

Johnson Matthey Investments Limited

Annual Report and Accounts

For the year ended 31 March 2020

Registered number: 01004368

Johnson Matthey Investments Limited

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Johnson Matthey Investments Limited

Strategic report

Principal activities

The company is the holding company for certain UK and overseas investments of the Johnson Matthey group. The directors expect the business to continue as a holding company for the foreseeable future.

Performance during and position at the end of the year

The company's profit for the year ended 31 March 2020 is £36,712,000 (2019 loss of £3,240,000). The income statement is set out on page 7. During the year, the company received dividends from its investments in Johnson Matthey DOOEL Skopje and The Argent Insurance Co. Limited of £73,988,000 and £2,600,000 respectively. The company impaired its investments in Finex Oy, Johnson Matthey Battery Materials (Changzhou) Co., Limited, Johnson Matthey Battery Materials Limited, Johnson Matthey Chemical Process Technologies (Shanghai) Company Limited and Johnson Matthey Finland Oy. For further details see note 8. The company also impaired its receivable from Johnson Matthey Battery Materials Limited as it was no longer considered recoverable. The net assets of the company at 31 March 2020 were £1,703,337,000 (31 March 2019 £1,666,625,000).

Principal risks and uncertainties

Business activity is dependent on the performance of the investments the company holds. The company makes estimates of the recoverable value of its investments in subsidiaries. These estimates are based on a forecast of future operating cash flows that have been updated for COVID-19 and is sensitive to other assumptions, notably around the suitability of a discount rate to apply to the calculation of recoverable values. A change in key inputs to these calculations could lead to a material reduction in the carrying value of these investments within the next financial year.

Section 172 statement

The directors consider that they have acted, in good faith, in a way that is most likely to promote the long-term success of the company for the benefit of its members as a whole. In doing so, the board considers the interest of a range of stakeholders impacted by the business, as well as its duties as set out in law. This statement details how the directors have discharged their duties under section 172 of the Companies Act 2006 during the year under review.

For each matter which comes before the board, stakeholders who may be affected are identified and their interest considered as part of the board's decision process. The board is mindful of the group's governance framework and ensures compliance with this as well as upholding the values and ethical standards set by the group. The board utilises some of the wider group policies and practices to ensure effective stakeholder engagement, and to ensure that the directors' obligations to its shareholder and to its stakeholders are met. Details of the group's stakeholder engagement can be found on pages 28 to 31 of Johnson Matthey Plc, the company's ultimate shareholder, 2020 Annual Report and Accounts which are available to view online at www.matthey.com/AR20.

During the year, the board approved various capital contributions throughout the year (see note 8 for further details) to support the group strategies.

The company has no employees. The staff that support the company are mostly employed by the ultimate shareholder, Johnson Matthey Plc.

The board recognises the importance of fostering good business relationships with suppliers, and the board continues to work with management to ensure the company treats suppliers fairly and in line with Group Procurement Policies.


The company plays an active role in the local community and the group's initiatives are designed to empower our employees to have a positive impact on their local communities. The board and management are supported by the group's corporate social responsibility committees and community ambassadors who facilitate volunteering in local communities and engagement on specific topics.

Johnson Matthey Investments Limited

Strategic report

The ultimate shareholder is Johnson Matthey Plc and there is ongoing communication and engagement with the Johnson Matthey Plc board and its relevant committees.

On behalf of the board

DocuSigned by:

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Karen Hayzen-Smith

Director

15 January 2021

Johnson Matthey Investments Limited

Directors' report

The directors present their report and audited accounts for the year ended 31 March 2020.

Results and dividends

The company's profit for the year ended 31 March 2020 is £36,712,000 (2019 loss of £3,240,000). The income statement is set out on page 7. The directors do not recommend the payment of a final ordinary dividend for the year ended 31 March 2020 (2019 £nil). The company does not have any employees.

Financial risk management

The company's activities expose it to certain financial risks including credit risk, liquidity risk and cash flow risk.

Credit risk

The company's principal financial assets are cash and cash equivalents and amounts receivable from other group companies. Counterparties are assessed against the appropriate credit ratings, trading experience and market position. Credit limits are then defined and exposures monitored against these limits.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments the company uses short-term loans from group companies.

Cash flow risk

There is minimal cash flow risk to the company given the nature of its activities.

Directors

The directors of the company who were in office during the year and up to the date of signing the accounts were J C E Tasker, S Farrant (resigned on 31 March 2020), A Holford (resigned on 31 January 2020) and K V Hayzen-Smith (appointed on 28 February 2020).

