

Registration number: 01974199

Sumitomo Corporation Capital Europe Plc

Annual Report and Financial Statements

for the Year Ended 31 March 2023

Sumitomo Corporation Capital Europe Plc

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Sumitomo Corporation Capital Europe Plc

Strategic report for the Year Ended 31 March 2023

The directors present their strategic report for the year ended 31 March 2023.

Principal activities

The principal activity of the Company is the provision of financing and management of cash to Sumitomo Corporation's overseas subsidiaries. The Company's activity is mainly financed by raising funds on the European capital and money markets through the programmes for the issuance of Euro Commercial Paper ("ECP") and Euro Medium Term Notes ("MTN").

There has not been any significant change in the Company's principal activity in this year under review. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the forthcoming year.

Business review and future prospects

Trading

The Company's profit and loss account for the year ended 31 March 2023 is set out on page 13. Income for the year was \$32,929,000 (2022: \$11,294,000) and profit before tax was \$10,741,000 (2022: \$6,351,000). The increase in income and profit before tax is mainly attributable to sharp increase of interest rates during the current year.

The balance sheet on page 14 and 15 shows net assets of \$299,148,000 (2022: \$290,459,000), an increase of 3%.

The Sumitomo Corporation manages its operations on a divisional basis and relevant key performance indicators have been presented in their accounts which can be found on their website, www.sumitomocorp.co.jp. In order to have an appropriate understanding of the development, performance and position of the business, the monitoring of interest rate spreads and matching terms and conditions of funding and lending requirements is performed on a regular basis.

Future prospects

The directors are confident that the Company, due to its strong cash position and access to finance, is soundly based not only to continue with its current activities, but also providing financing to fellow subsidiaries within Sumitomo Corporation when they promote new areas of business and activities in Europe. The Sumitomo Corporation group will continue to target expansion of its business activities through strategic investments.

Section 172(1) Statement

Section 172(1) Companies Act 2006 provides: "A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard" to appropriate possible matters. Six such matters are listed in sub-clauses (a) to (f) of section 172.

Section 414CZA(1) Companies Act 2006 states: "A strategic report for a financial year of a company must include a statement (a "section 172(1) statement") which describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) when performing their duty under section 172." The required statement for 31 March 2023 is provided in the following table.

Sumitomo Corporation Capital Europe Plc

Strategic report for the Year Ended 31 March 2023 (continued)

Section 172(1) Statement (continued)

Matter to which the directors are to have regard	How the directors have had regard to matters when performing their duty under section 172
(a) the likely consequences of any decision in the long term	For all decisions made by the board and its directors with regards to the funding, long term impact to the wider members as a whole is considered.
(b) the interests of the company's employee	The Company does not have any employees and all services are rendered to this Company via Sumitomo Corporation Europe Ltd
(c) the need to foster the company's business relationships with suppliers, customers and others	The directors assess their counterparty requirements which helps them better understand their individual needs and channel suitable funding to them.
(d) the impact of the company's operations on the community and the environment	Environmental duties are considered of great importance by the directors and steps such as waste recycling, energy saving and use of environmental friendly supplies in the office is actively encouraged.
(e) the desirability of the company maintaining a reputation for high standards of business conduct	The directors are very much aware of their duty to act in way that promotes the success of the Company, which is reliant on the trust and confidence of its wider stakeholders to operate sustainably in the long term. The members are informed promptly of any decisions that the board makes that may affect them in any way.
(f) the need to act fairly as between members of the company	As the wider members of the company, i.e. the counterparties and external stakeholders form the center of decision making, consideration is always given that they are treated fairly by assessing the consequences of any decisions made.

Foreign exchange risk

The Company transacts in a number of other currencies in addition to US Dollars. Certain exposures to fluctuations in exchange rates are managed by transactions in the forward foreign exchange markets. These derivative financial instruments are stated at fair value based on quoted market rates. Changes in the fair value of these derivative financial instruments are recognised in the profit and loss account. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The Company does not hold or issue foreign currency derivative financial instruments for trading purposes. Further details can be found in Note 2, accounting policies for foreign currencies transactions.

The Company has not sought to apply hedge accounting treatment for any of its foreign exchange hedging activity in any of the periods presented.

