | Accelerated<br>tax<br>depreciation<br>£'000 | Others<br>£'000 | Revaluation<br>of financial<br>assets<br>£'000 | IFRS 16<br>opening<br>adjustment<br>£'000 | Total<br>£'000 |
|--------------------------|---|-----------------|--|---|----------------|
| At 31 March 2023         | 85  | 232             | (1)  | 1,363                                     | 1,679          |
| Charge to profit or loss | 15  | (14)            | -  | (389)                                     | (388)          |
| Charge to equity         | -   | -               | -  | -   | -              |
| At 31 March 2024         | 100   | 218             | (1)  | 974                                       | 1,291          |

The company has approximately £0.07 million capital losses (2023: £0.07 million) as at balance sheet date. The longest deferred tax assets expire in 2026.

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

|                          | 2024<br>£'000 | 2023<br>£'000 |
|--------------------------|---------------|---------------|
| Deferred tax liabilities | (1)           | (1)           |
| Deferred tax assets      | 1,292         | 1,680         |
|                          | 1,291         | 1,679         |

Corporation tax is calculated at 25% (2023: 19%) of the estimated taxable profit for the year.

Deferred tax is calculated at the tax rates that have been substantively enacted at the balance sheet date and which are expected to apply when the temporary differences reverse. Finance Act 2021, which received Royal Assent in June 2021, announced the main rate of Corporation Tax would increase to 25% from April 2023. This was confirmed in the March 2023 Spring Budget. Deferred taxes at 31 March 2023 were measured using this enacted tax rate and reflected in these financial statements.

## Mitsubishi Corporation International (Europe) Plc

### Notes to the financial statements (continued) For the year ended 31 March 2024

#### 10. Intangible assets

|                                 | Software<br>£'000 |
|---------------------------------|-------------------|
| <b>Cost</b>                     |                   |
| At 1 April 2023                 | 2,887             |
| Additions                       | 125               |
| Disposal                        | -                 |
|                                 | <hr/>             |
| At 31 March 2024                | 3,012             |
|                                 | <hr/>             |
| <b>Accumulated amortisation</b> |                   |
| At 1 April 2023                 | 2,803             |
| Charge for the year             | 96                |
| Disposal                        | -                 |
|                                 | <hr/>             |
| At 31 March 2024                | 2,899             |
|                                 | <hr/>             |
| <b>Net book value</b>           |                   |
| At 31 March 2024                | 113               |
|                                 | <hr/> <hr/>       |
| At 31 March 2023                | 84                |
|                                 | <hr/> <hr/>       |

All amortization is charged within the administrative expenses in the Income Statement.

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 11. Property, plant and equipment

|                                 | Furniture<br>fixtures and<br>fittings | Office<br>and IT<br>equipment | Right of use<br>assets<br>buildings | Right of use<br>vehicle | Total  |
|---------------------------------|---------------------------------------|-------------------------------|-------------------------------------|-------------------------|--------|
|                                 | £'000                                 | £'000                         | £'000                               | £'000                   | £'000  |
| <b>Cost</b>                     |                                       |                               |                                     |                         |        |
| At 1 April 2023                 | 4,427                                 | 1,471                         | 46,349                              | 100                     | 52,347 |
| Additions                       | 127                                   | 33                            | 563                                 | -                       | 723    |
| Disposals                       | (40)                                  | (34)                          | -                                   | (35)                    | (109)  |
| Transfer/adj                    | -                                     | -                             | (12)                                | -                       | (12)   |
| At 31 March 2024                | 4,514                                 | 1,470                         | 46,900                              | 65                      | 52,949 |
| <b>Accumulated depreciation</b> |                                       |                               |                                     |                         |        |
| At 1 April 2023                 | 3,984                                 | 1,199                         | 36,145                              | 77                      | 41,405 |
| Charge for the year             | 260                                   | 130                           | 681                                 | 23                      | 1,094  |
| Disposals                       | (40)                                  | (34)                          | -                                   | (35)                    | (109)  |
| Transfer/adj                    | -                                     | -                             | -                                   | -                       | -      |
| At 31 March 2024                | 4,204                                 | 1,295                         | 36,826                              | 65                      | 42,390 |
| <b>Net book value</b>           |                                       |                               |                                     |                         |        |
| At 31 March 2024                | 310                                   | 175                           | 10,074                              | -                       | 10,559 |
| At 31 March 2023                | 443                                   | 272                           | 10,204                              | 23                      | 10,942 |

#### Right-of-use assets

The company has two office leases included in building. These leases will expire September 2026 and September 2033 respectively with no option to purchase at the end of the lease term.

The company had two car leases. Both lease terms were of 3 years and ended in March 2024.

The total cash outflow for leases amount to £3.0 million (2023: 1.7 million) for the year.

