
INEOS Industries Limited

Annual report and financial statements

Registered number 06959146

Year ended – 31 December 2022

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their strategic report on the Group and Company for the year ended 31 December 2022.

Results for the year

The results of the Group are set out in the consolidated income statement on page 30 which shows a profit before taxation for the year of €1,527.0 million (2021: €2,237.2 million).

The position of the Group for the year ended 31 December 2022 is set out in the consolidated balance sheet on page 32, which shows total assets increased to €22,369.2 million from €21,283.1 million in 2021. As at 31 December 2022, the Group had net assets of €1,654.9 million (2021: net liabilities of €5.7 million).

Revenue from continuing operations was €21,048.1 million for the year ended 31 December 2022 (2021: €17,644.9 million) and earnings before interest, tax, impairment, depreciation, amortisation, exceptional items and net fair value gains and losses on commodity derivatives and after the share of profit/(loss) of associated undertakings and joint ventures using the equity accounting method ("EBITDA before exceptional items") was €2,942.7 million for the year ended 31 December 2022 (2021: €3,984.1 million). A reconciliation of EBITDA before exceptional items to profit before tax can be found in Note 2 to the financial statements.

Review of business

During 2022 the Group continued to focus on developing its portfolio of businesses, with a particular focus on its petrochemicals businesses, its North Sea and onshore oil and gas assets in the United Kingdom and Denmark and its automotive business.

Petrochemicals

The Group operates a number of petrochemical businesses, including INEOS Styrolution, INEOS Inovyn, INEOS Aromatics, INEOS Acetyls and INEOS Olefins & Polymers UK.

The Styrolution business' revenue increased in the year ended 31 December 2022 compared to the year ended 31 December 2021. A strong first half of the year supported by high demand particularly for durables continuing the trend started during COVID was followed by mid to low cycle levels in the second half of the year with customers de-stocking due to market uncertainty and expectation of further price reductions. Open arbitrage from Asian products into the Americas and Europe in the second half of 2022 softened further the demand in these regions. As a result, the overall volumes for the year were lower compared to the prior year, also affected by the divestiture of INEOS Styrolution India Limited in November 2022. The average prices in the current year were higher than prices in the comparative year and more than compensated for lower sales volumes. Softer demand combined in all regions and most product groups resulted in reduced margins in the current year. The open arbitrage from Asian product into the Americas and Europe impacted margins in these regions. The margin reduction came primarily from the global ABS business. A reduction in polystyrene margins in Asia was partially offset higher polystyrene margins in Europe and Americas in particular due to being able to pass over the increase in utility prices to the customers.

The INEOS Inovyn business' revenue increased in the year ended 31 December 2022, as compared to the same period in 2021. Total volumes were lower than the prior year period, but absolute revenues increased due to extremely high pricing on key products. Production and sales volumes of key products, including general purpose polyvinyl chloride (PVC), specialty PVC and caustic soda were lower than the prior year as high inflation and the energy crisis in Europe resulted in weaker demand in the second half of 2022. European producers also faced more competition from US and Asian imports. Average sales prices of general purpose and specialty PVC in Europe reached record levels in 2022 due to higher ethylene feedstock and energy input costs. Trims to chlorine production (and hence co-produced caustic soda production) due to high electricity prices and low PVC demand led to very tight caustic soda markets in Europe despite a weaker demand environment, with price records being broken in each successive quarter of 2022. The European contract price of caustic soda (as reported by Chemical Market Analytics) reached €2,407 per ton in the fourth quarter of 2022, whilst the average annualised European contract price of caustic soda in 2022 was 194% higher than 2021. The current year also benefited from significantly higher prices of caustic potash, and chlorine derivatives such as Cereclor, chloromethanes and epichlorohydrin. Business profitability in 2022 was the highest annual performance since the formation of INEOS Inovyn in 2015, despite the energy crisis in Europe and the aforementioned reduction in sales volumes of general purpose PVC, specialty PVC and caustic soda.

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This was mainly due to the unprecedentedly high pricing of caustic soda, which despite the weakening demand environment in the second half of 2022, reached record levels in Europe. The primary driver was low chlorine production rates across Europe, as a consequence of high electricity prices and low PVC demand. On an annualised basis, the achieved spread of general purpose and specialty PVC prices over ethylene were also higher than the prior year with demand remaining resilient in the first half of the year. However, by the second half of the year, demand and therefore spreads had weakened considerably which forced European PVC producers to reduce plant operating rates. Sales volume of other products such as caustic potash, chloromethanes, epichlorohydrin and salt were lower than 2021 but absolute margins achieved increased due to healthy market conditions for most of the year.

The Acetyls business' revenue increased in the year ended 31 December 2022, as compared to the same period in 2021. Total volumes were lower than the prior year period, but absolute revenues increased due to higher sales prices. In Europe, volumes were down by 19% (104 kt) due to the challenging environment which has seen rising raw material prices as well as weakened demand for both acid and anhydride as customers struggled with affordability on the back of the high gas cost. European sales prices were up as increasing gas prices were reflected in cost plus and market reference sales contracts for acetic acid and anhydride. In the US, volumes were down by 23% (147 ktes) due to reduced customer demand and an unplanned shutdown at third-party plant. US acetic acid prices increased again driven by increasing gas prices. Lower business profitability was mainly driven by a lower share of joint-venture net profit partially offset by higher margins in the US. Share of joint-venture net profit from the Asian joint-ventures were down as lower sales prices coupled with higher feedstocks reduced margins significantly. Net profits of the Korean joint-venture were partially supported by higher volumes and higher margins of Vinyl Acetate Monomer (VAM) as demand in this sector was strong although starting to soften toward the end of the year. Net profit of the Atlas joint-venture was down compared to last year due to lower sales volumes, lower margins as a higher methanol discounts were offered and higher fixed costs due to unplanned outages. The US was the largest contributor with 40% of customers on cost plus sales pricing allowing the higher feedstock prices to be passed on to customers. Margins in Europe were lower compared to prior year due to high energy costs, increased freight charges, significant flaring costs due to reduction in production and lower sales volumes, offsetting higher sales prices.

The Aromatics business' revenue increased in the year ended 31 December 2022, as compared to the same period in 2021. Total volumes were lower than the prior year period, but absolute revenues increased due to higher sales prices. In Europe, high inflation and the energy crisis weakened the demand. High production costs made European producers uncompetitive versus Asian import volumes. The purified terephthalic acid (PTA) sales volumes in the US remained strong through the first half of the year but then slowed significantly in the last quarter due to the combined effect of increasing volume of Asian imports of PTA and polyethylene terephthalate (PET) and a slowdown in demand as a result of fiscal policy. Asian volumes were at similar level to the prior year. The price of mixed xylenes increased significantly during 2022 as a result of the sharp rise in gasoline prices globally. As the key raw material for paraxylene (PX) and ultimately PTA this then drove the absolute prices of products higher throughout the year. As a reference, the US PX price ended in December 2021 at \$992/t and closed 2022 at \$1,235/t. However during the year, the US PX price peaked at \$2,282/t, a 130% increase in price compared to the start of the year. Business performance for the year improved as lower sales volume have been more than offset by higher margins and lower fixed costs. PTA margins in the US were better than in prior year and the profitability fundamentals of the business remained strong. Margins in Europe were heavily impacted by high energy prices and the impact of Asian prices as an alternative for customers. The fall in energy prices in the last quarter of the year brought an improvement in margins. Margins in Asia continued to be structurally pared back by an oversupplied PTA market. However, the export margins from Zhuhai for international sales improved. In addition, the business focused the sales of Zhuhai tons more towards the PET resin market, rather than fiber, as the customers have a more reliable demand.

The INEOS O&P UK business produces olefins and related products and a range of polymers based at their site in Grangemouth, Scotland. This business encountered various challenges during the year, the effects of high inflation, the Ukraine war and reduced market demand due to reduced consumer confidence in demand from their customers. During the first six months of the year, although challenging, the business continued to see high demand and profitability. However, the second six months were difficult as a result of market volatility. Demand for the business' products declined as a result of reduced consumer demand and cheaper imports into Europe being available particularly from the U.S. The impact of the Ukraine war, which broke out

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in February 2022, saw energy prices escalate beyond the very high level already seen in Q4, 2021 which had a profound impact on the business due to the business' high steam and power demand, resulting in significant exposure to natural gas prices. Consequently, operating rates have remained constrained. As a result the business recognised an exceptional impairment charge of €223.6 million for the year ended 31 December 2022, in relation to its tangible fixed assets. The impairment loss was based on a value in use calculation. The business valuation was negatively impacted by lower than expected cash flows within the current business plan, reflecting the challenging economic and competitive conditions expected in the near term for the site.

During September and November 2022, there were planned turnaround events (TAR) on the polymer plants. During a TAR the plant is shutdown to perform critical maintenance activities and the production volume of the site is reduced during the outage period. The TAR was delivered safely, on time and on budget.

During the year, the business invested €170.9 million in assets under construction additions which mainly related to the new energy plant, the TAR on the polymer assets and an additional furnace on the gas cracker to increase production capacity.

On 30 December 2021, Petroincos Refining Limited, the minority related party shareholder, gave notice to stop investing in the energy project and planned to exit as a shareholder. Any future funding after this date will be provided solely by the Group, subsequently on 5 April 2022, due to escalating costs on the new energy project caused by delays due to COVID working restrictions and impact to commodity prices, the directors took the decision to temporarily suspend the project. At the date of the strategic report the length of the subsequent delay and the impact to the ultimate operational date of the plant is not known.

As mentioned previously the INEOS O&P UK business encountered various challenges during the year which led to the Group requesting and being granted consent to waive the leverage financial covenant at both 30 May 2022 and 22 September 2022. With the lender's agreement, the leverage covenant at 31 December 2022 was remediated post year end via the full repayment of the Senior Term and Revolving Loan Facilities on 10 January 2023, therefore the debt was classified as current as 31 December 2022.

Energy

INEOS Energy operates the Group's onshore and offshore oil and gas activities in the UK and the North Sea. The Group has a portfolio of offshore production, development, exploration and appraisal assets in Denmark, and the UK. The key assets are the Laggan-Tormore field situated west of Shetland, the Breagh and Clipper South fields in the UK and the Syd Arne field in Denmark. INEOS Energy reported a higher profit from continuing activities for the year, when compared with 2021, as a result of higher average realised oil and gas prices, partially offset by net derivative losses.