Where the Company has identified forward foreign exchange derivative instruments within certain contracts, these have been included in the balance sheet at fair value. Fair value of these derivatives is classified as level 2. The value of the derivatives is reviewed on an annual basis or when the relevant contract matures.

Liquidity and cash flow risk

The Company manages its daily cash position based on the cash flow forecast for the next 3 months and raises necessary funding. The Company has a \$3 billion Euro Medium Term Note Programme which is shared with three fellow Sumitomo Corporation group companies and a \$1.5 billion Euro Commercial Paper Programme. Additionally, short-term funding of \$1.1 billion is available via a shared committed loan facility agreement with three fellow Sumitomo Corporation group companies and \$50 million committed banking facility.

Sumitomo Corporation Capital Europe Plc

Strategic report for the Year Ended 31 March 2023 (continued)

Throughout the year and since year end, stable and adequate funding resources have been available to the Company due to the financial strength of the ultimate parent company. The directors consider that, despite the current political and economic uncertainties in the European region, the financial strength of the ultimate holding company and its global business activities mean there is no indication of significant negative impacts on ability to raise funds and therefore the directors do not expect any significant adverse impact on the Company's ability to access appropriate funding for its operations in the future.

Interest rate risk

Interest rate risk is split into two different types of risk - 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 inter-company loans, it is exposed to cash-flow interest rate risk.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

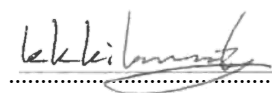
In order to manage cash-flow interest rate risk, the Company has a policy to ensure that this is constantly monitored.

Recent movements in global interest rates have not materially affected the interest rates charged to the Company because the volatility on the overall P&L is low as the interest rates are passed on via the lending provided to Sumitomo Group Companies. Every effort is made to minimize the cost to the Company of interest rate charges by utilising facilities, such as competitive interest rates and foreign exchange swaps, made available by financial institutions.

Environmental matters

The Company recognises the importance of its environmental responsibilities and monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the Company's activities. Initiatives designed to minimise the Company's impact on the environment include recycling of waste paper and obsolete office equipment, reducing energy consumption and encouraging the purchase of environment-friendly office supplies whenever possible.

Approved by the Board on 20th July 2023 and signed on its behalf by:



K Kikumoto
Director

Company Registration No: 01974199

Vintner's Place
68 Upper Thames Street
London
EC4V 3BJ

Sumitomo Corporation Capital Europe Plc

Directors' report for the Year Ended 31 March 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Dividends

The Company made no dividend payment during the year (2022: US \$nil).

Directors' of the Company

The directors, who held office during the year and up to the date of this report were as follows:

T Hirose (resigned 25 April 2022)

H Tomita (resigned 28 April 2023)

S Kanayama

T Tamura

K Kikumoto (appointed 25 April 2022)

T Konno (appointed 28 April 2023)

Directors' indemnities

The Company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Political contribution

The Company made no political donations during the year (2022: nil).

Disclosure of information to the auditors

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

Reappointment of auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

The Strategic report on page 1-3 also contains the financial risk management objectives and policies, including hedging policy as well as exposure to price, credit, liquidity and cash flow risks.

Sumitomo Corporation Capital Europe Plc

Directors' report for the Year Ended 31 March 2023 (continued)

Approved by the Board on 20th July 2023 and signed on its behalf by:

A handwritten signature in dark ink, appearing to read 'K Kikumoto', is written over a horizontal dotted line.

K Kikumoto
Director

Company Registration No: 01974199

Vintner's Place
68 Upper Thames Street
London
EC4V 3BJ

Sumitomo Corporation Capital Europe Plc

Statement of directors' responsibilities in respect of the Strategic Report, the Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing the financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

Independent Auditor's Report to the Members of Sumitomo Corporation Capital Europe Plc

Our opinion is unmodified

We have audited the financial statements of Sumitomo Corporation Capital Europe Plc (the "Company") for the year ended 31 March 2023, which comprise the Profit and Loss Account and Other Comprehensive Income; Balance Sheet; Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. In arriving at our audit opinion above, the key audit matter was as follows:

Recoverability of debtors due from group entities (\$795 million; 2022: \$558 million)

The risk:

- **Low risk, high value:** The carrying amount of the intra-group debtor balance represents 78% (2022:49%) of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Company financial statements, this is considered to be the area that had the greatest effect on our overall audit.