#### Amounts recognised in profit and loss

|  | 2024<br>£'000 | 2023<br>£'000 |
|--|---------------|---------------|
| Depreciation expense on right-of-use assets  | 704           | 736           |
| Interest expense on lease liabilities        | 542           | 493           |
| Interest income arising on lease termination | -             | -             |
| Expense relating to short-term leases        | -             | -             |
| Income from sub-leasing right-of-use assets  | 1,350         | 1,312         |

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 12. Investments

|                       | Shares in<br>subsidiary<br>undertakings | Other<br>investments | Total  |
|-----------------------|---|----------------------|--------|
|                       | £'000                                   | £'000                | £'000  |
| <b>Cost</b>           |   |                      |        |
| At 1 April 2023       | 83,144                                  | 76                   | 83,220 |
| Additions             | -                                       | 25                   | 25     |
| Disposal              | -                                       | -                    | -      |
|                       | <hr/>                                   | <hr/>                | <hr/>  |
| At 31 March 2024      | 83,144                                  | 101                  | 83,245 |
|                       | <hr/>                                   | <hr/>                | <hr/>  |
| <b>Provision</b>      |   |                      |        |
| At 1 April 2023       | 41,734                                  | -                    | 41,734 |
| Impairment            | -                                       | -                    | -      |
| Disposal              | -                                       | -                    | -      |
|                       | <hr/>                                   | <hr/>                | <hr/>  |
| At 31 March 2024      | 41,734                                  | -                    | 41,734 |
|                       | <hr/>                                   | <hr/>                | <hr/>  |
| <b>Net book value</b> |   |                      |        |
| At 31 March 2024      | 41,410                                  | 101                  | 41,511 |
|                       | <hr/>                                   | <hr/>                | <hr/>  |
| At 31 March 2023      | 41,410                                  | 76                   | 41,486 |
|                       | <hr/>                                   | <hr/>                | <hr/>  |

### *Shares in subsidiary undertakings*

The shares in subsidiary undertakings represent the four European subsidiaries of the company located in Germany, Italy, Netherlands and France. The principal activities of Mitsubishi International GmbH relate to the general trading of commodities and the provision of related services. The other subsidiaries' principal activities relate to the provision of services.

Shareholdings in subsidiaries as at 31 March 2024 are as follows:

| Company name                     | Registered office and Country of incorporation   | Class of shareholding | Shareholding % | £'000         |
|----------------------------------|--|-----------------------|----------------|---------------|
| Mitsubishi International G.m.b.H | Kennedydamm 19, 40476 Duesseldorf, Federal Republic of Germany                                       | Ordinary shares       | 100            | 28,122        |
| Mitsubishi France S.A.           | 3 Avenue Hoche 75008 Paris, France   | Ordinary shares       | 100            | 4,941         |
| Mitsubishi Italia S.p.A          | Largo Toscanini, 1 20122 Milano, Italy   | Ordinary shares       | 100            | 1,055         |
| Mitsubishi Nederland B.V.        | 500 Beethovenstraat, 3 <sup>rd</sup> floor, Beethovenstraat 514, 1082 PR, Amsterdam, The Netherlands | Ordinary shares       | 100            | 7,292         |
|                                  |  |                       |                | <hr/>         |
| <b>Total</b>                     |  |                       |                | <b>41,410</b> |
|                                  |  |                       |                | <hr/>         |



# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 12. Investments (continued)

In the opinion of the directors, there is no impairment to the carrying value of the subsidiaries (2023: impairment loss of £1.0 million for Mitsubishi France S.A.).

#### *Other investments*

The other investments represent a debenture in Wentworth Golf Club.

### 13. Inventories

|   | 2024<br>£'000 | 2023<br>£'000 |
|---|---------------|---------------|
| Aluminium inventories held at fair value less costs to sell | 251,080       | 258,768       |
| Finished goods and goods for resale                         | 251,080       | 258,768       |

### 14. Trade and other receivables

|   | 2024<br>£'000  | 2023<br>£'000  |
|---|----------------|----------------|
| <b>Amounts due within one year:</b>                               |                |                |
| Trade receivables   | 277,639        | 318,387        |
| Less: allowance for doubtful receivables                          | (949)          | (1,006)        |
|   | 276,690        | 317,381        |
| Amounts owed by parent company and fellow subsidiary undertakings | 5,764          | 4,439          |
| Sublease receivable from group undertakings                       | 737            | 984            |
| Loans to third parties  | 95             | 4,477          |
| Corporation tax receivable  | 3,607          | 3,573          |
| VAT receivable  | 342            | 8,288          |
| Prepayments   | 392            | 2,791          |
|   | 287,627        | 341,933        |
| <b>Amounts due after more than one year:</b>                      |                |                |
| Sublease receivable from group undertakings                       | 1,557          | 2,552          |
| Other debtors   | 76             | 667            |
|   | 1,633          | 3,219          |
| <b>Total trade and other receivables</b>                          | <b>289,260</b> | <b>345,152</b> |

All trade receivables that are due within one year have a maturity of nine months or less and are non-interest bearing and therefore do not expose the company to material interest rate risk.

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 14. Trade and other receivables (continued)

The amount owed by parent company and fellow subsidiary undertakings includes loans to fellow subsidiaries.

The loans to fellow subsidiary undertakings have no fixed repayment terms. The loans carry interest at risk free interest rates plus an appropriate margin for the currency and term for group finance. In the opinion of the directors the carrying amount is a reasonable approximation of fair value. The loan to the associated company carries interest at the company's borrowing rate plus an appropriate margin.

Sublease receivable from group undertakings is fixed, non-cancelable leases until September 2026.

There were no advances to suppliers included within prepayments (2023: £1.8 Million), and there were no margin call deposits for aluminium trade (2023: nil) at the year end.

#### *Credit risk management*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

Credit risk arises from trade receivables due to the fact that trading in most cases requires extending of credit to customers which otherwise may not trade with the company. The company's principal customers, suppliers and financial institutions with which it conducts business are spread across diverse geographical areas.