Directors' indemnity

Under a Deed Poll dated 31 January 2017, the ultimate parent company granted indemnities in favour of each director of its subsidiaries in respect of any liability that he or she may incur to a third party in relation to the affairs of any group member. Such indemnities were in force during the year ended 31 March 2020 for the benefit of all persons who were directors of the subsidiaries at any time during the year ended 31 March 2020 and remain in force for the benefit of all persons who are directors of the subsidiaries at the date when this report was approved.

Going concern

The company has net current assets of £114,903,000 at the balance sheet date, this includes an amount of £355,364,000 receivable from the ultimate parent company. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least one year from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

Disclosure of information to auditors

So far as each person currently serving as a director of the company at the date this report is approved is aware, there is no relevant audit information of which the company's auditors are unaware and each director hereby confirms that he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

In accordance with sections 485 and 487 of the Companies Act 2006, PricewaterhouseCoopers LLP are re-appointed as auditors of the company.

Johnson Matthey Investments Limited

Directors' report

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the accounts

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

Company law requires the directors to prepare the accounts for each financial year. Under that law the directors have prepared the accounts in accordance with United Kingdom Generally Accepted Accounting Practise (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law the directors must not approve the accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the accounts;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors 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.

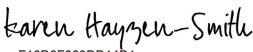
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

The accounts on pages 7 to 21 were approved by the Board of Directors and signed on its behalf by:

DocuSigned by:

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Karen Hayzen-Smith

Director

15 January 2021

Independent auditor's report to the members of Johnson Matthey Investments Limited

Report on the audit of the financial statements

Opinion

In our opinion, Johnson Matthey Investments Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2020; the Income statement, the Statement of changes in equity for the year then ended; the Accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Independent auditor's report to the members of Johnson Matthey Investments Limited

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the accounts, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

Auditors' 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 auditors' 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. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Paul Wheeler (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 January 2021

Johnson Matthey Investments Limited

Income statement

For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Net losses on foreign exchange		(1,198)	-
Exchange losses arising on retranslation of group loans		(9,627)	(2,453)
Fair value hedge gains arising on equity investments		9,655	1,439
Administrative expenses		(2)	(2)
Other expense		-	(1)
Operating loss		(1,172)	(1,017)
Impairment of investment in subsidiaries	8	(38,610)	(25,278)
Impairment of loans to subsidiaries		(17,907)	-
Income from shares in subsidiaries		76,588	6,841
Finance income	1	41,185	40,714
Finance costs	2	(19,471)	(21,346)
Profit/(loss) before tax		40,613	(86)
Income tax expense	6	(3,901)	(3,154)
Profit/(loss) for the year		36,712	(3,240)

There was no other comprehensive income or expenses during the year.
All amounts relate to continuing activities.

The accompanying notes set out on pages 10 to 21 are an integral part of the accounts.


Johnson Matthey Investments Limited

Balance sheet

As at 31 March 2020

	Note	2020 £'000	2019 £'000
Assets			
Non-current assets			
Investments in subsidiaries	8	1,131,820	1,124,220
Investments in joint venture and associate	9	11,211	11,211
Other receivables	10	1,095,972	968,620
Total non-current assets		2,239,003	2,104,051
Current assets			
Other receivables	10	359,745	303,458
Cash at bank and in hand		166	-
Total current assets		359,911	303,458
Total assets		2,598,914	2,407,509
Current liabilities			
Other payables	11	(241,088)	(232,763)
Current income tax liabilities		(3,920)	(2,725)
Total current liabilities		(245,008)	(235,488)
Non-current liabilities			
Other payables	11	(650,569)	(505,396)
Total liabilities		(895,577)	(740,884)
Net assets		1,703,337	1,666,625
Equity			
Share capital	12	1,389,222	1,389,222
Other reserves		280,643	280,643
Retained earnings/(Accumulated losses)		33,472	(3,240)
Total equity		1,703,337	1,666,625

The accounts on pages 7 to 21 were approved by the Board of Directors on 15 January 2021 and signed on its behalf by:

DocuSigned by:

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Karen Hayzen-Smith
 Director

Company registration number: 01004368

The accompanying notes set out on pages 10 to 21 are an integral part of the accounts.