The Group also operates the Forties Pipeline System ('FPS'). FPS is an integrated oil and gas liquid transportation and processing system with a nominal capacity in excess of one million barrels per day serving the central area of the North Sea. Oil and gas liquids from over 80 offshore fields flow through pipelines into the FPS. FPS vertically integrates the pipeline network with the Group's site in Grangemouth. The financial performance of FPS has been strong despite a lower throughputs and a year of turbulent gas prices. Safety remains a key priority, and the business delivered on health and safety performance targets while maintaining 100% availability of the system for customers throughout the year.

Other activities

Automotive

During the year, the Group continued to develop the Grenadier, a new 4x4 off-road vehicle through to achieving SoP (Start of Production) in October 2022, and a few days later, the first production vehicle was completed at its manufacturing facility in Hambach, France. Production output continued to increase through to the end of the year with support of key elements of the supply chain.

In April 2022 the business launched a full digital brochure and online vehicle configurator and from May 2022 took sales orders and deposits in European, Middle East, African and Oceania markets. The Group completed the onboarding of all its global sales and aftersales partners, including North America in June 2023. The Group's first sales of the Grenadier commenced in January 2023 and customer deliveries have continued to

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accelerate during the first half of the year. In May 2023, North American customers began to place pre-orders (many of which were conversions of reservations taken in 2022) for customer deliveries in Q4, 2023.

In December 2022, the Group signed a contract with a strategic partner to develop a new 4x4 off road battery electric vehicle, which is expected to be launched to global markets in 2026.

Sport

The Group has invested in a broad range of elite sporting activities covering football, cycling, sailing and motorsport. The Group has formed INEOS Britannia which is the British challenger for the Americas Cup in 2024. The Group owns a world-leading cycling team, INEOS Grenadiers and the French Ligue One football team, OGC Nice. The Group is also the principal sponsor partner and has a one-third share of the Mercedes-AMG Petronas Formula One team.

External financing

On 31 May 2022, the Group repaid, ahead of terms, the amounts outstanding under the Three-Year Dollar Term Loan A Facility due 2023 of \$87.5 million (€83.2 million equivalent), the Three-Year Euro Term Loan A Facility due 2023 of €75.0 million and the Five-Year Dollar Term Loan A Facility due 2025 of \$210.0 million (€199.7 million equivalent). See Note 17 of the financial statements for further details.

In January 2022, the Styrolution business entered into a new long-term loan agreement with Bank of China and ICBC to provide RMB 3,300.0 million (€464.3 million equivalent) of financing for the construction of a new 600 kiloton ABS plant in Ningbo, China. As at 31 December 2022, the amount utilised against the facility was RMB 3,035.2 million (€408.9 million equivalent). On 28 December 2022, the Group completed an equity transfer agreement with Sinopec relating to the sale of 50% equity interest in INEOS Styrolution Advanced Materials (Ningbo) Pte Ltd. As a result of this divestiture, the obligation of the Group under this term loan facility have been transferred to the newly created joint-venture and derecognised in the Group consolidated financial statements. See Notes 17 and 34 of the financial statements for further details.

On 10 January 2023, the Group repaid in full the O&P UK Senior Term Loan facilities. See Note 17 of the financial statements for further details.

On 14 March 2023, the Group entered into an Incremental Facility Agreement to raise a new Dollar Term Loan B of \$500.0 million (€471.6 million equivalent) and a new Euro Term Loan B of €375.0 million which increased the liquidity of the Group. The Term Loan denominated in dollars bears interest at a rate per annum equal to SOFR + 0.10% CSA (subject to a floor of 0% per annum) plus 3.75%. The Term Loan denominated in euros bears interest at a rate per annum equal to EURIBOR (subject to a floor of 0% per annum) plus 4.0%. The Euro Term Loan B Facility and the Dollar Term Loan B Facility are payable, subject to certain exemptions, on 14 March 2030.

The Group entered into an interest rate swap agreement in March 2023 to hedge the fair value risk in relation to the 2030 Term Loans with the notional principal amount of \$500 million. Under this interest rate swap agreement, the Group will exchange the variable SOFR exposure for fixed SOFR obligations.

On 20 April 2023, the Group completed its transition from LIBOR to SOFR in relation to the Dollar Term Loan B due 2027.

See Note 17 of the financial statements for further details on external financing.

Divestitures

On 22 April 2022, the Group sold 13.8% of its shareholding in INEOS Styrolution India Limited for a consideration of \$25.1 million (€22.5 million equivalent). The Group's shareholding reduced from 75.0% to 61.2% as a result, with control being retained.

On 1 August 2022, the Group entered into an agreement to divest its remaining shareholding of 61.2% in INEOS Styrolution India Limited with Shiva Performance Materials Private Limited. The transaction was completed on 17 November 2022. The total sale price was \$80.3 million (€80.7 million equivalent). The

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disposed business had cash balances of €14.8 million, which led to a net cash inflow of €65.9 million. Transaction costs of €0.5 million remain unsettled as at 31 December 2022.

On 28 July 2022, the Group's subsidiary, INEOS Styrolution APAC Pte. Limited, entered into an agreement to transfer 50% of its shareholding in INEOS Styrolution Advanced Materials (Ningbo) Pte Limited to Sinopec. As a result, the Group gave up control but retained joint control. The transaction was completed on 28 December 2022. The total sale price was \$489.4 million (€472.6 million equivalent), of which \$255.0 million (€246.2 million equivalent) is deferred. A withholding tax of €13.5 million was paid in relation to the sale price settled on completion. The disposed business had cash balances of €40.7 million, which led to a net cash inflow of €172.2 million. Transaction costs of €2.7 million remain unsettled as at 31 December 2022.

See Note 34 of the financial statements for further details.

Exceptional items

The Group had total exceptional expenses of €240.1 million in the year (2021: €249.9 million) and total exceptional gains of nil (2021: €322.7 million). See Note 4 for further details on exceptionals.

Strategic future developments

The Group's strategy is to develop its portfolio of businesses further with its main focus continuing to be on petrochemicals, energy and automotive businesses.

The Group's corporate strategy is to continue growing profitability and cash flows by optimising the cost base of the businesses, increasing the focus on high margin products and further product diversification, leveraging existing resources to expand sales and keeping the overall management structure of the Group simple and decentralised. The Group has an expansion strategy in China to increase its ABS production capacities through the set-up of two additional joint-ventures with Sinopec, following the first joint-venture completed in December 2022.

The INEOS O&P UK business expects to commission the additional furnace on the gas cracker thus enabling higher utilisation levels subject to demand. The new energy project will continue to be temporarily suspended during 2023 and the business will continue to manage its cost base and capital expenditure in line with affordability. During the year, the businesses on the Grangemouth site announced its 'Road Map' to achieving Net Zero. The significant integration of the three site businesses at Grangemouth (INEOS O&P UK, INEOS FPS and Petroineos) has meant that the journey embarked upon is a collaborative one. Emission savings of more than 60% (compared to 2006 when INEOS acquired the site) across the site are targeted by 2030, through a series of investments, partnerships and innovative engineering. The Road Map involves a proposed move to the production and use of hydrogen by all businesses at the Grangemouth site accompanied by carbon capture and storage of at least 1 million tonnes per annum of CO₂ by 2030. This will include capturing CO₂ from existing hydrogen production and the construction of a carbon capture enabled hydrogen production plant. In addition, the regeneration programme on the Grangemouth site has already remediated large areas, on which we hope to attract both internal INEOS and external investment. This investment will utilise the utilities and services already available with the intention to grow the Grangemouth manufacturing base.

As part of the Group's continued response to meeting the demands of the energy transition, work has continued on maturing the Project Greensand CO₂ storage project in Denmark. During the first quarter of 2023, the Group undertook a pilot project which successfully injected a number of batches of CO₂ into the Nini depleted oil reservoir which forms of part of the Siri field complex. The CO₂ was supplied from the INEOS Ethylene Oxide plant in Antwerp, Belgium and transported in ISO containers aboard the Aurora Storm supply vessel before being injected into the Nini field via the Noble Resolve jack-up drilling rig. The data from the project will now be analysed and incorporated into the plans for the full Project development. If sanctioned, Project Greensand could be commercialised from as early as 2025 and have the potential to eventually store up to 8 million tonnes of CO₂ per annum over time.

Elsewhere in Denmark, the Group has sanctioned the development of the West Lobe of the Solsort field which will consist of one production and one injection well tied back to the Syd Arne production facilities. The field is due onstream during Q4, 2023 and has 2P recoverable reserves estimated at 9mmboe. Further incremental

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development opportunities are being evaluated including drilling into the lightly exploited Ekofisk reservoir formation that forms part of the Syd Arne field and longer term the development of the Hejre field, a High Pressure/High Temperature (HP/HT) development that was halted by the previous operator DONG when partially complete.

In the UK, the Group has continued to progress the compression project on the Breagh field with commissioning now expected around the end of 2023. A well intervention campaign on the field commenced in March 2023, and will include a side track to the A2 well and the installation of velocity strings on four wells to aid field deliverability ahead of compression. TotalEnergies, the operator of the Greater Laggan Area gas development West of Shetlands, is evaluating further investment opportunities to extend the life of the project including sanctioning the development of the Glendronach field and undertaking a 4D seismic survey to identify unswept gas accumulations that could be targeted with infill drilling.

In respect of the Automotive business the Group will continue to ramp up production capabilities and sales volumes of the Grenadier during 2023, with expectations of achieving mature run rates during Q4, 2023 and into 2024. The Asian market continues to represent a significant un-tapped opportunity for the business, which is currently under management review. The Group has committed to the development of a battery electric 4x4 off-road vehicle over the next few years, and is also currently exploring the feasibility of future zero-emission models for the Grenadier range, including a hydrogen powered fuel cell electric vehicle and other battery electric vehicle concepts.

Finally the Group will continue to pursue its sustainability agenda and has committed to reducing its carbon emissions by 33%, (compared to 2019 levels) by 2030 and be Net Zero by 2050 in line with EU policy. The sustainability strategy of the Group is described in the sustainability section in the Directors' Report.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. Management undertakes an annual risk identification and assessment process to identify the key business risks affecting the Group. The key business risks affecting the Group which were identified within this risk assessment process are set out below:

- The petrochemical industry is cyclical — changing market demands and prices may negatively affect the Group's operating margins and impair its cash flow which, in turn, could affect its ability to make payments on its debt or to make further investments in the business.
- Production and reserve access — the delivery of the Group's oil and gas production depends on efficient and reliable operation of existing fields and the successful development of future opportunities and projects. Unsuccessful exploration activity and increasing technical challenges and capital commitments may adversely affect the Group's reserve replacement. The Group also faces numerous challenges including uncertain geology, availability of technology and engineering capacity, availability of skilled resources, maintaining project schedules and managing costs. Such potential obstacles may impair the Group's operational performance and financial position. The Group mitigates these risks by applying best practice to its operations and actively manage non-technical risks across a portfolio of opportunities and projects.
- Raw materials and suppliers — if the Group is unable to pass on increases in raw material prices, or to retain or replace its key suppliers, its results of operations may be negatively affected.
- International operations and currency fluctuations — the Group is exposed to currency fluctuation risks as well as to economic downturns and local business risks in several different countries that could adversely affect its profitability.
- Competition — significant competition in the Group's industries, whether through efforts of new and current competitors or through consolidation of existing customers, may adversely affect its competitive position, sales and overall operations.
- Inability to maximize utilization of assets — the Group may be adversely affected if it is unable to implement its strategy to maximize utilization of assets.
- Synergies — the Group may not realize anticipated revenue and cost synergies, benefit from anticipated business opportunities or experience anticipated growth from any of its acquisitions.