The company has stringent policies in place, managed by a specialist risk management team, which govern the management of credit risk, including the establishment of counterparty credit limits and specific transaction approvals in line with the company's delegation of authority. The company limits the credit risk by evaluating the potential counterparties before entering into transactions with them and continues to monitor and assess their creditworthiness after transactions have been initiated. Creditworthiness is assessed using information from various sources, an internal credit rating system and qualitative and quantitative data. The system of internal credit rating is based on statistical analysis, with customers being individually rated.

The company attempts to minimise credit risk through using credit insurance wherever considered appropriate and rigorous monitoring of receivables. Depending on the creditworthiness of the counterparty the company may require collateral in the form of guarantees, letters of credit and cash. As at 31 March 2024 the company has credit exposure of £180.3 million (31 March 2023: £207.8 million) covered by parent and third party guarantees in relation to its trade receivables. Credit exposure to any low rated single non-related counterparty or any group of counterparties having similar characteristics is not considered to be significant. The company defines counterparties as having similar characteristics if they are part of the same corporate group.

The company's maximum exposure to credit risk is largely limited to the carrying amount of its receivables, cash and derivatives.

Included in the company's trade receivables balance, there are no debtors (31 March 2023: nil) which are more than 30 days overdue at the reporting date for which the company has not provided since there has not been a significant change in credit quality and the company believes that the amounts are still recoverable.

Below is the table showing the movement in the provision against doubtful receivables which are aged from current to over one year. Provisions are made based on the expected credit loss model requires under IFRS 9, reflecting the expected credit losses.

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 14. Trade and other receivables (continued)

#### *Movement in the allowance for doubtful receivables*

|                                       | 2024<br>£'000 | 2023<br>£'000 |
|---------------------------------------|---------------|---------------|
| Balance at the beginning of the year  | 1,006         | 973           |
| Exchange difference                   | (3)           | 10            |
| Provision charged during the year     | (54)          | 60            |
| Provision reversed during the year    | -             | -             |
| Provision written off during the year | -             | (37)          |
|                                       | <u>949</u>    | <u>1,006</u>  |
| Balance as at end of the year         | <u>949</u>    | <u>1,006</u>  |

### 15. Trade and other payables

|   | 2024<br>£'000  | 2023<br>£'000  |
|---|----------------|----------------|
| <b>Amounts falling due within one year</b>                        |                |                |
| Lease liabilities   | 2,230          | 2,431          |
| Trade payables  | 70,666         | 65,331         |
| Advances from customers   | 2,521          | 2,399          |
| Amounts owed to parent company and fellow subsidiary undertakings | 245,575        | 311,037        |
| Other taxation and social security                                | 217            | 189            |
| Accruals  | 7,732          | 6,074          |
|   | <u>328,941</u> | <u>387,461</u> |
| <b>Deferred income</b>  |                |                |
| Amounts falling due within one year                               | <u>62</u>      | <u>68</u>      |
|   | <u>62</u>      | <u>68</u>      |
| <b>Amount falling due after more than one year</b>                |                |                |
| Lease liabilities   | 18,487         | 21,652         |
| Amount owed to fellow subsidiary undertakings                     | 78,678         | 104,251        |
| Other creditors   | -              | -              |
|   | <u>97,165</u>  | <u>125,903</u> |

As at 31 March 2024 the amount owed to parent company is £198,000 (2023: 192,000). The amount owed to other fellow subsidiary undertakings is £245,377,000 (2023: £310,845,000) of which £238,299,000 (2023: £302,492,000) related to group financing. The company also has £78,678,000 (2023: £104,251,000) owed to fellow subsidiary undertakings related to group financing which falls due after more than one year. The decrease in group financing is due to less funding required for aluminium trading as a result of lower aluminium commodity prices.

All trade payables and amounts owed to the parent for trading transactions are due within one year and are non-interest bearing and therefore do not expose the company to material interest rate risk.

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 15. Trade and other payables (continued)

There were no bank loan or overdraft balances as at 31 March 2024.

#### Analysis of lease liabilities

|                                   | 2024<br>£'000 | 2023<br>£'000 |
|-----------------------------------|---------------|---------------|
| <b>Amount due for settlement:</b> |               |               |
| Between one and five years        | 11,369        | 12,620        |
| After five years                  | 7,118         | 9,032         |
|                                   | <hr/>         | <hr/>         |
|                                   | 18,487        | 21,652        |
| On demand or within one year      | 2,230         | 2,431         |
|                                   | <hr/>         | <hr/>         |
|                                   | 20,717        | 24,083        |
|                                   | <hr/> <hr/>   | <hr/> <hr/>   |

### 16. Share capital, revaluation reserve, share premium and profit and loss account

|  | 2024<br>£'000 | 2023<br>£'000 |
|--|---------------|---------------|
| <b>Authorised, issued and fully paid:</b>                  |               |               |
| 120,658,154 (2023: 120,658,154) ordinary shares of £1 each | 120,658       | 120,658       |
|  | <hr/> <hr/>   | <hr/> <hr/>   |

|                      | 2024<br>£'000 | 2023<br>£'000 |
|----------------------|---------------|---------------|
| <b>Share premium</b> | 33,665        | 33,665        |
|                      | <hr/> <hr/>   | <hr/> <hr/>   |

#### Profit and loss account

Profit and loss reserve represents cumulative profit or losses net of dividends paid and other adjustments.

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 17. Derivatives and financial instruments

#### Derivatives and financial instruments

##### *Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

##### *Financial risk management objectives*

The company's treasury function provides services to the business, co-ordinates access to domestic and international financial markets and monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyse exposures by degree and magnitude of risk. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The company seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles for the management of foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments. Compliance with policies and exposure limits is reviewed by management on a continuous basis. It is not the policy of the company to enter into these derivative positions on a speculative basis except to a very limited extent with board approval, and firm rules and procedures are in place to ensure that the company follows these policies and that the company risk position is properly managed.