Johnson Matthey Investments Limited

Statement of changes in equity

For the year ended 31 March 2020

	Share capital £'000	Other reserves £'000	Retained earnings/ (Accumulated losses) £'000	Total equity £'000
At 1 April 2018	1,376,800	280,643	44,009	1,701,452
Loss for the year	-	-	(3,240)	(3,240)
Total comprehensive expense	-	-	(3,240)	(3,240)
Shares issued in the year (note 12)	12,422	-	-	12,422
Dividends paid (note 7)	-	-	(44,009)	(44,009)
At 31 March 2019	1,389,222	280,643	(3,240)	1,666,625
Profit for the year	-	-	36,712	36,712
Total comprehensive income	-	-	36,712	36,712
At 31 March 2020	1,389,222	280,643	33,472	1,703,337

The accompanying notes set out on pages 10 to 21 are an integral part of the accounts.

Johnson Matthey Investments Limited

Accounting policies

For the year ended 31 March 2020

Johnson Matthey Investments Limited is a private company limited by shares incorporated, domiciled and registered in England in the United Kingdom. The address of its registered office is 5th Floor, 25 Farringdon Street, London, EC4A 4AB

Basis of preparation

The accounts are prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The accounts are prepared under the historical cost convention and derivative financial assets and financial liabilities are measured at fair value through profit or loss, and in accordance with the Companies Act 2006. The accounting policies have been applied consistently, other than where new policies have been adopted. The directors consider that it is appropriate to prepare the accounts on a going concern basis.

The following exemptions from the requirements of IFRS have been applied in the preparation of these accounts, in accordance with FRS 101:

- the requirements of IFRS 7, Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13, Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1, Presentation of Financial Statements, to present comparative information in respect of: paragraph 73(e) of IAS 16, Property, Plant and Equipment; and paragraph 118(e) of IAS 38, Intangible Assets;
- the requirements of paragraphs 10(d), 38A, 38B, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1, Presentation of Financial Statements;
- the requirements of IAS 7, Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24, Related Party Disclosures;
- the requirements in IAS 24, Related Party Disclosures, to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, Impairment of Assets.

As the consolidated accounts of Johnson Matthey Plc include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available for certain disclosures relating to IFRS 13 – 'Fair Value Measurement'.

Exemption from preparing consolidated financial statements

The financial statements contain information about Johnson Matthey Investments Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Johnson Matthey Plc.

Johnson Matthey Investments Limited

Accounting policies

For the year ended 31 March 2020

Foreign currencies

Foreign currency transactions are recorded at the rate of exchange at the date of the transaction. Foreign currency monetary assets and liabilities are retranslated into sterling at the exchange rate at the balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement.

Investments and related fair value hedges

Investments are stated at cost less any provisions for impairment. If a distribution is received then the investment is assessed for an indication of impairment. Certain investments are designated as being fair value hedged for changes in the fair value of their historical foreign currency cost attributable to movements in the spot foreign exchange rates. These changes are recognised in the income statement. The hedging instruments are certain loans from the ultimate parent company.

Finance income and finance costs

Finance income and finance costs are recognised in the income statement in the year incurred.

Financial risk management

The company's activities expose it to certain financial risks including credit risk, liquidity risk and cash flow risk.

Credit risk

The company's principal financial assets are cash and cash equivalents and amounts receivable from other group companies. Counterparties are assessed against the appropriate credit ratings, trading experience and market position. Credit limits are then defined and exposures monitored against these limits.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments the company uses short-term loans from group companies.

Cash flow risk

There is minimal cash flow risk to the company given the nature of its activities.

Taxation

Current tax is recognised in the income statement and is the amount of income tax expected to be paid in respect of taxable profits using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Johnson Matthey Investments Limited

Notes to the accounts

For the year ended 31 March 2020

1. Finance income

	2020 £'000	2019 £'000
Interest receivable from other group companies	<u>41,185</u>	<u>40,714</u>
Total finance income	<u>41,185</u>	<u>40,714</u>

2. Finance costs

	2020 £'000	2019 £'000
Interest payable to other group companies	<u>19,471</u>	<u>21,346</u>
Total finance costs	<u>19,471</u>	<u>21,346</u>

3. Critical accounting estimates and judgements

The company makes estimates of the recoverable value of its investments in subsidiaries. These estimates are based on a forecast of future operating cash flows that have been updated for COVID-19 and is sensitive to other assumptions, notably around the suitability of a discount rate to apply to the calculation of recoverable values. A change in key inputs to these calculations could lead to a material reduction in the carrying value of these investments within the next financial year. A description of the key assumptions, together with sensitivity analysis, is set out in note 8 to the accounts.

4. Audit fee

Audit fees payable to the company's auditors for the audit of the company's annual accounts were £2,000 (2019 £2,000).