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- Outbreaks of disease — the outbreak of contagious diseases may have a negative impact on the Group's business and performance, and an adverse impact on the global economy generally. During the course of 2021 and into 2022, the Group has managed the outbreak of the COVID-19 coronavirus by implementing various measures to ensure the safety of employees and the ongoing operation of the plants.
- Substantial debt — the Group's substantial debt could adversely affect its financial position and prevent it from fulfilling its debt obligations.
- Cyber security — a cyber incident could occur and result in information theft, data corruption, operational disruption and/or financial loss.
- Climate change — existing and proposed regulations to address climate change by limiting greenhouse gas emissions may cause us to incur significant additional operating and capital expenses. In addition compliance with new regulation could limit the useful economic life of our plants, lead to a reduction in demand for fossil fuel derived products and result in a lack of competitiveness if our competitors develop new technologies.
- Regulation — the Group is highly regulated and may have substantial obligations and liabilities arising from health, safety, security and environmental ("HSSE") laws, regulations and permits applicable to our operations.
- Customers — the Group is subject to the risk of loss resulting from non-payment or non-performance by our customers. Our credit procedures and policies may not be adequate to minimize or mitigate customer credit risk. Our customers may experience financial difficulties, including bankruptcies, restructurings and liquidations.
- Employees — the success of the Group depends on the continued service of certain key personnel and on good relations with our workforce as any significant disruption could adversely affect the Group.
- Joint ventures — some of the Group's petrochemical facilities are owned and operated in joint ventures with third parties. We do not control these joint ventures, and actions taken by our joint venture partners in respect of these joint ventures could materially adversely affect our business.
- Brand launch — the Group is launching the Grenadier, a new 4x4 off-road vehicle which is a new product in a sector where it does not have existing brand presence. The ability of the Group to establish the brand and connect with its customer base will affect its sales, market share and profitability.

Section 172 (1) statement

The directors have the duty under section 172 to promote the success of the Group for the benefit of stakeholders as a whole and remain conscious of the impact their decisions have on employees, communities, suppliers, customers, investors and the environment. In the performance of its duty to promote the success of the Group and fairness in decision making the Board have regard (amongst other matters) for:

- a. the likely consequences of any decision in the long term;
- b. the interests of the Group's employees;
- c. the need to foster the Group's business relationships with suppliers, customers and others;
- d. the impact of the Group's operations on the community and the environment;
- e. the desirability of the Group maintaining a reputation for high standards of business conduct; and
- f. the need to act fairly as between members of the Group.

The Group's governance and processes are operated to ensure that all relevant matters are considered by the Board in its principal decision-making, as a means of contributing to the delivery of the Group's long-term success, which are discussed below.

Long term factors (a)

The Group's principal objectives are to maintain its position as a key global supplier of its products and to increase the value of INEOS by generating strong, sustainable, and growing cash flows across industry cycles. To achieve these objectives, the Group has the following key strategies:

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- a. Maintain health, safety, security, and environmental excellence;
- b. Maintain and grow the Group's leadership positions to enhance competitiveness;
- c. Reduce costs and realise synergies;
- d. Maximise utilisation of assets;
- e. Access advantaged feedstock and energy opportunities; and
- f. Develop and implement a sustainable business.

The Group aims to operate and develop its business in a way that supports both the current and future needs, taking into account relevant economic, environmental, and social factors. This enables the Group to sustain the business for the long term. The directors strongly believe that sustainable business management and practices will contribute to long-term business success and will strengthen the Group's leading position in the market and also in a circular world. The directors ensure that the Group has sufficient resources to support its long-term growth strategy and to fund its investments. An important element is the Group's long-term cash and operational planning in relation to the capital requirements needed to grow and to extend the life span of the assets. The directors consider available and required funds as a basis for any dividend under its distribution policy.

Stakeholder considerations (b – e)

Engaging stakeholders and developing meaningful partnerships is essential for long-term business success. The Group engages in regular, open, and proactive dialogue with all relevant stakeholders as this is needed to understand their perspectives, expectations, concerns, and needs. For example in many instances suppliers are located on the same chemical parks which helps develop partnerships, facilitate discussions as well as reduce waste, inefficiency. The Group also works with trade unions and have open and constructive discussions as well as investing in training programmes to continue to develop employees at all levels of the organisation. In this way, the Group is able to integrate stakeholder's considerations into business decision-making processes. Dialogue with stakeholders gives the Group the opportunity to explain its clear and committed approach to sustainability as well as the value of the Group's work, products and services for society.

Key stakeholders contribute to the Group's economic, social, and environmental performance. Stakeholders include customers, suppliers, employees, investors, financial experts and rating agencies, local communities, industry associations, NGOs, scientific institutions, universities, government, and value chain partners. The Group is very conscious of having a sustainable business, so INEOS produces an annual sustainability report which aligns with the Global Reporting Initiative (GRI) framework and focuses on the issues most material to the Group and its stakeholders. The report focuses on seven key areas, being:

1. Climate change – advancing the transition to net zero;
2. Circular economy – maximising resource efficiency and eliminating waste;
3. Zero pollution – driving progress towards sustainable chemical value chains;
4. Our people – prioritising workplace health and safety (SHE) and fairness;
5. People in our value chain – safeguarding conditions and human rights;
6. People in our communities – respecting and supporting local communities;
7. Governance – maintaining the highest standard of ethics and compliance.

These matters are considered by the directors in making decisions and in assessing the long-term viability of the business.

The Group is committed to maintaining a workplace that is safe, professional, and supportive of teamwork and trust. The Group is committed to creating and sustaining a work environment of mutual trust where all employees are treated with respect and dignity, compensated fairly based on local market conditions, and are entitled to adequate working hours. The Group values diversity of its people and each of its employees is recognised as an important member of the team.

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The Group is committed to protecting and maintaining the quality of the environment and to promoting the health and safety of its employees, contractors, suppliers, customers, visitors, and the communities in which it operates. For example INEOS is a signatory to the International Council of Chemical Associations' (ICCA) Responsible Care Global Charter which demonstrates the Company's commitment to strengthening chemicals management systems, safeguarding people and the environment, and working towards sustainable solutions through our value chain. Compliance with all legislation intended to protect people, property and the environment is one of the Group's fundamental priorities and applies to its products as well as to its processes. Management lead by example and allocate the required resources to achieve excellence in SHE performance.

The need to act fairly as between members of the Group (f)

The Group has a single shareholder and a single ultimate controlling party. Their interests are taken into account by the directors to promote fairness in decision making.

Principal decisions

The Group has made a number of principal decisions in the year ended 31 December 2022, including:

- The repayment of the Term Loans A facilities ahead of their terms.
- Investment in capital and sustainability projects such as a project to fuel switch to hydrogen at the Hull site in the United Kingdom, the development of a newly hydrogen business and the launch of Project Circle to treat PVC from various post-consumer waste streams that are difficult to recycle mechanically in INEOS Inovyn, the development of a pilot plant to develop Infinia, a technology which will enable currently unrecyclable PET plastic waste to be transformed back into new, virgin-quality feedstocks.
- Signature of an agreement with Sinopec to reshape the Group production and technology of ABS in China and build a total of 1,800 ktpa of new capacities through three joint-ventures to meet the rapidly growing local demand.
- In 2021, a final investment decision was taken on the Breagh Onshore Compression Project, which will be located at the Teccside Gas Processing Plant (TGPP). Management engaged with the Breagh Joint Venture Partner who was fully supportive of progressing the capital project. In addition, it was necessary to seek consent from the Oil & Gas Authority (now the North Sea Transition Authority) for additional drilling, who were fully supportive and approved the necessary Field Development Plan Addendum. Work continued to progress on the project in 2022 and through to 2023.
- The Greensand Carbon Capture Storage ("CCS") project is a consortium formed to develop a plan to safely and permanently store, in a cost effective manner, up to 8 million tonnes of CO₂ per annum, in the Siri area, after the fields have ceased production. Continuing into phase 2 of the project, the use of the Nini West reservoir as an initial target for a pilot project was matured in 2022. Maturation of the full-scale project is ongoing and work will continue in 2023 to finalise regulatory matters and commercial agreements ahead of potential future investments.
- Effective 26 May 2022, a new 25% Energy Profits Levy ("EPL") on the profits of oil and gas companies has been implemented charging an additional 25% tax on UK oil & gas profits. Management have considered the implications of EPL in line with the Group's cash requirements and planned capital expenditures.
- The Solsort West Lobe development project was approved with the joint venture partners in September 2022. Operational preparations and procurement of long lead items continues into the first half of 2023 with a target to commence drilling activities in mid-2023.
- On 5 April 2022, due to escalating costs on the new energy project caused by delays due to COVID working restrictions and impact to commodity prices, management took the decision to temporarily suspend the project.
- The commencement of series production for model year 2023 of the Grenadier.
- The signing of a development contract for the battery electric vehicle.

The principal decisions are defined to be decisions taken in the Group that are of a strategic nature and significant to any of the Group's key stakeholder groups. The Directors have engaged with key shareholder and stakeholder groups through a variety of means and stakeholder interests were considered in decision-making.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Key performance indicators (“KPIs”)

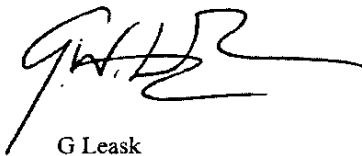
The Group uses a number of financial and non-financial key performance indicators (“KPIs”) to measure performance, which are monitored against budget and the prior year.

The main financial KPI for the business is earnings before interest, taxation, depreciation, amortisation, exceptional items and net fair value gains or losses on commodity derivatives and after the share of profit/(loss) of associated undertakings and joint ventures using the equity accounting method (“EBITDA before exceptional items”). EBITDA before exceptional items for the Group for the year ending 31 December 2022 was €2,942.7 million (2021: €3,984.1 million). The Group also closely monitors fixed costs against budget and prior year.