The company has entered into a number of financial instruments as part of its trading portfolio, which are used as hedging tools to match the risks to which the company is exposed. It is the company policy to use these financial instruments and derivatives to hedge outstanding assets and liabilities or transactions that have not yet been undertaken but to which there is a firm commitment or highly probable forecast transaction.

The company is exposed to certain risks and applies the appropriate hedge to match that risk. Where trading exposes the company to foreign exchange risk, forward exchange contracts are entered into to hedge the risk. If the company is exposed to credit risk it will, where appropriate, take out credit insurance to help manage that risk. Where it trades in commodities physically that are also traded on terminal markets it will use futures contracts to hedge any price exposure that it may have. A summary of the financial instruments of the company, by category, including the estimate of fair value is as follows:

#### At 31 March 2024

|                                | Loans and<br>receivables | Available-<br>for-sale | Amortised<br>cost | Held for<br>trading | Total<br>carrying<br>value | Fair value |
|--------------------------------|--------------------------|------------------------|-------------------|---------------------|----------------------------|------------|
|                                | £'000                    | £'000                  | £'000             | £'000               | £'000                      | £'000      |
| <b>Financial assets</b>        |                          |                        |                   |                     |                            |            |
| Non-derivative assets          | 284,919                  | -                      | -                 | -                   | 284,919                    | 284,919    |
| Derivative assets              | -                        | -                      | -                 | 12,622              | 12,622                     | 12,622     |
| Available-for-sale investments | -                        | 101                    | -                 | -                   | 101                        | 101        |
| Cash and cash equivalents      | 1,044                    | -                      | -                 | -                   | 1,044                      | 1,044      |
| Sub-total                      | 285,963                  | 101                    | -                 | 12,622              | 298,686                    | 298,686    |

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 17. Derivatives and financial instruments (continued)

#### Financial risk management objectives (continued)

|  | Loans and<br>receivables | Available-<br>for-sale | Amortised<br>cost | Held for<br>trading | Total<br>carrying<br>value | Fair value |
|--|--------------------------|------------------------|-------------------|---------------------|----------------------------|------------|
|  | £'000                    | £'000                  | £'000             | £'000               | £'000                      | £'000      |
| <b>Financial liabilities</b>               |                          |                        |                   |                     |                            |            |
| Non-derivative liabilities                 | -                        | -                      | (101,179)         | -                   | (101,179)                  | (101,179)  |
| Derivative liabilities                     | -                        | -                      | -                 | (9,253)             | (9,253)                    | (9,253)    |
| Sub-total                                  | -                        | -                      | (101,179)         | (9,253)             | (110,432)                  | (110,432)  |
| <b>Bank overdrafts and other<br/>loans</b> |                          |                        |                   |                     |                            |            |
| Current/non-current                        | -                        | -                      | (316,977)         | -                   | (316,977)                  | (316,977)  |
| Total                                      | 285,963                  | 101                    | (418,156)         | 3,369               | (128,723)                  | (128,723)  |

#### At 31 March 2023

|  | Loans and<br>receivables | Available-<br>for-sale | Amortised<br>cost | Held for<br>trading | Total<br>carrying<br>value | Fair value |
|--|--------------------------|------------------------|-------------------|---------------------|----------------------------|------------|
|  | £'000                    | £'000                  | £'000             | £'000               | £'000                      | £'000      |
| <b>Financial assets</b>                    |                          |                        |                   |                     |                            |            |
| Non-derivative assets                      | 330,500                  | -                      | -                 | -                   | 330,500                    | 330,500    |
| Derivative assets                          | -                        | -                      | -                 | 22,713              | 22,713                     | 22,713     |
| Available-for-sale investments             | -                        | 76                     | -                 | -                   | 76                         | 76         |
| Cash and cash equivalents                  | 1,501                    | -                      | -                 | -                   | 1,501                      | 1,501      |
| Sub-total                                  | 332,001                  | 76                     | -                 | 22,713              | 354,790                    | 354,790    |
| <b>Financial liabilities</b>               |                          |                        |                   |                     |                            |            |
| Non-derivative liabilities                 | -                        | -                      | (100,358)         | -                   | (100,358)                  | (100,358)  |
| Derivative liabilities                     | -                        | -                      | -                 | (12,335)            | (12,335)                   | (12,335)   |
| Sub-total                                  | -                        | -                      | (100,358)         | (12,335)            | (112,693)                  | (112,693)  |
| <b>Bank overdrafts and other<br/>loans</b> |                          |                        |                   |                     |                            |            |
| Current/non-current                        | -                        | -                      | (406,743)         | -                   | (406,743)                  | (406,743)  |
| Total                                      | 332,001                  | 76                     | (507,101)         | 10,378              | (164,646)                  | (164,646)  |

Please refer to note 12 for further disclosure on the fair value of available-for-sale investments. In the opinion of the directors, the carrying values of the financial instruments above approximate to the fair values.