We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described

Our procedures included:

- **Test of detail:** Assessing 100% of group debtors to identify if a guarantee letter is in place from Sumitomo Corporation, the ultimate parent, or other Group companies.
- **Key dependency assessment:** Inspecting guarantee letters from Sumitomo Corporation, indicating its intention to guarantee each intra-group debtor balance.
- **Funding assessment:** Challenging the financial capacity of Sumitomo Corporation and the group it heads, including inspection of the group's latest available audited accounts, and considering the ability of Sumitomo Corporation and other Group companies to provide financial support.

Independent Auditor's Report to the Members of Sumitomo Corporation Capital Europe Plc (continued)

- **Evaluating intent:** Challenging the directors' assessment of the intention of Sumitomo Corporation to provide such financial support by considering the group's history of providing support and the commercial advantages and disadvantages to Sumitomo Corporation and other Group companies of providing such support.
- **Assessing transparency:** Assessing the adequacy of the Company's disclosures in respect of the group debtor balance

We continue to perform procedures over the valuation of derivatives. However, following the decrease of the gross exposures from prior year, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year

Our application of materiality and an overview of the scope of our audit

Materiality for the Company's financial statements as a whole was set at \$11.2 million (2022: \$11.3 million), determined with reference to a benchmark of Company total assets, of which it represents 1% (2022: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to \$8.4 million (2022: \$8.4 million) for the Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Board of Directors any corrected or uncorrected identified misstatements exceeding \$0.6 million (2022: \$0.5 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was all performed at the Company's head office in London.

Going concern

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

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Company's available financial resources over this period was the availability of continuous support from Sumitomo Corporation, the ultimate parent company.

We considered whether this risk could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from this risk against the level of available financial resources indicated by the consolidated cash flow forecasts prepared by Sumitomo Corporation.

We considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks. We assessed the completeness of the going concern disclosure.

Independent Auditor's Report to the Members of Sumitomo Corporation Capital Europe Plc (continued)

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 2 to be acceptable.

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

Independent Auditor's Report to the Members of Sumitomo Corporation Capital Europe Plc (continued)

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because principal activity of the Company is to provide financing to Sumitomo Corporation's overseas subsidiaries and do not generate revenue from sale of goods or services.

We did not identify any additional fraud risks.

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

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by specific users, those posted including specific words in their descriptions and those posted to unusual accounts

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the accounts from our general commercial and sector experience and through discussion with the Directors (as required by auditing standards) and from inspection of the Company's regulatory and legal correspondence and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

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

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

Independent Auditor's Report to the Members of Sumitomo Corporation Capital Europe Plc (continued)

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

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

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

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

We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

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

We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Independent Auditor's Report to the Members of Sumitomo Corporation Capital Europe Plc (continued)

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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



.....
Matthew Gillett (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date: 20 July 2023

Sumitomo Corporation Capital Europe Plc

Profit and Loss Account and Other Comprehensive Income for the Year Ended 31 March 2023

	Note	2023 US \$ 000	2022 US \$ 000
Income			
Finance Income	3	32,738	11,158
Other operating income	5	<u>191</u>	<u>136</u>
Total income		<u>32,929</u>	<u>11,294</u>
Expenditure			
Finance Costs	4	(19,225)	(1,319)
Administrative expenses	6	<u>(2,963)</u>	<u>(3,624)</u>
Total expenditure		<u>(22,188)</u>	<u>(4,943)</u>
Profit before tax		10,741	6,351
Tax on profit	10	<u>(2,052)</u>	<u>(1,243)</u>
Profit for the year		<u>8,689</u>	<u>5,108</u>

The above results were derived from continuing operations.