The Group uses a number of other non-financial key performance indicators to measure performance including health, safety and environmental (“SHE”) metrics such as Occupational Safety and Health Administration (“OSHA”) incident and injury rates to measure the safe working of employees and contractors.

Other KPIs include monitoring the reliability of operating assets and working capital ratios of the Group.

Approved and signed on behalf of the Board:



G Leask
Director
3 July 2023

DIRECTOR REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and audited consolidated and company financial statements of the Group and the Company for the year ended 31 December 2022.

Principal activities

The principal activities of the Group are the manufacture and sale of a range of chemicals used in a variety of applications, the exploration, development and production of natural gas, the development of its automotive business and various sporting ventures.

Future developments

Future developments are discussed in the Strategic Report.

COVID-19 and the Ukraine conflict

The Group continue to implement contingency plans for the COVID-19 pandemic, with the primary objective of maintaining the safety of personnel and the reliable operation of the Group's plants.

The chemical industry is deemed as essential, critical infrastructure by governments across the world. Throughout the pandemic all of the Group's plants have continued to operate fully and supply chains have operated without significant disruption. Protecting employees and ensuring that they remain healthy has been the first priority of the Group. All plants have sufficient resources and have implemented measures to ensure that this remains the case throughout the pandemic.

The Group does not have operations in Belarus, Russia or Ukraine. During 2021 and 2022 revenue generated in these countries was not material to the Group. The Group are not currently experiencing any material disruption to its operations and does not foresee any direct impact as a result of the conflict, but will continue to monitor the evolving situation closely.

Whilst there is still uncertainty due to the COVID-19 pandemic and the disruption on the energy market resulting from the conflict in Ukraine, the directors have undertaken a rigorous assessment of the potential impact on demand for the Group's products and services and the impact on margins for the next 12 months and the directors do not expect a material impact on the Group's ability to operate as a going concern.

Going concern

The Group financial statements have been prepared on a going concern basis and approved by the Board of Directors in accordance with United Kingdom adopted international accounting standards.

The Group meets its day to day working capital requirements through its intercompany loan and external financing facilities, along with cash generated by its subsidiaries' operations. The Group held cash balances of €2,525.8 million at 31 December 2022 (2021: €1,987.5 million) and gross external loans and borrowings of €6,798.8 million at 31 December 2022 (2021: €7,090.6 million) of which €369.6 million is due to be repaid within 12 months of the balance sheet date. The directors have considered the Group's projected future cash flows and working capital requirements and are confident that the Group has sufficient cashflows to meet its working capital requirements for the next twelve months from the date of signing the financial statements.

In particular, the directors have stress tested the forecasts through taking account of reasonable possible changes in trading performance on the impact on EBITDA before exceptional items, cash flow and debt. The stress tests show that the Group will not default against any of its debt covenants and will still have sufficient cash flow to meet all of its obligations as they fall due within the next 12 months from the date of signing the financial statements.

On the basis of this assessment together with net assets of €1,654.9 million as at 31 December 2022 (2021: net liabilities of €(5.7) million) and the Group's ability to meet working capital requirements through its external financing facilities, along with access to cash generated by its subsidiaries, the directors have concluded that the Group can operate within its current facilities without the need to obtain new ones for a period of at least 12

DIRECTOR REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

months from the date of this report and have therefore prepared these financial statements on a going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk and interest rate risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group where appropriate. The Group is exposed to commodity price risk as a result of its operations and seeks to mitigate this risk through various purchasing strategies. The Group manages its credit exposures with a set of policies for ongoing credit checks on potential and current customers or counterparties. See Note 24 of the financial statements for information on financial instruments, interest risk, liquidity risk and foreign currency risk.

Research and development

The Group's research and development team develops new applications for its higher margin and less cyclical speciality chemicals, provides support to the Group's customers and seeks to improve the efficiency of the Group's manufacturing processes. The research and development team also leads the Group's efforts with respect to the development and capacity expansions of the plants and maintaining and improving safety and environmental standards. The research and development team has also continued to develop the Group's first automotive product, a 4x4 off-road vehicle named the Grenadier. The Group spent €355.2 million (2021: €353.1 million) on research and development during the year of which €119.0 million (2021: €209.2 million) was capitalised.

Dividends

The directors of the Company have proposed and paid a dividend of €21.0 million during the year (2021: €19.5 million). The directors do not recommend the payment of a final dividend (2021: €nil).

Political and charitable contributions

As part of its ongoing investment programme, INEOS Industries Limited and its subsidiaries actively support a variety of initiatives in communities in which it operates. Charitable donations made during the year amounted to €25.6 million (2021: €23.1 million) for a variety of charitable purposes. Neither the Company nor its subsidiary undertakings made any donations or subscriptions for political purposes.

Directors

The directors who held office during the year and up to the date of signing of the financial statements were as follows:

Mr G Leask
Mr J Ginns

Employees

The Group places considerable importance on communication with employees. This is to ensure that employees at all levels of the organisation are kept aware of key business developments, and in particular financial performance, so as to focus attention on key performance metrics. Town Hall sessions, virtual in 2020 and in the future at each site, once the COVID pandemic allows travel, are held at various points in the year that are hosted by members of the Executive Committee, regional leadership teams and site management. Business news items are also communicated in local language to the organisation either via cascade or direct to individuals via email, Bulletin Boards and Intranet facilities. Work groups in the manufacturing areas have daily "toolbox talks" that cover SHE, critical operational items for the day and business developments. The Group undertakes employee surveys on a regular basis and there are action plans in place to address issues arising.

INEOS is committed to an environment where open, honest communications are the expectation, not the exception. There is encouragement to discuss issues with line managers or other managers. In addition, there is an "INEOS Speak Up!" service for those employees wishing to report more serious unethical or improper behaviour. The Group has regard to employees' interests and take employee views into account when making decisions.

DIRECTOR REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Group operates in full accordance with prevailing employment legislation including information and consultation with employees and their representatives on matters affecting their interests. Outside of any necessary formal consultation process, there are regular briefings between the Company and the Works Councils/Trade Union bodies in each region.

The Group facilitates a number of schemes designed to encourage employees to deliver key business targets. This includes a discretionary Short-Term Incentive Plan and a Long-Term Incentive Plan, both of which are designed to focus attention on key areas of performance such as SHE, EBITDA before exceptionals, working capital, plant reliability and fixed costs.

It is the Group's practice to give full and fair consideration to applications for employment received from disabled persons, subject to the Group's requirements and to the qualifications, ability and aptitude of the individual in each case. In the event of employees becoming disabled, every effort is made to ensure their continued employment with the Group and to provide suitable adjustments to the workplace where appropriate.

The Group continually strives to meet, and where possible, exceed all relevant legal requirements applying to safety, health and the environment. It is committed to continuous improvement in all aspects of its operations. Through its Safety, Health, Environment Quality ("SHEQ") Policy, the Group aims to be amongst the chemical industry leaders in health, safety, environmental protection and customer satisfaction, ensuring that products meet society's increasing environmental requirements. Specifically the Group works to two guiding principles. The first being to protect the health and safety of its employees; the communities in which it operates; and the users of its products. Secondly, the Group seeks to minimise the effects on the environment from its operations; storage; transport; use and disposal of its products. The Group manages Safety, Health and the Environment ("SHE") as an integral part of its activities through a formal management system that sets clear SHE standards/targets and monitors performance against them. It requires all members of staff (and others who work on its behalf) to adhere to the standard in the SHE Management System and to exercise personal responsibility to prevent harm to themselves, others and the environment. Comprehensive SHE information and training is provided to all employees, with SHE objectives set for every individual each year through the performance appraisal process. SHE targets also feature in the Group's discretionary Business Bonus Scheme. Appropriate SHE information and training is also provided to other who work for the Group, handle its products or operate its technologies. The Group also participates in industry wide responsible care and sustainable development activities.

Streamlined Energy and Carbon Reporting

The Group is classified as a large unquoted group due to its size and shareholding structure. The reporting boundary for this Energy and Carbon report is INEOS Industries Limited and all its subsidiaries that are individually above the relevant de minimum reporting threshold as laid out in the 'The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018'. The figures provided below represent emissions related to activities undertaken within the UK and offshore area.

	2022	2021
Total energy consumption used to calculate emission (KWh)	10,139,315,558	10,381,660,177
Emissions from combustion of gas (tCO ₂ e) - Scope 1	1,694,874	1,710,191
Emissions from combustion of fuel from transport purposes (tCO ₂ e) - Scope 1	2,837	2,586
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (tCO ₂ e) - Scope 3	-	-
Emissions from purchased electricity (tCO ₂ e) - Scope 2	594,919	720,198
Total gross CO ₂ e based on the above (tCO ₂ e)	2,292,630	2,432,975
tCO ₂ e per € 1 million of revenue	109	138

We have followed "The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard" and financial control approach in the production of these figures and have used the latest available emission factors in accordance with the GHG protocol's data hierarchy.

DIRECTOR REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Health and safety

Our facilities and operations are subject to a wide range of health, safety, security and environmental (“HSSE”) laws and regulations in all of the jurisdictions in which we operate. These requirements govern, among other things, the manufacture, storage, handling, treatment, transportation and disposal of hazardous substances and wastes, wastewater discharges, air emissions (including GHG emissions), noise emissions, human health and safety, process safety and risk management and the clean-up of contaminated sites. Many of our operations require permits and controls to monitor or prevent pollution. We have incurred, and will continue to incur, substantial ongoing capital and operating expenditures to ensure compliance with current and future HSSE laws, regulations and permits or the more stringent enforcement of such requirements.

Our operations are currently in material compliance with all HSSE laws, regulations and permits. We actively address compliance issues in connection with our operations and properties and we believe that we have systems in place to ensure that environmental costs and liabilities will not have a material adverse impact on us.

Sustainability

Improving the sustainability of our business and operations is central to the way INEOS work. It is of critical importance to its employees, to its partners and customers, to the communities in which it operates, and to its investors.

INEOS sustainability strategy is to develop and safely manufacture the products needed to address the evolving challenges of climate change, public health, resource scarcity, urbanisation and waste in a way which drives us all towards a net zero emissions economy by 2050. INEOS will do so whilst reducing the impact of its operations. It is built on six key pillars:

1. Excellence in Safety Health & the Environment (SHE)
2. Climate change - delivery of a net zero business
3. Circular Economy – maximising the re-use and recycle of our products
4. People – ensuring an equal opportunity environment in which a diverse team of people can flourish and deliver the innovations we need
5. Communities and the Natural Environment – enhance the communities in which we operate
6. Governance – rigorously sustaining the highest standards of ethics and compliance

The efforts on sustainability, including targets, reporting of Green House Gas (GHG) and other emissions, of energy and water usage, and of waste generation, are published in our INEOS wide 2022 Sustainability Report (<https://www.ineos.com/sustainability/sustainability-reports>), which is aligned with the framework described in the Global Reporting Initiative (GRI), and UN sustainable development goals. Two key priorities, Climate Change and the Circular Economy, are summarised below.