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 17. Derivatives and financial instruments (continued)

#### *Financial risk management objectives (continued)*

The fair value of the derivative financial instruments at the balance sheet date was as follows:

|                                    | 2024<br>£'000 | 2023<br>£'000 |
|------------------------------------|---------------|---------------|
| Assets:                            |               |               |
| Current derivative assets          |               |               |
| - Currency derivatives             | 1,137         | 190           |
| - Aluminium commodity contracts    | 11,485        | 21,729        |
|                                    | <u>12,622</u> | <u>21,919</u> |
| Non-current derivative assets      |               |               |
| - Currency derivatives             | -             | -             |
| - Aluminium commodity contracts    | -             | 794           |
|                                    | <u>-</u>      | <u>794</u>    |
| Liabilities:                       |               |               |
| Current derivative liabilities     |               |               |
| - Currency derivatives             | 68            | 1,996         |
| - Aluminium commodity contracts    | 9,185         | 10,299        |
|                                    | <u>9,253</u>  | <u>12,295</u> |
| Non-current derivative liabilities |               |               |
| - Currency derivatives             | -             | 8             |
| - Aluminium commodity contracts    | -             | 32            |
|                                    | <u>-</u>      | <u>40</u>     |

The fair values for currency derivatives were calculated using the closing price published in *The Financial Times* on the last working day of the month and forward point adjustment from Reuters also on the last working day. The fair values for commodity contracts were calculated using the applicable closing rates on the London Metal Exchange and the market premium published by *Metal Bulletin*.

#### *Hedge accounting*

While the company makes extensive use of derivative financial instruments to hedge the risks to which it is exposed, it applies hedge accounting under IFRS 9 Financial Instruments only in limited circumstances. The hedging transactions the company undertakes that are not recognised in profit and loss are cash flow hedges in respect of foreign exchange forward contracts and other financial instruments used to hedge variations in cash flows likely to arise out of changes in foreign currency exchange rates and commodity prices for highly probable forecast future transactions and firm commitments.

As at 31 March 2024, there was no designated and effective cash flow hedges which have been deferred in other comprehensive income.

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 17. Derivatives and financial instruments (continued)

#### *Market risk*

The company's activities expose it to the financial risks of changes in commodity price and foreign currency exchange rates. The company enters into a variety of derivative financial instruments to manage its exposure to commodity price and foreign currency risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk; and
- futures as traded on the exchanges to hedge against any price risk exposure on its aluminium trading operations.

The major commodity traded in the current year was aluminium. The company's risk management objective and strategy for undertaking the hedge is to eliminate any commodity price risk within a transaction in line with the company and departmental guidelines and rules concerning the internal risk position.

Market risk exposures are measured using sensitivity analysis, disclosed below. There has been no change to the company's exposure to market risks or the manner in which it manages and measures the risk over the last financial year.

#### (i) *Commodity price risk exposure*

The company utilises derivative contracts to hedge price fluctuation on aluminium. The company buys and sells commodity futures on the commodity exchanges as a means to hedge its price risk exposure. The futures are traded on a back-to-back basis with each physical contract and as a result very few speculative positions are held.

At the balance sheet date, the total notional amount of outstanding future commodity contracts was as follows:

|               | Aluminium     |                |
|---------------|---------------|----------------|
|               | £'000<br>Long | £'000<br>Short |
| 31 March 2024 | 179,531       | 397,337        |
| 31 March 2023 | 259,999       | 473,194        |

These futures contracts cover a variety of settlement periods beyond the balance sheet date, the latest one being due for settlement in January 2025. 'Long' refers to the buying position of aluminium future contracts whereas 'Short' refers to the selling position of aluminium future contracts.

The ranges that have been used in the fair value of the material commodity derivatives are as follows:

Aluminium: US\$2,307 – US\$2,424 per metric ton (2023: US\$2,383 – US\$2,531 per metric ton).



# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 17. Derivatives and financial instruments (continued)

#### (ii) Commodity price sensitivity analysis

The sensitivity analysis demonstrates the potential impact on the company's profit due to the market and price risk associated with aluminium trading. The following sensitivity analysis has been carried out on the fair values of the commodity derivatives:

|                   | 2024                           |                                    | 2023                           |                                    |
|-------------------|--------------------------------|------------------------------------|--------------------------------|------------------------------------|
|                   | Impact on profit and loss      |                                    | Impact on profit and loss      |                                    |
|                   | Lowest case<br>(loss)<br>£'000 | Highest case<br>(profit)<br>£ '000 | Lowest case<br>(loss)<br>£'000 | Highest case<br>(profit)<br>£ '000 |
| Aluminium futures | 8,437                          | 8,807                              | 9,961                          | 6,138                              |
| Total             | 8,437                          | 8,807                              | 9,961                          | 6,138                              |

The highest and lowest cases were picked up from the highest and lowest monthly average premium, contango/backwardation and published market price data from the last three years. This is consistent with the data and calculations used by management in its internal risk management process.

#### Foreign currency risk

The company's treasury department will undertake cash management to ensure the foreign currency cash balances are maintained as working capital based on the estimate of future needs. When a transaction results in a foreign exchange exposure in any currency then this exposure is hedged by the treasury department. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

#### (i) Foreign currency risk exposure

A significant portion of the company's earnings are denominated in foreign currencies. Consequently the company has significant risk in the translation of these earnings to its functional currency in sterling. The foreign currency profits before tax by major currency (other than sterling which comprise most of the company operating expenses) for the company are:

|           | 2024<br>£'000 | 2023<br>£'000 |
|-----------|---------------|---------------|
| US Dollar | 14,513        | 4,456         |
| Euro      | 4,685         | 7,910         |
|           | 19,198        | 12,366        |

The company manages the foreign currency risk by regularly monitoring the net foreign currency earnings against current exchange rates to sterling. Additionally any changes to budgeted earnings figures are also taken into account. Where required, hedging action is undertaken and a report on the outstanding positions and valuations is presented to the management at each month end.