Sumitomo Corporation Capital Europe Plc

(Registration number: 01974199)
Balance Sheet as at 31 March 2023

	Note	31 March 2023 US \$ 000	31 March 2022 US \$ 000
Fixed assets			
Intangible assets	11	18	41
Investments	12	19,359	19,359
Other financial assets	17	1,143	136
		<u>20,520</u>	<u>19,536</u>
Current assets			
Cash at bank and in hand		197,064	560,848
Debtors (including \$31,547 [2022: \$49,611] due after more than one year)	13	795,617	558,510
Income tax asset		17	-
Other financial assets	17	370	260
Deferred tax asset	10	10	12
		<u>993,078</u>	<u>1,119,630</u>
Creditors: amounts falling due within one year			
Trade and other payables	16	(7,369)	(3,248)
Loans and borrowings	15	(706,641)	(824,290)
Income tax liability		-	(98)
Other current financial liabilities	17	(440)	(457)
		<u>(714,450)</u>	<u>(828,093)</u>
Net current assets		<u>278,628</u>	<u>291,537</u>
Total assets less current liabilities		<u>299,148</u>	<u>311,073</u>
Creditors: Amounts falling due after more than one year			
Loans and borrowings	15	-	(20,099)
Other non-current financial liabilities	17	-	(515)
Creditors: amounts falling due after more than one year		<u>-</u>	<u>(20,614)</u>
Net assets		<u>299,148</u>	<u>290,459</u>
Capital and reserves			
Called up share capital	14	136,382	136,382
Profit and loss account		162,766	154,077
Shareholders' funds		<u>299,148</u>	<u>290,459</u>

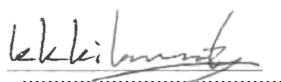
The notes on pages 17 to 42 form an integral part of these financial statements.

Sumitomo Corporation Capital Europe Plc

(Registration number: 01974199)

Balance Sheet as at 31 March 2023 (continued)

Approved by the Board on 20th July 2023 and signed on its behalf by:

A handwritten signature in dark ink, appearing to read 'K Kikumoto', is written over a horizontal dotted line.

K Kikumoto
Director

Sumitomo Corporation Capital Europe Plc

Statement of Changes in Equity for the Year Ended 31 March 2023

	Share capital US \$ 000	Retained earnings US \$ 000	Total US \$ 000
At 1 April 2021	136,382	148,969	285,351
Profit for the year	-	5,108	5,108
Total comprehensive income	-	5,108	5,108
At 31 March 2022	136,382	154,077	290,459
	Share capital US \$ 000	Retained earnings US \$ 000	Total US \$ 000
At 1 April 2022	136,382	154,077	290,459
Profit for the year	-	8,689	8,689
Total comprehensive income	-	8,689	8,689
At 31 March 2023	136,382	162,766	299,148

The notes on pages 17 to 42 form an integral part of these financial statements.

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023

1 General information

The Company is a Public Limited Company, incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:

Vintner's Place
68 Upper Thames Street
London
EC4V 3BJ

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

The Company's ultimate parent undertaking, Sumitomo Corporation, includes the Company in its consolidated financial statements. The Company is exempt by virtue of s.401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group. The consolidated financial statements of Sumitomo Corporation are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 3-2 Otemachi 2-Chome, Chiyoda-ku, Tokyo 100-8601, Japan.

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

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

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

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Accounting estimates and judgements

In the preparation of the financial statements, the directors are required to make judgements, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects both current and future periods.

The directors do not believe that there are any judgements or estimates that they have made in the application of the accounting policies that have a significant effect on the financial statements or may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The directors have prepared cash flow forecasts and performed a going concern assessment for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through its bank facilities, the Medium Term Note and Commercial Paper Program and funding from its ultimate parent company, Sumitomo Corporation, to meet its liabilities as they fall due for that period.

Those assessments are dependent on Sumitomo Corporation Group not seeking repayment of the amounts currently due to the group, which at 31 March 2023 amounted to \$438 million. Sumitomo Corporation has indicated its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities and therefore have prepared the financial statements on a going concern basis

Measurement convention

The financial statements are prepared on the historical cost except for the following:

- derivative financial instruments are measured at fair value in the profit and loss.

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Foreign currency transactions and balances

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

The results of overseas operations with different functional currencies are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and the results of overseas operations are reported in the statement of total recognised gains and losses.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the profit and loss account for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Tax

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

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

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

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

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Intangible assets

Intangible fixed assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation methods, useful lives and residual values are reviewed at each balance sheet date.

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

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

Software	3 to 5 years
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Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call 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.

Trade creditors

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The Company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the Company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the Company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either a mortised cost or fair value.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-

- financial assets at a mortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-

- financial liabilities at a mortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-

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

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

Interest income from these financial assets is included in financial income using the effective interest rate method.

If a financial asset meets the amortised cost criteria, the Company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:-

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

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

If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the statement of income.