Climate Change

Following the Paris Climate Agreement of 2015, most nation states have recognised the threat posed by climate change and have set the goal to achieve a net zero emission economy by 2050 and are adopting regulations and legislation to support this objective.

In response, INEOS implemented management of the risks posed by climate change to each of its businesses and the potential new business opportunities and threats arising from the transition. The assessments will be regularly updated in the context of the Intergovernmental Panel on Climate Change (IPCC) climate change scenarios in which temperature rise compared to the pre-industrial period is limited to 2 C or less, 2-4.5 C and 5-8.5 C respectively (https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_Chapter03.pdf). An INEOS-wide target has been set to achieve 33% reduction in GHG emissions by 2030 (compared to 2019) and net zero emissions by 2050. In line with this, INEOS Quattro businesses have each developed a roadmap which outlines plans and key actions required to deliver the 2030 target of 33% reduction. INEOS wide, the company has earmarked over €6 billion capital investment to support the delivery of targets.

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Actions include the following:

Continuous improvement of energy and process efficiency

INEOS is working aggressively across all its business and sites to make important reductions in energy use and associated GHG emissions. Optimisation projects vary widely, from finding new ways of improving process efficiency to innovative solutions for heat or power integration, including waste heat valorisations.

The INEOS Inovyn business has a salt plant upgrade project in Tavaux, France which utilises best-in-class mechanical vapour recompression unit technology. The project is expected to be completed in 2024 and will reduce steam consumption by 360 kilo tonnes per annum which is equivalent to reducing the Tavaux site's footprint by 16%. Water consumption will also be reduced by 6%. The North Star project in Norway was commissioned in 2020 and consisted of major debottlenecking activities across both the electrochemical and VCM assets. This project has reduced steam consumption by 80 kilo tonnes annually.

The Aromatics business' PTA technology allowed the latest PTA plant in Zhuhai to reduce GHG emissions by 65%, water discharge by 75% and solid waste disposal by 95% compared to conventional technologies.

The Acetyls business is continuing to roll out its retrofit of world leading CATIVA XL acetic acid production technology to its global assets. This technology package allows Acetyls plants to produce acid with 80% less heat input and 50% less electricity than generic technology. As part of this INEOS' innovative High Pressure Offgas Reinjection technology has now been rolled out to all applicable plants. This recycles carbon that was previously incinerated and re-injects it into the process where it is instead captured and reacted into product, reducing GHG emissions and reducing natural gas usage.

Investment in green hydrogen and blue hydrogen for use as a fuel on sites and as a feedstock

The Acetyls business is undertaking a project to fuel switch to hydrogen at Hull site, the United Kingdom. The site has a large demand for heat that can only be met by burning fuel. Currently, this is done with natural gas, resulting in over 350,000 tonnes of CO₂ being emitted every year. The project will enable Hull assets to switch to using its own clean hydrogen instead of natural gas. Burning hydrogen will not release any CO₂, decarbonising the site. This fuel switching will reduce scope 1 emissions by about 80%, which is the equivalent of taking about 140,000 petrol cars off the road. The business will create a centre of expertise in hydrogen fuel switching, allowing further work to decarbonise Acetyls' global assets. This fuel switch project is also part of a wider roadmap for the Hull site which will see it become the world's first net-zero acetic acid production site by 2030.

The INEOS Inovyn business intends to build a new 20MW electrolyser to produce clean hydrogen through the electrolysis of water, powered by zero-carbon electricity in Norway. This project will lead to a minimum reduction of an estimated 22,000 tonnes of CO₂ per year by reducing the carbon footprint of INEOS' operations at Rafnes and serving as a hub to provide hydrogen to the Norwegian transport sector. The business is also carrying out a feasibility study to make green hydrogen for use at the Köln site and are participating with partners in Antwerp to develop an open access hydrogen network.

Additionally, INEOS Inovyn has developed a newly formed hydrogen business for use in feedstocks, fuels and transportation, heating and power generation.

Increased purchase of renewable energy to substitute for fossil derived energy of renewable energy

Across the whole INEOS Group, power purchase agreements for about 570 MW renewable energy have already been signed to reduce the dependence on fossil-based energy sources.

Use of bio-based feedstocks to reduce dependency on fossil-based materials and deliver bio-based products

The Styrolution business offers the integration of renewable feedstock as a replacement for fossil fuel in

DIRECTOR REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

upstream existing petrochemical installations. In 2020, it launched the world's first specialty styrenics materials made using renewable feedstock within the value chain. The renewable feedstock sources are certified by the International Sustainability and Carbon Certification to assess that they are managed and attributed in accordance with their sustainability criteria.

The INEOS Inovyn business is developing certified bio-attributed vinyl resins (Biovyn®) as well as bio-based epichlorohydrin (Reodrin®) used for the manufacture of epoxy resins. These products, whilst still relatively niche, can provide almost carbon neutral products providing up to 90% of GHG savings when compared with conventional materials and volumes are expected to grow in the coming years.

INEOS Energy recognises the scientific consensus on climate change and is committed to reduce its own emissions and, as part of the wider Oil and Gas industry, will continue to play a vital role in delivering low-carbon solutions. As part of its commitment to energy transition, the Group has continued to invest in Project Greensand. The Greensand Carbon Capture Storage ("CCS") project is a consortium formed to develop a plant to safely and permanently store, in a cost effective manner, up to 8 million tonnes of CO₂ per annum, in the Siri area, after the fields have ceased production. Continuing into phase 2 of the project, the use of the Nini West reservoir as an initial target for a pilot project was matured in 2022. The scope included material testing, core lab experiments, further modelling of an offshore CO₂ injection trial in the Nini West reservoir and seismic data acquisition operations. The pilot project, including offshore and seismic acquisition operations, were planned for the first quarter of 2023. Maturation of the full-scale project is ongoing and work will continue in 2023 to finalise regulatory matters and commercial agreements ahead of potential future investments.

The Automotive business is monitoring legislative and market responses to climate change in global jurisdictions. The business is also actively engaged in the development of a new 4x4 off-road battery electric powered vehicle as a second model to complement the existing Grenadier model, which is expected to launch in global markets in 2026. INEOS Automotive has also developed a hydrogen fuel cell electric vehicle to demonstrate the capability of this technology for use in the Grenadier 4x4 off-road vehicle in the future. At our manufacturing site in Hambach, France, the business is currently investing in a Biomass plant, which significantly reduces the site's consumption of natural gas, as well as re-usable packaging, which reduces waste.

Product and the circular economy

INEOS believes that its products already make a critical contribution to society by providing the most sustainable options for a wide range of societal needs. Examples include preservation of food and clean water; provision of wind turbines, solar panels and other renewable technologies, construction of lighter and more efficient vehicles and aircraft, production of medical devices and applications, manufacture of clothing and apparel, materials for insulation and other industrial and home applications. Studies suggest that if polymers and plastics were to be replaced to the maximum extent in applications where they can be substituted, overall life-cycle greenhouse gas (GHG) emissions would increase by more than 50% (<https://denkstatt.eu/download/15971/>).

However, it is generally accepted that a move towards a more circular economy, in which materials are reused and recycled to their maximum extent, is an important component of a more sustainable climate neutral economy. In certain regions, for example Europe and the UK, legislation is under development to incentivize recycling of materials, especially for packaging products. The Group has therefore committed to achieving the following INEOS-wide targets by 2025.

- Offer a range of polyolefin products for packaging applications in Europe containing 50% or more recycled content.
- Incorporate at least 325 kta of recycled material into products.
- Ensure 100% of our polymer products can be recycled.

In addition, a new INEOS wide target to incorporate 825 kt of recycled or bio-sourced material into INEOS products by 2030.

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In line with these objectives, in 2019, the Styrolution business introduced INEOS Styrolution ECO, a new family of sustainable products. It comprises products made from post-consumer recycled material as well as renewable feedstock and complements the existing portfolio of styrenics standard products and specialties. The Styrolution business has demonstrated the advanced recycling capabilities of polystyrene with the first production of polystyrene from styrene monomer made only of depolymerised material. This technology facilitates a full recycling loop for plastics, which is expected to be applicable even to food applications. Through a partnership with Indaver, a leading European waste management company, the business will benefit from their demo-plant for advanced recycling, where polystyrene waste will be recycled to purified styrene. Based in Antwerp, this demo-installation is expected to be operational in 2024.

For ABS standard, the Styrolution business has developed mechanically recycled grades containing 50% or 70% comprising post-consumer recycled material that are commercially available today. These products meet the performance and quality levels of virgin materials. It has also established co-operations to secure high quality waste for polystyrene and ABS feedstock.

The Styrolution business is also leading a consortium to advance the production of ABS from recycled feedstock through a project called "ABSolutely Circular". The project was accepted by the EU LIFE programme, the European Union funding instrument for the environment and resource efficiency and received funding.

INEOS Inovyn continues to have a pivotal role in the European-wide VinylPlus® voluntary industry initiative which commits to 900 and 1,000 kilo tonnes of PVC recycling across Europe by 2025 and 2030, respectively.

INEOS Inovyn has also launched Project Circle which aims to treat PVC from various post-consumer waste streams that are difficult, if not impossible to recycle mechanically. These technologies will enable waste polymers containing PVC-rich waste to be broken down to their constituent components and then reformed back into polymers. This will enable a much wider range of waste materials to be re-incorporated into polymer manufacturing, reduce GHG emissions and provide an improved outlet for waste polymers. We are also working with partners to implement new technologies to enable easier sorting of end-of-life polymers.

The Aromatics business has developed Infinia, a technology which will enable currently unrecyclable PET plastic waste – such as black food trays and coloured bottles – to be diverted from landfill or incineration and instead transformed back into new, virgin-quality feedstocks. The new feedstocks are interchangeable with those made from traditional hydrocarbon sources and can be used to make new PET packaging that can be recycled again and again.

Infinia is complementary to mechanical recycling, dealing with PET waste that is currently difficult or impossible to process using mechanical methods. A new pilot plant, located in Naperville, Illinois, has been commissioned to prove the technology on a continuous basis. If deployed at scale in several facilities the technology has the potential to prevent billions of PET bottles and trays from ending up in landfill or incineration every year.