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 17. Derivatives and financial instruments (continued)

#### (i) Foreign currency risk exposure (continued)

Monetary assets and liabilities by major foreign currency at the balance sheet date are:

|           | Monetary liabilities |                | Monetary assets |                |
|-----------|----------------------|----------------|-----------------|----------------|
|           | 2024<br>£'000        | 2023<br>£'000  | 2024<br>£'000   | 2023<br>£'000  |
| US Dollar | 218,052              | 298,848        | 107,819         | 115,465        |
| Euro      | 90,740               | 171,143        | 166,557         | 198,308        |
|           | <u>308,792</u>       | <u>469,991</u> | <u>274,376</u>  | <u>313,773</u> |

#### (ii) Foreign currency sensitivity analysis

The following table shows the company's sensitivity to a 10% increase and decrease in sterling against the relevant foreign currencies. The sensitivity analysis demonstrates the impact to the company profit and loss as a result of the change in foreign currency exchange rates based on the earnings and the value of foreign currency monetary assets and liabilities shown above.

Sensitivity analysis (loss)/profit impact:

|                            | 10% weakening in £<br>against other currency |                | 10% weakening in £<br>against other currency |                |
|----------------------------|--|----------------|--|----------------|
|                            | 2024<br>£'000                                | 2024<br>£'000  | 2023<br>£'000                                | 2023<br>£'000  |
|                            | On net<br>monetary<br>items                  | On<br>earnings | On net<br>monetary<br>items                  | On<br>earnings |
| US Dollar                  | (12,248)                                     | 1,613          | (20,376)                                     | 495            |
| Euro                       | 8,424  | 521            | 2,716  | 879            |
| Total impact (loss)/profit | <u>(3,824)</u>                               | <u>2,134</u>   | <u>(17,660)</u>                              | <u>1,374</u>   |

For a 10% strengthening of sterling against the relevant currency, there would be an almost equal and opposite impact on the earnings and on the monetary items in the balance sheet.

#### (iii) Foreign currency contracts

The company utilises currency derivatives to hedge significant future transactions and cash flows. The company is a party to a variety of foreign currency forward contracts in the management of its exchange rate exposure. The instruments purchased are primarily denominated in the currencies of the commodity or the marketplace that the physical transaction takes place in.

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 17. Derivatives and financial instruments (continued)

#### (iii) Foreign currency contracts (continued)

At the balance sheet date, the total notional amount of outstanding forward foreign exchange contracts that the company has committed to are as below.

|               | GBP<br>£'000 | USD<br>£'000 | EUR<br>£'000 | JPY<br>£'000 |
|---------------|--------------|--------------|--------------|--------------|
| 31 March 2024 | 138,106      | 167,248      | 33,059       | 139          |
| 31 March 2023 | 119,975      | 174,131      | 38,343       | 4            |

These arrangements are designed to address significant exchange exposures that the company has for contracted commitments, the latest being due to mature in December 2024.

At 31 March 2024 the fair value of the company's currency derivatives is estimated to be a net asset of £1.1 million (2023: net liability of 1.8 million). These relate to booked transactions, being accounts receivable and short-term borrowing, with the amount of effective cash flow hedges which have been deferred in other comprehensive income being £nil (2023: £nil) as discussed above under hedge accounting. These contracts are valued using pricing techniques involving assumptions based on observable market data to determine the expected settlement amount, which is the present value of the difference between the contract rate and the current forward rate multiplied by the notional currency amount, taking into account the need for adjustments for credit risk.

Listed below are the exchange rate ranges used in calculating the fair value as at 31 March 2024 for the key currencies held as derivatives.

|                       |                         |                         |
|-----------------------|-------------------------|-------------------------|
| US Dollars – Euro     | (2024: 1.0800 – 1.0935) | (2023: 1.0864 – 1.1057) |
| US Dollars – Sterling | (2024: 1.2632)          | (2023: 1.2364)          |

The company also acts as agent for its fellow subsidiaries and parent company in contracting foreign exchange forward contracts. These foreign exchange contracts are not included on the company's balance sheet on the basis that the company is only acting as agent and does not bear the significant risks and rewards of these instruments other than the fixed agency commission that is recognised as income as earned. The fair value of such contracts as at 31 March 2024 was a gain of £22,809,764 (2023: gain of £4,594,657).

#### Interest rate risk

The company in its normal course of business requires funding to finance its commodity trading operations. It is exposed to interest rate risk predominantly because of the mismatch between the value of floating rate assets, mainly consisting of cash flows from inventories and receivables versus fixed rate liabilities. The company's interest risk management policy is to hedge the overall floating rate exposure by using fixed rate borrowings of a similar short-term duration. Longer dated assets over 1 year in duration are normally matched by borrowings obtained from a fellow group undertaking.

The table below summarises the contractual maturity dates of the company's financial instruments, from the year end, which are exposed to cash flow interest rate risk.