Financial assets at fair value through the profit or loss (FVTPL)

Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial liabilities at fair value through the profit or loss

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Derecognition

Financial assets

The Company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as FVTOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

When the Company derecognises transferred financial assets in their entirety, but has continuing involvement in them then the entity should disclose for each type of continuing involvement at the reporting date:

- (a) The carrying amount of the assets and liabilities that are recognised in the entity's statement of financial position and represent the entity's continuing involvement in the derecognised financial assets, and the line items in which those assets and liabilities are recognised.
- (b) The fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets;
- (c) The amount that best represents the entity's maximum exposure to loss from its continuing involvement in the derecognised financial assets, and how the maximum exposure to loss is determined
- (d) The undiscounted cash outflows that would or may be required to repurchase the derecognised financial assets or other amounts payable to the transferee for the transferred assets

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised and a new financial asset is recognised at either a mortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

Financial liabilities

If the terms of a financial liabilities are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual obligations from the cash flows from the original financial liabilities are deemed to expire. In this case the original financial liabilities are derecognised and new financial liabilities are recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial liabilities. In this case, the Company recalculates the gross carrying amount of the financial liabilities and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Impairment of financial assets

Measurement of Expected Credit Losses

The Company recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVPTL, namely:

- Financial assets that are debt instruments
- Accounts and other receivables
- Financial guarantee contracts issued; and
- Loan commitments issued.

The Company classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the Company recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the Company recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the Company recognises the lifetime ECL.

The Company measures loss allowances at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- debt securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- other financial instruments on which the credit risk has not increased significantly since their initial recognition.

The Company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date.

Provisions for credit-impairment are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

Evidence that the financial asset is credit-impaired include the following;

- Significant financial difficulties of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of the loan or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the security because of financial difficulties; or
- There is other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the Company, or economic conditions that correlate with defaults in the Company.

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Derivative financial instruments

Derivative financial instruments are contracts, the value of which is derived from one or more underlying financial instruments or indices, and include futures, forwards, swaps and options in the interest rate, foreign exchange, equity and credit markets.

Derivative financial instruments are recognised in the statement of financial position at fair value. Fair values are derived from prevailing market prices, discounted cash flow models or option pricing models as appropriate.

In statement of financial position, derivative financial instruments with positive fair values (unrealised gains) are included as assets and derivative financial instruments with negative fair values (unrealised losses) are included as liabilities.

The changes in the fair values of derivative financial instruments entered into for trading purposes are included in trading income.

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

3 Finance income

	2023	2022
	US \$ 000	US \$ 000
Interest received on bank deposits	9,731	2,687
Interest received from group companies	23,007	8,471
	<u>32,738</u>	<u>11,158</u>

4 Finance costs

	2023	2022
	US \$ 000	US \$ 000
Interest payable on commercial paper, medium-term notes, short-term loans and long-term loans	<u>19,225</u>	<u>1,319</u>

5 Other operating (income)/expense

The analysis of the company's other operating (income)/expense for the year is as follows:

	2023	2022
	US \$ 000	US \$ 000
Commission receivable	(182)	(138)
Miscellaneous other operating (income)/expense	<u>(9)</u>	<u>2</u>
	<u>(191)</u>	<u>(136)</u>

6 Administrative expenses

Administrative expenses includes the following:

	2023	2022
	US \$ 000	US \$ 000
Amortisation expense	24	24
Operating lease expense - property	256	290

7 Staff costs

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

	2023	2022
	No.	No.
Sales and administration	-	-

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2023 US \$ 000	2022 US \$ 000
Remuneration	661	614

In respect of the highest paid director:

	2023 US \$ 000	2022 US \$ 000
Remuneration	248	230

Directors do not have share options and did not receive awards during the year in the form of shares under long term incentive schemes (2022: nil). Directors' pensions are borne by the ultimate parent company.

9 Auditors' remuneration

	2023 US \$ 000	2022 US \$ 000
Audit of the financial statements	104	136
Amounts receivable by the Company's auditor and its associates in respect of:		
Other assurance services	31	31

There were no other fees payable to KPMG LLP (2022: \$nil).