5. Directors' remuneration

The directors are remunerated by the ultimate parent company. No remuneration was paid to the directors in respect of services to this company (2019 £ nil). During the year none of the directors (2019 none) exercised share options in the ultimate parent company and three of the directors (2019 four) received shares under the ultimate parent company long term incentive plan.

Johnson Matthey Investments Limited

Notes to the accounts

For the year ended 31 March 2020

6. Income tax expense

	2020 £'000	2019 £'000
Current tax		
UK corporation tax on profits for the year	3,883	3,118
Foreign taxation on profits for the year	18	368
Adjustment for prior years on UK corporation tax profits	-	(332)
Income tax expense	<u>3,901</u>	<u>3,154</u>

The tax expense for the year can be reconciled to the profit per the income statement as follows:

	2020 £'000	2019 £'000
Profit/(loss) before tax	<u>40,613</u>	<u>(86)</u>
Tax expense/(credit) at UK corporation tax rate of 19% (2019 19%)	7,716	(16)
Effects of:		
Non-taxable dividends	(14,554)	(1,300)
Expenses not deductible for tax purposes	10,739	4,802
Adjustments for prior years	-	(332)
Income tax expense	<u><u>3,901</u></u>	<u><u>3,154</u></u>

7. Dividends

	2020 £'000	2019 £'000
2017/18 Final ordinary dividend	-	44,009
2018/19 Final ordinary dividend	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>44,009</u></u>

The directors do not recommend the payment of a final ordinary dividend for the year ended 31 March 2020.

Johnson Matthey Investments Limited

Notes to the accounts

For the year ended 31 March 2020

8. Investments in subsidiaries

	2020
	£'000
Cost and net book value	
At beginning of year	1,124,220
Additions	6,677
Capital contributions to subsidiary company	29,878
Impairments	(38,610)
Fair value hedge gains	9,655
At end of year	<u>1,131,820</u>

On various dates throughout the year the company provided capital contributions totalling £16,824,000 to Johnson Matthey (Zhangjiagang) Environmental Technology Protection Co., Limited.

On 25 March 2020 the company provided a capital contribution of £13,054,000 to Johnson Matthey Poland Spółka z ograniczoną odpowiedzialnością.

On 15 October 2019 the company acquired the entire interest in the share capital of Ilumink Limited from Tracerco Limited for £nil.

On 7 February 2020 the company acquired the entire interest in the share capital of Finex Oy from Johnson Matthey Finland Oy for £6,677,000.

During the year, the company impaired its investments in Finex Oy and Johnson Matthey Chemical Process Technologies (Shanghai) Company Limited down to the value of the net assets of those investments. This reflected declines in the companies' projected value in use and resulted in charges to the income statement of £5,234,000 and £2,869,000, respectively.

During the year, the company fully impaired its investments in Johnson Matthey Battery Materials (Changzhou) Co., Limited, Johnson Matthey Battery Materials Limited and Johnson Matthey Finland Oy. This reflected declines in the companies' projected value in use and resulted in charges to the income statement of £12,939,000, £11,159,000 and £6,409,000, respectively.

A full list of subsidiaries at 31 March 2020 is set out below, split between those held directly by the company and those held indirectly by the company (through the company's subsidiaries).

Subsidiaries held directly by the company are wholly owned unless otherwise stated. Subsidiaries held indirectly by the company are wholly owned by the company's subsidiaries unless otherwise stated. Unless otherwise stated, the share class of each subsidiary comprises ordinary shares only.

Johnson Matthey Investments Limited

Notes to the accounts

For the year ended 31 March 2020

8. Investments in subsidiaries (continued)

Recoverability testing

The recoverable amounts of the investments are determined using the net asset carrying value of the investment, adjusted for any investments in subsidiaries held by the investment itself. For those investments whose adjusted net asset valuation is insufficient to support the valuation of the investment a value in use calculation is performed which use cash flow projections based on financial budgets and plans covering a three-year period approved by management. The budgets and plans are based on a number of assumptions, including market share, expected changes to selling prices, product profitability, precious metal prices and other direct input costs, based on past experience and management's expectations of future changes in the markets using external sources of information where appropriate. The budgets and plans used for the impairment reviews reflect management's estimate of the impact of COVID-19, which is a deep recession involving a period of lower demand followed by an extended recovery period. The key macro assumptions for our financial year 2020/21 under the deep recession scenario are shown on page 65 of the Group Annual Report. Further information on the group's current strategic and business planning process is provided in the viability statement on page 75 of the Group Annual Report. The three-year cash flows are extrapolated using the long-term average growth rates for the relevant products, industries and countries in which the entity in which the investment is held operates and discounted at an appropriate discount rate.