Sustainability governance

The Chief Executive of each of the four businesses of the Group is accountable for development of a strategy and plans to ensure that the business remains sustainable in the longer term. The strategy is reviewed annually with the shareholders. Each business sets targets annually based on its business plan. Progress against targets is reported and reviewed at Executive Committee (EXCO) meetings with the shareholders at least six times per year.

In addition to the above, Business Divisions are subject to INEOS wide targets set by the Shareholders for Safety, Health & Environment, Green House Gas reductions, and, for the Polymers businesses, recycling targets.

In addition to formal governance processes, INEOS operates a Climate and Energy Network (CEN) which helps ensure coordination across all INEOS businesses on carbon, energy and resource matters. Cross business

DIRECTOR REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

CEN teams share information and best practice on policy, advocacy, external developments, new business opportunities and innovation. The network also assembles data from the different businesses to provide business and INEOS wide views on GHG emissions, energy usage, water usage, and waste. The network has more than 1,000 active members across all businesses.

Summary of risks

Management has in place a number of actions to mitigate against climate and climate related risks, as well as other risks associated with developing legislation on sustainability and reporting. A summary of responses to key risks is summarised below.

PERCEIVED RISKS	ACTIONS
Transition to net zero risks	<ol style="list-style-type: none"> 1. Management has committed to net zero and intermediate targets based on practical business roadmaps which contain actions to reduce GHG emissions whilst sustaining business profitability. 2. Management has identified new business opportunities, e.g. green and blue hydrogen, biobased products and recycled products. 3. Management is investing in technologies for new products such as recycled products and bio-based products to meet growing consumer demand for these lower carbon materials. 4. Management is acquiring more renewable energy and is investing in new assets, technologies, and infrastructure to reduce the carbon footprint of its products in line with evolving customer and consumer demands.
Policy and Legal transition risks	<ol style="list-style-type: none"> 1. Management monitors evolving government policies and regulations, both independently and through its membership of industry associations, to ensure that plans and actions stay ahead of developing legislation. 2. Management has in place strict policies on ethical and legislative matters, and has implemented the appropriate governance and training mechanisms to ensure full compliance.
Market transition risks e.g. changing consumer trends resulting in products and services becoming obsolete	<ol style="list-style-type: none"> 1. Management believes that its current chemical and polymer portfolio provides products which are essential to support the transition to a net zero economy by providing the most sustainable options for a wide number of industrial and consumer applications. 2. Management has set business wide targets consistent with legislation intended to drive the development of a circular economy. 3. Management is investing in technologies for new products such as recycled products and bio-based products to meet growing consumer demand for these materials. 4. Management has a policy for sustainable procurement to ensure that it acquires feedstocks and other materials of increasingly lower carbon footprint. 5. Management is acquiring more renewable energy and is investing in new assets, technologies, and infrastructure to reduce the carbon footprint of its products in line with evolving customer and consumer demands.

DIRECTOR REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

PERCEIVED RISKS	ACTIONS
Financing risks	<ol style="list-style-type: none"> 1. Management has committed to net zero and intermediate targets based on practical business roadmaps which combine GHG emissions reduction with sustainment of business profitability and addition of new business opportunities, e.g. green and blue hydrogen, biobased products and recycle products. 2. Management has incorporated the forward cost of carbon in Europe and potentially elsewhere into its capital investment decision making. 3. Management aspires to zero accidents in the workplace and has in place the policies targets, controls and audit systems to ensure the highest possible standards with regards to safety and the environment. 4. Management has significantly increased public disclosure on ESG issues, including provision of a detailed and public sustainability report, and has attained favourable ESG assessments from ECOVADIS relative to peers. 5. INEOS is a recognised respondent to CDP.
Acute physical risks e.g. extreme weather events causing damage to equipment and supply chain disruption	<ol style="list-style-type: none"> 1. Management is assessing risks to operations against three IPCC developed climate change scenarios – high, intermediate and low temperature rises. 2. Management has ensured that equipment and plant is designed to withstand extreme weather conditions as currently expected, and will continue to do so in the future. 3. Management has developed multiple feedstock and sales options to provide resilience to supply chain disruptions.
Reputation transition risks e.g. damage to reputation through failure to transition effectively to a lower-carbon economy	<ol style="list-style-type: none"> 1. Management has announced the target to achieve net zero and is developing intermediate targets based on practical business roadmaps which contain actions to reduce GHG emissions and stay ahead of evolving regulations. 2. Management aspires to zero accidents in the workplace and has in place the policies targets, controls and audit systems to ensure the highest possible standards with regards to safety and the environment. 3. Management has significantly increased public communication and disclosure on targets, progress against targets, and ESG issues, including provision of a detailed and public sustainability report. 4. Management has established strong links with communities around INEOS sites to communicate plans and progress against objectives and invite feedback. 5. Management has submitted the business to detailed ESG assessments from ECOVADIS and received gold rating for the breadth of INEOS companies. 6. INEOS is a recognised respondent to CDP.

Business relationships

The business relationships with suppliers and customers are of strategic importance to the Directors of the Group and their decision-making process. The business relationships of the Group are described in the Section 172(1) statement in the Strategic Report.

DIRECTOR REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Branches outside the United Kingdom

Branches of the Group have been established in Austria, Belgium, China, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, Spain and Sweden.

Subsequent events

On 10 January 2023, the Group repaid in full the O&P UK Senior Secured Term Senior Term and Revolving loan Facilities.

On 14 March 2023, the Group entered into an Incremental Facility Agreement to raise a new Dollar Term Loan B of \$500.0 million (€471.6 million equivalent) and a new Euro Term Loan B of €375.0 million. The gross proceeds received under these borrowings were used on 15 March 2023 to pay an interim dividend to the Group's immediate parent company of €500.0 million with the remaining proceeds used to increase the liquidity of the Group.

The Group entered into an interest rate swap agreement in March 2023 to hedge the fair value risk in relation to the 2030 Term Loans with the notional principal amount of \$500 million. Under this interest rate swap agreement, the Group will exchange the variable SOFR exposure for fixed SOFR obligations.

On 20 April 2023, the Group completed its transition from LIBOR to SOFR in relation to the Dollar Term Loan B due 2027.

In May 2023 the Group completed the acquisition of a major tranche of Chesapeake Energy's oil and gas assets in the Eagle Ford shale, South Texas for \$1.4 billion. The deal marks the Group's entry as operator into the US onshore oil and gas market, as it acquires 2,300 wells, producing net 36,000 barrels of oil equivalent per day.

On 22 June 2023 the maturity of the loan between INEOS Holdings Limited and the Group was extended to 30 June 2026 (see Note 27).

Statement of directors' responsibilities

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

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

In preparing the parent company financial statements, the directors are required to:

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

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

DIRECTOR REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

- provide additional disclosures when compliance with the specific requirements in international accounting standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

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

Statement of disclosure of information to auditors

The directors confirm that as far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and that they have taken all steps necessary as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

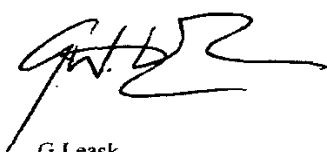
Independent auditor

In accordance with Section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Deloitte LLP as auditor of the Company.

Registered address

INEOS Industries Limited
Hawkslease
Chapel Lane
Lyndhurst
Hampshire
SO43 7FG
United Kingdom

Approved and signed on behalf of the Board:



G Leask
Director
3 July 2023
Registered number 06959146

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INEOS INDUSTRIES LIMITED

Independent auditor's report to the members of INEOS Industries Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of INEOS Industries Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 34 and parent company related notes 1 to 14.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INEOS INDUSTRIES LIMITED

within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation, IFRS and FRS 101, as well as laws and regulations prevailing in each country in which we identified a full-scope component and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's operating licences and environmental regulations.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, pensions and IT specialists regarding the opportunities and

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INEOS INDUSTRIES LIMITED

incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

- Occurrence of non-routine revenue transactions given these are more susceptible to manipulation compared to automative routine transactions.

Our specific procedures performed to address the areas with the greatest potential for fraud include the following procedure:

- substantive testing of manual adjustments to revenue through agreement to supporting evidence that verifies the occurrence of the revenue.

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

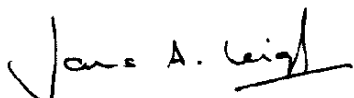
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors'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

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INEOS INDUSTRIES LIMITED

Use of our report

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



James Leigh FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
3 July 2023

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
		€m	
Revenue	2	21,048.1	17,644.9
Cost of sales before exceptional items.....		(17,222.8)	(13,536.8)
Exceptional cost of sales.....	4	(223.6)	(140.6)
Total cost of sales.....		(17,446.4)	(13,677.4)
Gross profit		3,601.7	3,967.5
Distribution costs.....		(917.9)	(829.2)
Administrative expenses before exceptional items.....		(1,298.4)	(792.5)
Exceptional administrative expenses.....	4	(12.2)	(56.6)
Exceptional administrative gains.....	4	-	322.7
Total administrative expenses.....		(1,310.6)	(526.4)
Other operating expenses.....	5	(387.4)	(697.0)
Operating profit	5	985.8	1,914.9
Share of profit of associates and joint ventures using the equity method.....	12	257.0	462.0
Dividends received from other investments.....		2.6	2.5
Impairment of investments.....	12	-	(1.0)
Loss on disposal of investments.....	12	(26.7)	-
Profit on disposal of businesses.....	34	710.3	165.4
Profit on disposal of fixed assets.....		4.6	17.5
Profit before net finance costs		1,933.6	2,561.3
Finance income.....	8	73.1	147.8
Finance costs before exceptional items.....	8	(475.4)	(419.2)
Exceptional finance costs.....	4	(4.3)	(52.7)
Total finance costs.....		(479.7)	(471.9)
Net finance cost.....		(406.6)	(324.1)
Profit before taxation		1,527.0	2,237.2
Tax credit/(charge).....	9	392.6	(148.3)
Profit for the year		1,919.6	2,088.9
Attributable to:			
Owners of parent.....		1,828.0	1,984.5
Non-controlling interest.....		91.6	104.4
Profit for the year		1,919.6	2,088.9

The notes on pages 37 to 122 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022	2021
		€m	
Profit for the year		1,919.6	2,088.9
Other comprehensive (expense)/income:			
Items that will not be recycled to profit or loss:			
Remeasurements of post-employment benefit obligations, net of tax	9	(83.6)	99.6
Share of other comprehensive income/(expense) of joint venture	12	24.9	(6.3)
Fair value (loss)/gain on investments in equity instruments designated as FVTOCI	13	(12.2)	5.8
Reclassification of foreign exchange translation difference on disposal of subsidiaries to profit and loss	34	9.8	-
Items that may subsequently be recycled to profit or loss:			
Foreign exchange translation differences, net of tax	9	(137.2)	181.9
Other comprehensive (expense)/income for the year, net of tax		(198.3)	281.0
Total comprehensive income for the year		1,721.3	2,369.9
Total comprehensive income for the year is attributable to:			
Owners of the parent		1,640.8	2,263.4
Non-controlling interest		80.5	106.5
		1,721.3	2,369.9