10 Income tax

Tax charged/(credited) in the profit and loss account

	2023 US \$ 000	2022 US \$ 000
Current taxation		
UK corporation tax	2,039	1,204
UK corporation tax adjustment to prior periods	11	40
	2,050	1,244
Deferred taxation		
Arising from origination and reversal of temporary differences	2	2
Effect of rate changes	-	(3)
Tax expense in the profit and loss account	2,052	1,243

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

10 Income tax (continued)

The tax on profit before tax for the year is higher (2022 - higher) as the standard rate of corporation tax in the UK of 19% (2022 - 19%).

The differences are reconciled as below:

	2023 US \$ 000	2022 US \$ 000
Profit before tax	10,741	6,351
Corporation tax at standard rate	2,041	1,206
Increase in current tax from adjustment for prior periods	11	40
Deferred tax credit relating to changes in tax rates or laws	-	(3)
Total tax charge	2,052	1,243

The UK deferred tax assets at 31 March 2023 was calculated at 25% (2022: 25%). An increase in the UK corporation tax rate from 19% to 25% (effective 1st April 2023) was substantively enacted on 24 May 2021. This will increase future tax charges.

Deferred tax

Deferred tax assets and liabilities

2023	Asset US \$ 000
Intangible assets	(10)
2022	Asset US \$ 000
Intangible assets	(12)

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

10 Income tax (continued)

Deferred tax movement during the year:

	At 1 April 2022 US \$ 000	Recognised in income US \$ 000	At 31 March 2023 US \$ 000
Intangible assets	<u>(12)</u>	<u>2</u>	<u>(10)</u>

Deferred tax movement during the prior year:

	At 1 April 2021 US \$ 000	Recognised in income US \$ 000	At 31 March 2022 US \$ 000
Intangible assets	<u>(11)</u>	<u>(1)</u>	<u>(12)</u>

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

11 Intangible assets

	Internally generated software development costs US \$ 000
Cost or valuation	
At 1 April 2022	125
At 31 March 2023	125
Amortisation	
At 1 April 2022	84
Amortisation charge	24
At 31 March 2023	107
Carrying amount	
At 31 March 2023	18
At 31 March 2022	42

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

12 Investments

Carrying amount

US \$ 000

Cost or valuation

At 1 April 2022	19,359
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At 31 March 2023	19,359
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Provision

At 1 April 2022	-
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At 31 March 2023	-
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Carrying amount

At 31 March 2023	19,359
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At 31 March 2022	19,359
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Details of the subsidiary as at 31 March 2023 are as follows:

Name of interest	% of ordinary share capital directly held	Proportion of voting rights and shares held indirectly	Principal activity	Registered address	Country of incorporation
<i>Subsidiary undertaking</i>					
Sumitomo Corporation Capital Netherlands B.V.	100%	100%	Finance provider	Vintners Place, 68 Upper Thames Street, London, EC4V 3BJ, UK	United Kingdom

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

13 Trade and other debtors

	31 March 2023 US \$ 000	31 March 2022 US \$ 000
Amounts due from group undertakings - due after one year	-	62
Accrued income due from Group undertakings – due within one year	3,423	649
Prepayments	325	190
Loans due from group undertakings - due within one year	750,581	494,310
Loans due from group undertakings - due after one year	-	6,835
Loans due from Others - due within one year	9,685	13,657
Loans due from Others - due after one year	31,547	42,775
Other debtors	56	32
	<u>795,617</u>	<u>558,510</u>

Debtors due within one year are \$764,070 (2022: \$507,967) and the debtors due after more than one year are \$31,547 (2022: \$49,611).

14 Share capital

Allotted, called up and fully paid shares

	31 March 2023		31 March 2022	
	No.	US \$	No.	US \$
Ordinary shares of US \$1 each	<u>125,000,000</u>	<u>125,000,000</u>	<u>125,000,000</u>	<u>125,000,000</u>

Allotted, called up and fully paid shares

	31 March 2023		31 March 2022	
	No.	US \$	No.	US \$
Ordinary shares of £1 each	<u>5,765,856</u>	<u>11,381,800</u>	<u>5,764,856</u>	<u>11,381,800</u>

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

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

15 Loans and borrowings

	31 March 2023 US \$ 000	31 March 2022 US \$ 000
Non-current loans and borrowings		
Medium-term notes	-	20,099
	31 March 2023 US \$ 000	31 March 2022 US \$ 000
Current loans and borrowings		
Bank borrowings	190,000	120,000
Commercial paper	63,500	-
Amounts owed to group undertakings - short term loans	433,141	648,860
Amounts owed to others - short term loans	-	216
Medium-term notes	20,000	55,214
	706,641	824,290

The Company's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings is disclosed in the financial risk management and impairment note.