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 17. Derivatives and financial instruments (continued)

#### Interest rate risk (continued)

|  | Less than<br>one year<br>£'000 | Between<br>one and<br>two years<br>£'000 | Between<br>two and<br>five years<br>£'000 | More<br>than five<br>years<br>£'000 | Non-<br>interest<br>bearing<br>£'000 | Total<br>£'000 |
|--|--------------------------------|--|---|-------------------------------------|--------------------------------------|----------------|
| <b>As at 31 March 2024</b>   |                                |  |   |                                     |                                      |                |
| Assets:  |                                |  |   |                                     |                                      |                |
| Cash at bank and in hand   | 1,044                          | -  | -   | -                                   | -                                    | 1,044          |
| Loans to third parties   | 95                             | -  | -   | -                                   | -                                    | 95             |
| Amounts owed by parent company and<br>fellow subsidiary undertakings | -                              | -  | -   | -                                   | 8,058                                | 8,058          |
| Amount owed by associates  | -                              | -  | -   | -                                   | 78                                   | 78             |
| Liabilities:   |                                |  |   |                                     |                                      |                |
| Bank loans and overdrafts  | -                              | -  | -   | -                                   | -                                    | -              |
| Amounts owed to parent company and<br>fellow subsidiary undertakings | 238,299                        | 78,678                                   | -   | -                                   | 7,276                                | 324,253        |
|  | <u>238,299</u>                 | <u>78,678</u>                            | <u>-</u>                                  | <u>-</u>                            | <u>7,276</u>                         | <u>324,253</u> |
| <b>As at 31 March 2023</b>   |                                |  |   |                                     |                                      |                |
| Assets:  |                                |  |   |                                     |                                      |                |
| Cash at bank and in hand   | 1,501                          | -  | -   | -                                   | -                                    | 1,501          |
| Loans to third parties   | 4,477                          | -  | -   | -                                   | -                                    | 4,477          |
| Amounts owed by parent company and<br>fellow subsidiary undertakings | -                              | -  | -   | -                                   | 7,975                                | 7,975          |
| Amount owed by associates  | -                              | -  | -   | -                                   | 108                                  | 108            |
| Liabilities:   |                                |  |   |                                     |                                      |                |
| Bank loans and overdrafts  | -                              | -  | -   | -                                   | -                                    | -              |
| Amounts owed to parent company and<br>fellow subsidiary undertakings | 302,492                        | 104,251                                  | -   | -                                   | 8,545                                | 415,288        |
|  | <u>302,492</u>                 | <u>104,251</u>                           | <u>-</u>                                  | <u>-</u>                            | <u>8,545</u>                         | <u>415,288</u> |

The contracted interest rate on cash at bank and bank deposits range from nil% to 5.00%.

Contracted interest rates on loans to third parties and amounts owed by fellow subsidiary undertakings range from nil to 5.71%.

Contracted interest rates on overdraft and amounts owed to fellow subsidiary undertakings range from 4.00% to 8.50%.

The directors are of the opinion that the above contracted interest rates are a fair approximation of the effective interest rates as at 31 March 2024.

## Mitsubishi Corporation International (Europe) Plc

### Notes to the financial statements (continued) For the year ended 31 March 2024

#### 17. Derivatives and financial instruments (continued)

##### *Liquidity risk*

The financing requirements of the company are predominantly short-term in nature and therefore liquidity management is one of the key risks that the company faces. The company manages its financing requirement and hence its liquidity risk with the aid of a cash-flow forecast that is continuously updated to reflect the actual requirement in each currency. Where appropriate the company seeks to match the duration of liabilities to the underlying assets so as to minimise liquidity risk.

The company meets its financing requirements mainly through a combination of inter-group loans and reserves. The company also has access to uncommitted facilities from a range of banks.

An analysis of the liquidity profile of the company's financial liabilities is as follows:

|                            | Within<br>one year<br>£'000 | Between<br>one and<br>two years<br>£'000 | Between<br>two and<br>five years<br>£'000 | Total<br>£'000   |
|----------------------------|-----------------------------|--|---|------------------|
| <b>2024</b>                |                             |  |   |                  |
| Bank loans and overdrafts  | -                           | -  | -   | -                |
| Other loans                | (238,299)                   | (78,679)                                 | -   | (316,978)        |
| Related interest           | (1,903)                     | (451)                                    | -   | (2,354)          |
| Non-derivative liabilities | (80,171)                    | (5,779)                                  | (12,708)                                  | (98,658)         |
| Derivative liabilities     | (9,253)                     | -  | -   | (9,253)          |
| <b>Total</b>               | <b>(329,626)</b>            | <b>(84,909)</b>                          | <b>(12,708)</b>                           | <b>(427,243)</b> |
|                            |                             |  |   |                  |
|                            | Within<br>one year<br>£'000 | Between<br>one and<br>two years<br>£'000 | Between<br>two and<br>five years<br>£'000 | Total<br>£'000   |
| <b>2023</b>                |                             |  |   |                  |
| Bank loans and overdrafts  | -                           | -  | -   | -                |
| Other loans                | (302,492)                   | (104,251)                                | -   | (406,743)        |
| Related interest           | (2,127)                     | (3,262)                                  | -   | (5,389)          |
| Non-derivative liabilities | (78,706)                    | (6,409)                                  | (15,243)                                  | (100,358)        |
| Derivative liabilities     | (12,295)                    | (40)                                     | -   | (12,335)         |
| <b>Total</b>               | <b>(395,620)</b>            | <b>(113,962)</b>                         | <b>(15,243)</b>                           | <b>(524,825)</b> |

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 17. Derivatives and financial instruments (continued)