The value in use calculation assumes a post-tax discount rate ranging between 6.5%-9.1% (2019: 6.8%-10.8%) and a long-term growth rate ranging between 1.0%-4.0% (2019: 0.0%-3.0%).

Sensitivity analysis

The only investment considered to be sensitive to movements in the above assumptions is Johnson Matthey (Zhangjiagang) Precious Metal Technology Co. Ltd. The headroom assuming a 1% decrease in the growth rate and a 1% increase in the discount rate assumption results in an impairment.

Despite the sensitivity to impairment, the value of the investment is considered recoverable based on the key assumptions used.

Johnson Matthey Investments Limited

Notes to the accounts

For the year ended 31 March 2020

8. Investments in subsidiaries (continued)

Related undertakings (comprising subsidiaries, joint ventures and associates) of Johnson Matthey Investments Limited:

Held directly by Johnson Matthey Investments Limited

	Registered address
Finex Oy ¹	Seppolantie 1, Kotka, 48230, Finland
Ilumink Limited	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
Johnson Matthey & Brandenberger AG	Glattalstrasse 18, 8052 Zurich, Switzerland
Johnson Matthey (China) Trade Co., Limited	1st, 2nd and 3rd Floor, Building 2, No. 598 Dongxing Road, Songjiang Industrial Zone, Shanghai, China
Johnson Matthey (Thailand) Limited (49.99%)	1858/12 Interlink Tower, 5th Floor, Debaratna Road, Kwang Bangna Tai, Khet Bangna, Bangkok 10260, Thailand
Johnson Matthey (Zhangjiagang) Environmental Protection Technology Co., Limited	No. 9 Dongxin Road, Jiangsu Yangtze River International Chemical Industrial Park, Jiangsu Province, China
Johnson Matthey (Zhangjiagang) Precious Metal Technology Co., Limited	48, the west of Beijing Road, Jingang Town, Yangtze River International Chemical Industrial Park, Jiangsu Province, China
Johnson Matthey A/S	Lundgrens Advokatpartnerselskab, Tuborg Boulevard 12, 4., 2900 Hellerup, Denmark
Johnson Matthey Argentina SA (71.48%)	Tucumán 1 Piso 4, CP 1049, Buenos Aires, Argentina
Johnson Matthey Argillon (Shanghai) Emission Control Technologies Limited	No. 298, East Rong Le Road, Songjiang District, Shanghai, China
Johnson Matthey Battery Materials (Changzhou) Co., Limited	1 Xin Wei Liu Road, Changzhou Export Processing Zone, Chanzhou, Jiangsu Province, China
Johnson Matthey Battery Materials Limited	280 Liberté Ave, Candiac Québec J5R 6X1, Canada
Johnson Matthey Battery Materials Poland Spółka z ograniczoną odpowiedzialnością	Plac Marsz. Józefa Piłsudskiego 1, 00-078, Warsaw, Poland
Johnson Matthey Battery Systems Spółka z ograniczoną odpowiedzialnością	Plac Marsz. Józefa Piłsudskiego 1, 00-078, Warsaw, Poland
Johnson Matthey Belgium BVBA	Pegasuslaan 5, 1831 Diegem, Belgium
Johnson Matthey Catalysts Korea Limited	A-dong 2906-ho, 13 Heungdeok 1-ro, Giheung-gu, Yongin-si, Gyeonggi-do, South Korea
Johnson Matthey Catalysts LLC	1 Transportny Proezd, 660027 Krasnoyarsk, Russia
Johnson Matthey Chemical Process Technologies (Shanghai) Company Limited	Room 1066, Building 1, No 215 Lian He Bei Lu, Fengxian District, Shanghai, China
Johnson Matthey Clean Energy Technologies (Beijing) Co., Limited	2007C, 20th Floor, No. 21 Building, No.5 Community, Shuguangxili Lane, Chaoyang District, Beijing, China
Johnson Matthey DOOEL Skopje	TIDZ Skopje 1, 1041 Ilinden, Macedonia
Johnson Matthey Finland Oy	Autokatu 6, 20380 Turku, Finland
Johnson Matthey Formox AB	SE-284 80, Perstorp, Sweden
Johnson Matthey Holdings (Thailand) Limited (49%)	1858/12 Interlink Tower, 5th Floor, Debaratna Road, Kwang Bangna Tai, Khet Bangna, Bangkok 10260, Thailand