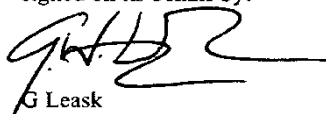
The notes on pages 37 to 122 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022

	Note	2022	2021*
		€m	
Non-current assets			
Property, plant and equipment.....	10	7,431.6	7,700.9
Intangible assets	11	3,077.5	2,952.3
Investments in equity-accounted investees.....	12	2,078.8	1,538.1
Other investments.....	12	9.8	18.1
Trade and other receivables.....	14	713.0	588.3
Other non-current financial assets	13	25.6	38.1
Employee benefits	20	44.2	69.3
Deferred tax assets	15	1,519.6	891.4
		<u>14,900.1</u>	<u>13,796.5</u>
Current assets			
Inventories.....	16	1,753.1	1,738.0
Trade and other receivables.....	14	2,426.4	3,236.4
Tax receivables.....		472.7	317.3
Other financial assets	13	257.2	193.3
Cash and cash equivalents.....		2,525.8	1,987.5
Restricted cash		33.9	14.1
		<u>7,469.1</u>	<u>7,486.6</u>
Total assets		<u>22,369.2</u>	<u>21,283.1</u>
Equity attributable to owners of the parent			
Share capital	22	-	-
Other reserves.....		(2,717.5)	(2,530.3)
Retained earnings.....		4,310.7	2,493.5
Total shareholders' funds/(deficit)		<u>1,593.2</u>	<u>(36.8)</u>
Non-controlling interest		61.7	31.1
Total equity		<u>1,654.9</u>	<u>(5.7)</u>
Non-current liabilities			
External loans and borrowings.....	17	6,391.8	6,871.3
Trade and other payables.....	18	6,467.6	6,080.5
Deferred tax liabilities.....	15	401.7	471.7
Employee benefits	20	231.4	186.3
Lease liabilities.....	25	383.1	387.8
Provisions.....	21	1,550.4	1,544.2
		<u>15,426.0</u>	<u>15,541.8</u>
Current liabilities			
External loans and borrowings.....	17	350.0	139.8
Trade and other payables.....	18	3,763.8	4,263.4
Lease liabilities.....	25	80.2	84.9
Tax payable.....		514.9	400.1
Other financial liabilities.....	19	460.4	615.0
Provisions.....	21	119.0	243.8
		<u>5,288.3</u>	<u>5,747.0</u>
Total liabilities		<u>20,714.3</u>	<u>21,288.8</u>
Total equity and liabilities		<u>22,369.2</u>	<u>21,283.1</u>

The notes on pages 37 to 122 are an integral part of these consolidated financial statements.

The financial statements on pages 30 to 122 were approved by the Board of Directors on 3 July 2023 and signed on its behalf by:



G Leask
Director

Registered number: 06959146

* To provide more informative financial information, amounts due to related parties have now been separated from external loans and borrowings on the balance sheet. Accordingly, the comparative financial information for 2021 reflects the reclassification of amounts due to related parties of €867.9 million from what is now 'External loans and borrowings' to 'Trade and Other Payables' (see Note 17 'External loans and borrowings' and Note 18 'Trade and other payables').

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital	Other reserves	Retained earnings	Total shareholders' funds/(deficit)	Non- controlling interest	Total equity
	€m					
Balance at 1 January 2021	-	(2,809.2)	427.8	(2,381.4)	62.0	(2,319.4)
Profit for the year	-	-	1,984.5	1,984.5	104.4	2,088.9
Foreign exchange translation differences ...	-	181.6	-	181.6	0.3	181.9
Remeasurements of post-employment benefit obligations, net of tax	-	98.7	-	98.7	0.9	99.6
Share of other comprehensive expense of joint venture	-	(6.3)	-	(6.3)	-	(6.3)
Fair value gain on investments in equity instruments designated as FVTOCI	-	4.9	-	4.9	0.9	5.8
Total other comprehensive income		278.9	1,984.5	2,263.4	106.5	2,369.9
Transactions recorded directly in equity:						
Adjustment arising from change in non- controlling interest	-	-	100.8	100.8	(100.8)	-
Dividend	-	-	(19.6)	(19.6)	(36.6)	(56.2)
Balance at 31 December 2021	-	(2,530.3)	2,493.5	(36.8)	31.1	(5.7)
Profit for the year	-	-	1,828.0	1,828.0	91.6	1,919.6
Foreign exchange translation differences ...	-	(130.1)	-	(130.1)	(7.1)	(137.2)
Remeasurements of post-employment benefit obligations, net of tax	-	(81.3)	-	(81.3)	(2.3)	(83.6)
Share of other comprehensive income of joint venture	-	24.9	-	24.9	-	24.9
Fair value loss on investments in equity instruments designated as FVTOCI	-	(10.5)	-	(10.5)	(1.7)	(12.2)
Reclassification of foreign exchange translation difference on disposal of subsidiaries to profit and loss	-	9.8	-	9.8	-	9.8
Total other comprehensive (expense)/ income	-	(187.2)	1,828.0	1,640.8	80.5	1,721.3
Transactions recorded directly in equity:						
Adjustment arising from change in non- controlling interest	-	-	10.2	10.2	12.2	22.4
Adjustment arising from disposal of non- controlling interest	-	-	-	-	(32.5)	(32.5)
Dividend	-	-	(21.0)	(21.0)	(29.6)	(50.6)
Balance at 31 December 2022	-	(2,717.5)	4,310.7	1,593.2	61.7	1,654.9

The notes on pages 37 to 122 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

Analysis of Other Reserves:

	Translation reserve	Remeasurement of post employment benefit plans	Merger reserve	Fair value reserve	Total other reserves
			€m		
Balance at 1 January 2021	(56.3)	78.1	(2,831.0)	-	(2,809.2)
Foreign exchange translation differences.....	181.6	-	-	-	181.6
Remeasurements of post employment benefit obligations, net of tax.....	-	98.7	-	-	98.7
Share of other comprehensive expense of joint venture.....	(6.3)	-	-	-	(6.3)
Fair value gain on investments in equity instruments designated as FVTOCI.....	-	-	-	4.9	4.9
Balance at 31 December 2021	119.0	176.8	(2,831.0)	4.9	(2,530.3)
Foreign exchange translation differences.....	(130.1)	-	-	-	(130.1)
Remeasurements of post employment benefit obligations, net of tax.....	-	(81.3)	-	-	(81.3)
Share of other comprehensive income of joint venture	24.9	-	-	-	24.9
Fair value loss on investments in equity instruments designated as FVTOCI.....	-	-	-	(10.5)	(10.5)
Reclassification of foreign exchange translation difference on disposal of subsidiaries to profit and loss.....	9.8	-	-	-	9.8
Balance at 31 December 2022	23.6	95.5	(2,831.0)	(5.6)	(2,717.5)

The notes on pages 37 to 122 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022	2021
		€m	
Cash flows from operating activities			
Profit before taxation		1,527.0	2,237.2
Adjustments for:			
Depreciation and impairment	10	1,149.6	877.9
Amortisation and impairment	11	148.1	155.3
Surplus on acquisitions of a subsidiaries	3	-	(322.0)
Net finance costs	8	406.6	324.1
Net fair value loss on commodity derivatives		387.4	697.0
Share of profit of associates and joint ventures using the equity method	12	(257.0)	(462.0)
Dividends received from other investments		(2.6)	(2.5)
Impairment of investments	12	-	1.0
Loss on disposal of investments	12	26.7	-
Profit on disposal of businesses	34	(710.3)	(165.4)
Profit on sale of fixed assets		(4.6)	(17.5)
Decrease/(increase) in trade and other receivables		736.1	(1,031.1)
Increase in inventories		(13.9)	(631.6)
(Decrease)/increase in trade and other payables		(522.4)	1,424.4
Decrease in provisions and employee benefits		(65.5)	(82.3)
Tax paid		(329.7)	(418.2)
Net cash generated from operating activities		2,475.5	2,584.3
Cash flows from/(used in) investing activities			
Proceeds from sale of property, plant and equipment		32.5	23.4
Proceeds from sales of investments		-	(148.3)
Net repayment of loans made to related parties		4.2	-
Acquisition of other investments		(0.2)	(0.7)
Acquisition of joint ventures		(62.1)	-
Acquisition of financial assets at fair value through other comprehensive income		-	(29.0)
Interest and other finance income received		20.1	5.9
Dividends received from joint ventures	12	401.4	188.7
Dividends received from other investments		2.6	2.5
Disposal of businesses, net of cash disposed of	34	238.1	180.3
Acquisition of subsidiaries, net of cash acquired	3	(116.3)	(792.5)
Acquisition of property, plant and equipment		(1,434.9)	(1,223.5)
Acquisition of intangible assets		(319.3)	(319.0)
Net cash used in investing activities		(1,233.9)	(2,112.2)
Cash flows (used in)/from financing activities			
Repayment of term loans		(20.8)	(1.7)
Proceeds of term loans		-	3,117.3
Proceeds of notes issuance		-	1,706.5
(Repayment)/proceeds of FPS Senior Secured Term Loans		(24.6)	0.2
Repayment of Bridge financing and Term Loan A		(388.5)	(3,102.0)
Repayment of INOVYN term loans		-	(1,064.3)
Proceeds from ABS Plant Facility		431.1	-
Proceeds from O&P UK term loans		-	85.0
Reserve Based Lending facility		-	(267.8)
Repayment of other borrowings		(11.3)	(9.3)
Loans (repaid)/received from related parties		(210.6)	131.7
Interest paid		(311.3)	(233.4)
Debt issue costs		(1.2)	(66.8)
Capital element of lease payments		(101.4)	(109.7)
Transfer from restricted cash		(19.8)	1.9
Non-controlling interest buy-out		22.5	-
Dividend paid to owners of the company	23	(21.0)	(19.5)
Dividend paid to non-controlling interests		(37.1)	(10.3)
Net cash (used in)/from financing activities		(694.0)	157.8

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	€m	
Net increase in cash and cash equivalents.....	547.6	629.9
Cash and cash equivalents at 1 January	1,987.5	1,288.7
Effect of exchange rate fluctuations on cash held.....	(9.3)	68.9
Cash and cash equivalents at 31 December	2,525.8	1,987.5

The notes on pages 37 to 122 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)

1. ACCOUNTING POLICIES

Overview

INEOS Industries Limited (the “Company”) is a private company limited by shares incorporated, registered and domiciled in England, UK. The registered office address is Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG. The principal activities of the Group are the manufacture and sale of a range of chemicals used in a variety of applications, the exploration, development and production of natural gas, the development of its automotive business and various sporting ventures.