#### *Fair value measurements recognised in the balance sheet*

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| 2024                                       |                  |                  |                  |                |
|--|------------------|------------------|------------------|----------------|
|  | Level 1<br>£'000 | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000 |
| <b>Financial assets at FVTPL</b>           |                  |                  |                  |                |
| Derivative financial assets                | -                | 12,622           | -                | 12,622         |
| <b>Available-for-sale financial assets</b> |                  |                  |                  |                |
| Unquoted equities                          | -                | -                | 101              | 101            |
| Total                                      | -                | 12,622           | 101              | 12,723         |
| <b>Financial liabilities at FVTPL</b>      |                  |                  |                  |                |
| Derivative financial liabilities           | -                | 9,253            | -                | 9,253          |
| Total                                      | -                | 9,253            | -                | 9,253          |
| 2023                                       |                  |                  |                  |                |
|  | Level 1<br>£'000 | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000 |
| <b>Financial assets at FVTPL</b>           |                  |                  |                  |                |
| Derivative financial assets                | -                | 22,713           | -                | 22,713         |
| <b>Available-for-sale financial assets</b> |                  |                  |                  |                |
| Unquoted equities                          | -                | -                | 76               | 76             |
| Total                                      | -                | 22,713           | 76               | 22,789         |
| <b>Financial liabilities at FVTPL</b>      |                  |                  |                  |                |
| Derivative financial liabilities           | -                | 12,335           | -                | 12,335         |
| Total                                      | -                | 12,335           | -                | 12,335         |

## Mitsubishi Corporation International (Europe) Plc

### Notes to the financial statements (continued) For the year ended 31 March 2024

#### 17. Derivatives and financial instruments (continued)

##### *Reconciliation of Level 3 fair value measurements of financial assets:*

|                        | <b>Available-for-sale<br/>Unquoted equities</b> |              |
|------------------------|---|--------------|
|                        | <b>2024</b>                                     | <b>2023</b>  |
|                        | <b>£'000</b>                                    | <b>£'000</b> |
| Opening balance        | 76  | 47           |
| Total losses or gains: |   |              |
| - addition             | 25  | 29           |
| - disposals            | -   | -            |
| Closing balance        | <u>101</u>                                      | <u>76</u>    |

The table above only includes financial assets. There were no financial liabilities subsequently measured at fair value on Level 3 fair value measurement bases.

##### *Netting arrangements*

The company enters into netting agreements with counterparties to manage the credit and settlement risks associated with all its derivatives. These netting agreements and similar arrangements enable the company and its counterparties to settle cash flows on a net basis and set-off liabilities against available assets in the event that either party is unable to fulfil its contractual obligations. Gross notional amounts of the company's derivatives are set out above in the sections of this note relating to the risk the derivatives are used to manage.

#### 18. Pension scheme

##### *Defined contribution scheme*

The company operates a defined contribution scheme for the benefit of the employees of Mitsubishi Corporation International (Europe) Plc. The charge for the year (being the contributions made by the company) was £0.7 million (2023: £0.6 million). No amounts were accrued or prepaid as at 31 March 2024.

#### 19. Immediate and ultimate parent company

In the opinion of the directors, the company's ultimate parent company and controlling entity is Mitsubishi Corporation, a company incorporated in Japan. This is the smallest and largest group in which the company is consolidated.

Copies of the group financial statements of the ultimate parent company can be obtained from Mitsubishi Corporation, 3-1 Marunouchi 2-Chome, Chiyoda-ku, Tokyo 100-8086, Japan and are also available on Mitsubishi Corporation's website ([www.mitsubishicorp.com](http://www.mitsubishicorp.com)).

# Mitsubishi Corporation International (Europe) Plc

## Notes to the financial statements (continued) For the year ended 31 March 2024

### 20. Related party transactions

The disclosures below show transactions with related parties which are not wholly owned within the group headed by Mitsubishi Corporation. The company has taken advantage of the exemption from disclosing details of related party transactions available under FRS 101 for transactions with other wholly owned group companies.

|                             | Other related parties |               |
|-----------------------------|-----------------------|---------------|
|                             | 2024<br>£'000         | 2023<br>£'000 |
| Revenue                     | 181                   | 138           |
| Sublease income             | 33                    | 33            |
| Trade and other receivables | 46                    | 25            |

### 21. Capital risk management and dividends

#### *Capital risk management*

The company manages its capital to ensure that it will be able to fund both its own day-to-day activities and those of its subsidiaries while continuing as a going concern. The capital structure of the company consists of net debt (bank loans, overdrafts and intercompany balances disclosed in note 15 after deducting cash and bank balances) and equity (comprising issued capital, reserves and retained earnings disclosed in note 16). The company is not subject to any externally imposed capital requirements and does not manage its capital on the basis of specific target gearing or leverage ratios.

Instead, each year the directors make an assessment of the valuation of the company's assets and liabilities using assumptions which are more prudent than those adopted for financial reporting purpose, taking into account unrealised gains and losses on assets and liabilities held at fair value and unrecognised contingent liabilities. Having made this assessment the company pays out all remaining retained earnings as dividends such that the company's equity should remain broadly stable over the long term. Any requirements for additional capital identified by the company through its ongoing cash flow forecasting are met through additional borrowings obtained from the wide range of facilities available to the company, both directly from external banks and from other group undertakings.

#### *Dividends*

Amounts recognised as distributions to equity holders in the year:

|   | 2024<br>£'000 | 2023<br>£'000 |
|---|---------------|---------------|
| Dividend for the year ended 31 March 2024 of 1.30120p per share (for year ended 31 March 2023: 22.62591p per share) | 1,570         | 27,300        |
|   | 1,570         | 27,300        |

### 22. Event after the balance sheet date

There are no non-adjusting or adjusting events occurred after the balance sheet date.