Johnson Matthey Investments Limited

Notes to the accounts

For the year ended 31 March 2020

8. Investments in subsidiaries (continued)

Held directly by Johnson Matthey Investments Limited (continued)

	Registered address
Johnson Matthey Holdings Limited (73.87%)	64 Lillie Crescent, Tullamarine VIC 3043, Australia
Johnson Matthey Holdings, Inc.	Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington DE 19808, USA
Johnson Matthey Italia S.r.l	Corso Trapani 16, 10139, Torino, Italy
Johnson Matthey Limited	13-18 City Quay, Dublin 2, D02 ED70, Ireland
Johnson Matthey Management GmbH	Otto-Volger-Strasse 9b, 65843 Sulzbach, Germany
Johnson Matthey Netherlands BV	Fregatweg 38, 6222 NZ Maastricht, Netherlands
Johnson Matthey Pacific Limited ²	Unit 2-6, 8/F, 909 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong
Johnson Matthey Pharmaceutical Services (Yantai) Co., Ltd	No. 9 Wuxi Road, Yantai Economic and Technology Development Zone, Yantai, Shandong Province, China
Johnson Matthey Poland Spółka z ograniczoną odpowiedzialnością	Ul. Alberta Einsteina 6, 44-109, Gliwice, Poland
Johnson Matthey SAS	Les Diamants - Immeuble B, 41 rue Delizy, 93500 Pantin, France
Johnson Matthey Services (Trinidad and Tobago) Limited	Queen's Park Place, 17-20 Queens Park West, Port of Spain, Trinidad and Tobago
Johnson Matthey Services Sdn Bhd	Suite 16-03, Level 16, Wisma UOA II, 21 Jalan Pinang, 50450 Kuala Lumpur, Malaysia
Johnson Matthey Singapore Private Limited	4 Shenton Way, #15-01 SGX Centre 2, 068807, Singapore
Johnson Matthey South Africa Holdings Limited	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
Johnson Matthey Tianjin Holdings Limited	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
LiFePO ₄ +C Licensing AG	Hertensteinstrasse 51, 6004 Lucerne, Switzerland
Macfarlan Smith Portugal, Lda	Largo de São Carlos 3, 1200-410 Lisboa, Portugal
Matthey Finance BV ³	Fregatweg 38, 6222 NZ Maastricht, Netherlands
Qingdao Johnson Matthey Hero Catalyst Company Limited (51%)	New Material Industrial Park, Shiyuan Road, Qinda Industrial Park, Chengyang District, Qingdao, 200331, China
Shanghai Bi Ke Clean Energy Technology Co Ltd (11.11%)	Room 427 Building 2 No 351 Guo Shou Jing Road, China (Shanghai) Pilot Free Trade Zone, China
Shanghai Johnson Matthey Applied Materials Technologies Co., Ltd	Area A, 1st Floor, Building 7, 298 East Rongle Road, Songjiang District, Shanghai, China
Stepac Ambalaj Malzemeleri Sanayi Ve Ticaret Anonim Sirketi	Güzeloba Mah. Rauf Denктаş Cad., No.56/101, Muratpaşa/Antalya, Turkey
Stepac L.A. Ltd ¹	Tefen Industrial Park Bldg. #12, Post Box 73, Tefen, Western Galilee, 2495900, Israel
The Argent Insurance Co. Limited	Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda
Tracerco Asia Sdn Bhd	Suite 16-03, Level 16, Wisma UOA II, 21 Jalan Pinang, 50450 Kuala Lumpur, Malaysia
Tracerco do Brasil - Diagnosticos de Processos Industriais Ltda	Estrada dos Bandeirantes, 1793, Curicica, Jacarepagua, Rio de Janeiro, Brazil
Tracerco Europe BVBA	1731 Zellik, Z3 Doornveld 115, Belgium
Tracerco Norge AS	Kokstadflaten 35, 5257, Kokstad, Norway
Tracerco Radioactive Diagnostic Services Canada Inc.	8908 60 Avenue NW, Edmonton AB, T6E 6A6, Canada