16 Trade and other creditors

	31 March 2023 US \$ 000	31 March 2022 US \$ 000
Accrued expenses	2,715	711
Amounts due to others	-	10
Amounts due to group undertakings	4,654	2,527
	7,369	3,248

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

17 Financial instruments

	31 March 2023 US \$ 000	31 March 2022 US \$ 000
Derivative asset	1,513	396
Derivative liability	(440)	(972)
	<u>1,073</u>	<u>(576)</u>

Interest rate swaps

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

All fair value is classified as level 2.

Forward exchange contracts

Fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk free interest rate.

All fair value is classified as level 2.

Currency swaps

The fair value of currency swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market rates for a similar instrument at the measurement date.

All fair value is classified as level 2.

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

18 Financial risk management and impairment of financial assets

The Company's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risk. The Company uses derivative financial instruments to manage the financial risks associated with the underlying business activities and the financing of those activities.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages its daily cash position based on the cash flow forecast for the next 3 months and raises necessary funding. In addition, the Company maintains the following lines of credit.

- \$3 billion Euro Medium Term Note Programme which is shared with three fellow Sumitomo Corporation group companies,
- \$1.5 billion Euro Commercial Paper Programme,
- \$1.1 billion Committed loan facility agreement which is shared with three fellow Sumitomo Corporation group companies, and
- \$50 million Committed banking facility.

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

18 Financial risk management and impairment of financial assets (continued)

Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments:

As at 31 March 2023

	Within 1 year	1 to 5 years	5 years & over	Total
	US \$'000	US \$'000	US \$'000	US \$'000
Financial liabilities in loans and borrowings	(710,453)		-	(710,453)
Interest rate swaps used for hedging	3,535	5,599	653	9,787
Foreign exchange forward contracts:				
Outflow	(192,469)	-	-	(192,469)
Inflow	192,377	-	-	192,377
	<u>(707,010)</u>	<u>5,599</u>	<u>653</u>	<u>(700,758)</u>

As at 31 March 2022

	Within 1 year	1 to 5 years	5 years & over	Total
	US \$'000	US \$'000	US \$'000	US \$'000
Financial liabilities in loans and borrowings	(830,593)	(20,253)	-	(850,846)
Interest rate swaps used for hedging	(2,271)	(5,919)	(1,330)	(9,520)
Foreign exchange forward contracts:				
Outflow	(229,960)	-	-	(229,960)
Inflow	229,773	-	-	229,773
	<u>(833,051)</u>	<u>(26,172)</u>	<u>(1,330)</u>	<u>(860,553)</u>

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Exposure to credit risk

Excluding amounts due from Sumitomo group companies, the Company does not have any significant credit risk to any single counterparty or any Sumitomo group counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is believed to be limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies. Debtors include loans and receivables owed by the group companies which are guaranteed by Sumitomo Corporation, the parent company. Therefore, the financial instruments' carrying amount best represents the maximum exposure to credit risk at the balance sheet date.

Credit quality of financial assets and impairment losses

The financial assets are neither past due nor impaired due to the credit risk being considered as low as described above.

The credit risk on derivative financial instruments is limited because the counterparties with significant balances are companies with high credit ratings.

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

18 Financial risk management and impairment of financial assets (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

Market risk - foreign currency risk

The Company's exposure to foreign currency risk for currencies which the Company primarily transacts in is as follows. This is based on the carrying amount for monetary financial instruments:

As at 31 March 2023

	Sterling	Euro	Japanese Yen	Swedish Krona	US Dollar
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	12,841	9,575	3,792	66	164,570
Non-derivative financial assets	41,718	223,883	2,375	20,135	496,262
Non-derivative financial liabilities	(43,471)	(111,926)	(805)	-	(517,589)
Derivative assets	(12,369)	(121,076)	(5,632)	-	160,796
Balance sheet exposure	(1,281)	456	(270)	20,201	304,039

As at 31 March 2022

	Sterling	Euro	Japanese Yen	Swedish Krona	US Dollar
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	77,109	36,323	4,354	106	435,425
Non-derivative financial assets	35,272	144,371	3,802	54	365,859
Non-derivative financial liabilities	(58,678)	(153,931)	(16,561)	-	(552,400)
Derivative liabilities	(53,814)	(26,642)	8,213	-	69,308
Balance sheet exposure	(111)	121	(192)	160	318,192

Sensitivity analysis

A 1% (one percent) weakening of the following currencies against the US Dollar at 31 March 2023 would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for previous year.