Johnson Matthey Investments Limited

Notes to the accounts

For the year ended 31 March 2020

8. Investments in subsidiaries (continued)

Owned by subsidiaries of Johnson Matthey Investments Limited

	Registered address
Intecat Europe B.V.	Fregatweg 38, 6222 NZ Maastricht, Netherlands
Johnson Matthey (Aust.) Ltd	64 Lillee Crescent, Tullamarine VIC 3043, Australia
Johnson Matthey (Proprietary) Limited	Corner Henderson and Premier Roads, Germiston South Ext 7, Gauteng, South Africa
Johnson Matthey (Shanghai) Catalyst Co., Ltd.	586 Dongxing Road, Songjiang Industry Zone, Shanghai, 201613, China
Johnson Matthey (Shanghai) Chemicals Limited	588 Dongxing Road, Songjiang Industry Zone, Shanghai, 201613, China
Johnson Matthey (Shanghai) Trading Limited	Room 1615B, No. 118 Xinling Road, Shanghai Pilot Free Trade Zone, China
Johnson Matthey (Tianjin) Chemical Co., Ltd.	Suite 1-1201, BoRun Commercial Plaza, Tianjin Development Zone, China
Johnson Matthey AB	Viktor Hasselblads gata 8, 421 31 Västra Frölunda, Göteborg, Sweden
Johnson Matthey Advanced Glass Technologies B.V.	Fregatweg 38, 6222 NZ Maastricht, Netherlands
Johnson Matthey B.V.	Otto-Volger-Strasse 9b, 65843 Sulzbach/Ts. Germany
Johnson Matthey Battery Materials GmbH	Ostenriederstr. 15, 85368 Moosburg a.d. Isar, Germany
Johnson Matthey Catalysts (Germany) GmbH	Bahnhofstrasse 43, 96257 Redwitz an der Rodach, Germany
Johnson Matthey Chemicals GmbH	Wardstrasse 17, D-46446 Emmerich am Rhein, Germany
Johnson Matthey Chemicals India Private Limited	Plot No 6A, MIDC Industrial Estate, Taloja, District Raigad, Maharashtra 410208, India
Johnson Matthey de Mexico, S. de R.L. de C.V.	Av. de Margues y Av. de la Canada, 2a Etapa Parque Industrial Bernardo Quintana, El Marques, Querataro C.P., 76246, Mexico
Johnson Matthey GmbH & Co. KG ⁴	Otto-Volger-Strasse 9b, 65843 Sulzbach, Germany
Johnson Matthey Holding GmbH	Bahnhofstrasse 43, 96257 Redwitz an der Rodach, Germany
Johnson Matthey Holdings B.V.	Fregatweg 38, 6222 NZ Maastricht, Netherlands
Johnson Matthey Hong Kong Limited	Unit 2-6, 8/F, 909 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong
Johnson Matthey Inc. ⁵	Corporation Service Company, 2595 Interstate Drive, Suite 103, PA 17110, USA
Johnson Matthey India Private Limited	Regus Business Centre, 1st Floor, M-4, South Extension-II, New Dehli, Delhi-DL, 110049, India
Johnson Matthey Japan Godo Kaisha	5123-3 Kitsuregawa, Sakura-shi, Tochigi, 329-1412, Japan
Johnson Matthey Japan, Inc.	Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington DE 19808, USA
Johnson Matthey Korea Limited	101-2803, Lotte Castle, 109, Mapo-daero, Mapo-gu Seoul, South Korea

Johnson Matthey Investments Limited

Notes to the accounts

For the year ended 31 March 2020

8. Investments in subsidiaries (continued)

Owned by subsidiaries of Johnson Matthey Investments Limited (continued)

	Registered address
Johnson Matthey Materials, Inc.	CSC Lawyers Incorporating Service 100, Sacramento, CA 95833, USA
Johnson Matthey Netherlands 2 B.V.	Fregatweg 38, 6222 NZ Maastricht, Netherlands
Johnson Matthey North America, Inc.	Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA
Johnson Matthey Pharmaceutical Materials, Inc.	Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington DE 19808, USA
Johnson Matthey Piezo Products GmbH	Bahnhofstrasse 43, 96257 Redwitz an der Rodach, Germany
Johnson Matthey Process Technologies (Beijing) Co., Ltd.	Unit No. 2001-2007A, No. 21 Building, Shuguangxili Lane A5, Chaoyang District, Beijing, China
Johnson Matthey Process Technologies Holdings Hong Kong Limited	Unit 2-6, 8/F, 909 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong
Johnson Matthey Process Technologies, Inc.	Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington DE 19808, USA
Johnson Matthey Redwitz Real Estate (Germany) B.V. & Co. KG ⁴	Bahnhofstrasse 43, 96257 Redwitz an der Rodach, Germany
Johnson Matthey Research South Africa (Proprietary) Limited	Corner Henderson and Premier Roads, Germiston South Ext 7, Gauteng, South Africa
Johnson Matthey Salts (Proprietary) Limited	Corner Henderson and Premier Roads, Germiston South Ext 7, Gauteng, South Africa
Johnson Matthey Servicios, S. de R.L. de C.V.	Av Ramon Rivera Lara 6620, Parque Industrial Juarez, Chihuahua, Mexico
Johnson Matthey Stationary Emissions Control LLC	Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington DE 19808, USA
Johnson Matthey Tracerco Holdings Hong Kong Limited	Unit 2-6, 8/F, 909 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong
Kiinteistö Oy Kotkan Huumantie 5 ¹ (70%)	c/o Finex Oy, Seppolantie 1, Kotka, 48230, Finland
Macfarlan Smith (Hong Kong) Limited	Unit 2-6, 8/F, 909 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong
Red Maple LLC (50%)	Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington DE 19808, USA
Stepac Brazil Ltda	Rua Itapolis, n° 1921, Pacaembu, São Paulo, 01245-000, Brazil
Tracerco Asia Services Sdn. Bhd.	Suite 16-03, Level 16, Wisma UOA II, 21 Jalan Pinang, 50450 Kuala Lumpur, Malaysia
Tracerco China Process Diagnostics & Instrumentation (Shanghai) Co., Ltd.	Section G Floor 2, Building 7, 298 East Rongle Road, Songjiang District, Shanghai, China