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

18 Financial risk management and impairment of financial assets (continued)

Market risk (continued)

Market risk - foreign currency risk (continued)

Sensitivity analysis (continued)

	Equity		Profit or (loss)	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Sterling	(13)	(1)	(13)	(1)
Euro	5	1	5	1
Japanese Yen	(3)	(2)	(3)	(2)
Swedish Krona	202	2	202	2

A 1% (one percent) strengthening of the above currencies against the US Dollar at 31 March 2023 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Market risk - interest rate risk

As its principal activity, the Company raises the funds and finances it to the group companies with the same index (Libor) at the same timing and the Company manages the interest-rate risk through the use of fixed-to-floating interest rate swaps when financial instruments with fixed-interest rate arise, in order to meet the desired interest profile. The interest rate profile of the Company's interest-bearing financial instruments is all floating-interest rate after the effects of interest rate swaps. The principal amount for financial instruments matches to the notional amount for derivatives with fixed and floating rates of interest rate swaps. Therefore, the Company's interest rate risk exposures are considered as low. Under the interest rate swaps, the Company agrees with other parties to settle, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

In addition, a fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative term risk free rates (referred to as 'IBOR reform'). The Company has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market wide initiatives. The management have very good relationships with banks and are therefore confident that they won't impose unreasonable rates on borrowings which will facilitate amicable agreements. Group companies will be kept informed of these changes and lending will continue to be provided at the prevailing market standard rates in accordance with guidelines ultimately laid down by Sumitomo Corporation. Accordingly, management are of the view that there would not be any major financial impact on the business as a result of the IBOR reform.

Capital management

The Company's policy for managing capital is to maintain a strong balance sheet to ensure that the Company always has sufficient resources to be able to invest in future growth. The Company constantly monitors its net debt, value at risk and liquidity ratio to ensure that it maintains a good return on its capital and a sound capital position.

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

18 Financial risk management and impairment of financial assets (continued)

Capital management (continued)

There were no changes in the Company's approach to capital management during the year.

Fair value hierarchy

The table below analyses financial instruments measured at fair value, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 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)
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs)

As at 31 March 2023

	Level 1	Level 2	Total
	\$'000	\$'000	\$'000
Derivative financial assets	-	1,513	1,513
Derivative financial liabilities	-	(440)	(440)

As at 31 March 2022

	Level 1	Level 2	Total
	\$'000	\$'000	\$'000
Derivative financial assets	-	396	396
Derivative financial liabilities	-	(972)	(972)

Sumitomo Corporation Capital Europe Plc

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

19 Related party transactions

Income and receivables from related parties

	Other related parties US \$ 000
2023	
Finance income	535

	Other related parties US \$ 000
2022	
Finance income	330

Expenditure with and payables to related parties

	Other related parties US \$ 000
2023	
Administrative expenses and Finance costs	92
Amounts owed to group undertakings	145

	Other related parties US \$ 000
2022	
Administrative expenses and Finance costs	12

Other related parties are Sumitomo Group fellows that are not 100% owned.

20 Parent and ultimate parent undertaking

The Company is wholly owned by Sumitomo Corporation Europe Limited, a company incorporated in the United Kingdom. Sumitomo Corporation Europe Limited is a wholly owned subsidiary of Sumitomo Corporation Europe Holding Limited. Sumitomo Corporation Europe Holding Limited is a wholly owned subsidiary of Summit Global Management II BV which in turn is a wholly owned subsidiary of Sumitomo Corporation, incorporated in Japan.

Sumitomo Corporation heads the largest and smallest groups in which Sumitomo Corporation Capital Europe Plc is a member and for which group accounts are prepared.

The group accounts for Sumitomo Corporation are available at Otemachi Place East Tower 3-2 Otemachi 2-Chome, Chiyoda-Ku, Tokyo 100-8601, Japan.