Johnson Matthey Investments Limited

Notes to the accounts

For the year ended 31 March 2020

8. Investments in subsidiaries (continued)

In some jurisdictions in which the subsidiaries operate, share classes are not defined and in these instances, for the purpose of disclosure, these holdings have been classified as ordinary shares.

¹ Company disposed after the balance sheet date. See note 14 for details

² Ordinary and non-cumulative redeemable preference shares

³ Ordinary and preference shares

⁴ Limited partnership. No share capital

⁵ Ordinary and series A preferred stock

9. Investments in joint venture and associate

	2020 £'000
Cost and net book value	
At beginning of year	11,211
Impairment	-
At end of year	<u>11,211</u>

The company has a joint venture interest in Qingdao Johnson Matthey Hero Catalyst Company Limited of £620,000 (2019 £620,000).

The company has an investment in associate of £10,591,000 (2019 £10,591,000) comprising 11.11% of the share capital of Shanghai Bi Ke Clean Energy Technology Co Ltd, China.

10. Other receivables

	2020 £'000	2019 £'000
Current		
Loans to other group companies	356,041	299,369
Amounts owed by other group companies	<u>3,704</u>	<u>4,089</u>
	<u>359,745</u>	<u>303,458</u>
Non-current		
Loans to other group companies	<u>1,095,972</u>	<u>968,620</u>
	<u>1,095,972</u>	<u>968,620</u>

Johnson Matthey Investments Limited

Notes to the accounts

For the year ended 31 March 2020

11. Other payables

	2020	2019
	£'000	£'000
Current		
Other accruals	8	6
Loans from other group companies	241,065	230,533
Amounts owed to other group companies	15	2,224
	<u>241,088</u>	<u>232,763</u>
Non-current		
Loans from other group companies	650,569	505,396
	<u>650,569</u>	<u>505,396</u>

12. Share capital

	Number	£'000
Issued and fully paid ordinary shares of £1 each		
At 1 April 2018	1,376,800,099	1,376,800
Shares issued in the year	12,422,033	12,422
At 31 March 2019 and 31 March 2020	<u>1,389,222,132</u>	<u>1,389,222</u>

In the prior year the company issued 12,422,033 new £1 ordinary shares to Matthey Holdings Limited.

13. Related party transactions

There were no related party transactions during the year other than between the company and other Johnson Matthey group companies.

14. Post Balance Sheet events

The impact of the COVID-19 pandemic on the investments held by the company is discussed in the principal risks and uncertainties section of the strategic report. Subsequent to the balance sheet date the company has monitored the trading performance of its investments and external factors, such as changes in government restrictions. Key judgements that impact the balance sheet at 31st March 2020 have been updated to reflect the impact of COVID-19 in the period since 31st March 2020.

The company sold its investment in Stepac L.A. Ltd s on 16 November 2020.

The company sold its investment in Finex Oy and Kiinteistö Oy Kotkan Huumantie 5 on 18 November 2020.

15. Ultimate parent company

The company's immediate parent company is Matthey Holdings Limited. Its ultimate parent company and the smallest and largest group to consolidate these accounts is Johnson Matthey Plc. The consolidated accounts of Johnson Matthey Plc are available to the public and may be obtained from 5th Floor, 25 Farringdon Street, London EC4A 4AB or www.matthey.com.