Basis of accounting

These financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”) and equity account the Group’s interest in associated undertakings and recognise its joint arrangements as joint operations or joint ventures. The parent company financial statements present information about the Company as a separate entity and not about its Group.

The Group financial statements have been prepared on a going concern basis and approved by the Board of Directors in accordance with United Kingdom adopted international accounting standards .

In preparing the financial statements, the directors have considered the impact of climate change, particularly in the context of the principal risk identified on page 9. There has been no material impact identified on the financial reporting judgements and estimates. The directors are aware of the ever-changing risks attached to climate change and will regularly assess these risks against judgements and estimates made in preparation of the Group’s financial statements

The Group and meets its day to day working capital requirements through its intercompany loan and external financing facilities, along with cash generated by its subsidiaries’ operations. The Group held cash balances of €2,525.8 million at 31 December 2022 (2021: €1,987.5 million) and gross external loans and borrowings of €6,798.8 million at 31 December 2022 (2021: €7,090.6 million) of which €369.6 million is due to be repaid within 12 months of the balance sheet date. The directors have considered the Group’s projected future cash flows and working capital requirements and are confident that the Group has sufficient cashflows to meet its working capital requirements for the next twelve months from the date of signing the financial statements.

In particular, the directors have stress tested the forecasts through taking account of reasonable possible changes in trading performance on the impact on EBITDA before exceptional items, cash flow and debt. The stress tests show that the Group will still have sufficient cash flow to meet all of its obligations as they fall due within the next 12 months from the date of signing the financial statements.

On the basis of this assessment together with net assets of €1,654.9 million as at 31 December 2022 (2021: net liabilities of €(5.7) million) and the Group’s ability to meet working capital requirements through its external financing facilities, along with access to cash generated by its subsidiaries, the Directors have concluded that the Group can operate within its current facilities without the need to obtain new ones for a period of at least 12 months from the date of this report and have therefore prepared these financial statements on a going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The Group financial statements have been prepared and approved by the directors in accordance with United Kingdom adopted international accounting standards and have been approved for issuance by the Board of Directors on 3 July 2023.

The notes below provide a list of the significant accounting policies adopted in the preparation of the consolidated financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)**

1. ACCOUNTING POLICIES (continued)

Measurement convention

The financial statements are prepared on the historical cost basis except for those items held at fair value, being derivative financial instrument and financial instruments classified as fair value through profit and loss or other comprehensive income and assets held within pension schemes. Disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

Functional and presentation currency

These Group financial statements are presented in euro, which is the functional currency of the majority of operations. The Group primarily generates income, incurs expenditure and has the majority of its assets and liabilities denominated in euros. The exchange rate as at 31 December 2022 was \$1:€0.9374 and £1:€1.1301 (2021: \$1:€0.8825 and £1:€1.191).

Changes in accounting policies

The Group financial statements have been prepared using accounting policies that are consistent with those of the previous financial year. The Group has adopted the following amendments to accounting standards for the first time in 2022, with effect from 1 January 2022, although there has been no material effect on the Group's financial statements:

- Amendments to IAS 37: Onerous Contracts—Cost of Fulfilling a Contract.

The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

- Amendments to References to the Conceptual Framework in IFRS 3.

The amendments update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

- Amendments to IAS 16: Property, Plant and Equipment—Proceeds before Intended Use.

Under the amendments, proceeds from selling items before the related item of Property, Plant and Equipment is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 *Inventories* should be applied in identifying and measuring these production costs.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

- Annual Improvements to IFRS Standards 2018-2020:

IFRS 1: Subsidiary as a first-time Adopter – The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. The amendment allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

IFRS 9: Fees in the '10 per cent' test for derecognition of financial liabilities – The amendment clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)

1. ACCOUNTING POLICIES (continued)

IFRS 16: The amendment removes the illustration of the reimbursement of leasehold improvements.

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (effective date 1 January 2024).

Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or in other comprehensive income.

Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)

1. ACCOUNTING POLICIES (continued)

Acquisitions under common control are accounted for at book value. The difference in the book value of the assets acquired and consideration paid is recognised in retained earnings within the merger reserve. The Group has elected not to include the results of businesses acquired under common control transactions within the Group income statement for any periods prior to the date of acquiring control.

Special purpose entities ("SPE")

A SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE.

The Group has established three SPE's, INEOS Styrolution Receivables Finance Designated Activity Company, Deutsche Bank Mexico F/1787 and INEOS Norway Finance Ireland Limited, for debt securitisation programmes.

The Group does not have any direct or indirect shareholdings in these SPE's. The SPE's are controlled by the Group as they have been established under terms that impose strict limitations on the decision-making powers of the SPE's management that result in the Group receiving the majority of the benefits related to the SPE's operations and net assets, being exposed to the majority of risks arising from the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPE's and their assets. INEOS Styrolution Receivables Finance Designated Activity Company, Deutsche Bank Mexico F/1787 and INEOS Norway Finance Ireland Limited are therefore regarded as SPE's and have been consolidated in these financial statements.

Associate undertakings

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint arrangements

Under IFRS 11 "Joint Arrangements", investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be either joint operations or joint ventures.

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)

1. ACCOUNTING POLICIES (continued)

Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses on a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognise further losses, *unless it has incurred obligations or made payments on behalf of the joint ventures.*

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign exchange

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, euros, at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated at exchange rates prevailing at the dates of the transactions. The Group applies an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are taken directly to the translation reserve. They are recycled into the consolidated income statement upon disposal.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve. Foreign exchange differences arising on the retranslation of a borrowing designated as a hedge of a net investment in a foreign operation are recognised directly in equity, in the translation reserve, to the extent that the hedge is effective. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss on disposal.

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)

1. ACCOUNTING POLICIES (continued)

financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition or issue. Subsequent to initial recognition they are tested for classification as per IFRS 9. If the trade receivables satisfy the criteria for cash flow characteristics test and business model test as per IFRS 9, then they are recognised at amortised cost. If they do not qualify for being recognised at amortised cost they are recognised at fair value through profit or loss.

Trade and other payables

Trade and other payables are recognised initially at fair value less transaction costs that are directly attributable to the acquisition or issue. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Investments in debt securities are measured at amortised cost if they meet both of the following conditions and are not designated as a fair value through profit and loss:

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

A financial asset is measured at fair value through other comprehensive income only if it meets both of the following conditions and is not designated as a fair value through profit and loss:

- 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 asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For investment in equity securities that are not held for trading, the Group may irrevocably elect to present subsequent changes to fair value in other comprehensive income. The Group makes this election on an investment-by-investment basis.

All other financial assets, including derivatives, are classified as measured at fair value through profit and loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the income statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Groups cash management are included as a component of cash and cash equivalents for the purpose of only the statement of cash flows. Cash flows entered into by a third party on behalf of the Group (as it's 'agent') are presented 'gross'. These are typically cash flows arising from financing activities, undertaken by agent banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)

1. ACCOUNTING POLICIES (continued)

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Debt restructuring

The Group derecognises financial liabilities in accordance with the provisions in IFRS 9. When debt is modified, the Group analyses the modifications from both a quantitative and qualitative perspective to determine if the modifications are substantial and meet the IFRS requirements for de-recognition, in which case the debt is treated as extinguished. All fees paid in connection with a debt extinguishment are expensed immediately. When a modification is accounted for as a non-substantial modification, associated fees incurred are deferred as an adjustment to the carrying value of the liability and amortised using the effective interest method.

Derivative financial instruments and hedging

Derivative financial instruments

Derivative commodity financial instruments are initially recognised at fair value. The gain or loss on subsequent re-measurement to fair value is recognised immediately in the consolidated income statement as other operating income or expense. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The Group's energy trading business enters into a various energy and capacity arrangements which typically constitute derivative financial instruments. Such derivative financial instruments are recognised at fair value, with both realised and unrealised gains and losses being recognised as net fair values gain/loss on commodity contracts within other operating income/expenses within the Group's income statement.

Cash flow hedges

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

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss, e.g. when interest income or expense is recognised.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and included in the consolidated income statement as an adjustment to revenue and cost of sales in the same period or periods during which the hedged forecast transaction affects revenue and cost of sales in the consolidated income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs.

If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the consolidated income statement immediately.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)**

1. ACCOUNTING POLICIES (continued)

Hedge of net investment in foreign operation

The Group applied hedge accounting to foreign exchange differences arising on the retranslation of a foreign currency loan where the loan is designated as a hedge of a net investment in a foreign operation in accordance with IAS 21 and IFRS 9.

Most commonly this means that exchange differences arising on retranslation of foreign currency loans designated as a net investment hedge are taken directly to equity via the consolidated statement of comprehensive income. Gains and losses accumulated in the translation reserve will be recycled to the statement of comprehensive income when the foreign operation is sold.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in the income statement. The amount recognised in OCI is reclassified to the income statement as a reclassification adjustment on disposal of the foreign operation.

Property, plant and equipment

Property, plant and equipment is stated at historic cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Cost may include the cost of materials, labour and other costs directly attributable to bringing the assets to a working condition for their intended use. Cost may also include the cost of dismantling and removing items and restoring the site on which they are located.

Capital work in progress is held as assets under construction until fully commissioned and transferred into active use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

For oil and gas assets the Group uses the successful efforts method of accounting whereby acquisition and development costs are capitalised. Exploration costs prior to obtaining a licence interest are charged to the income statement as incurred. Capitalised development costs for property for which the existence of commercial oil and gas reserves has not been proved are subject to periodic review for impairment.

Depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation commences from the date an asset is brought into service. Land and assets in the course of construction are not depreciated. The estimated useful lives are as follows:

- | | |
|---|--------------------|
| • Buildings | 10 – 40 years |
| • Plant and machinery, fixtures and fittings and motor vehicles | 1 – 40 years |
| • Oil and gas properties | Unit of production |

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

Depletion and depreciation of the capitalised costs for producing oil and gas properties is provided by the unit-of-production method based upon estimated recoverable oil and gas reserves. The unit-of-production method used by the Group takes the current year's production as a proportion of the sum of the estimated recoverable reserves at the end of the prior year and current year production and applies this proportion to the depleted cost to arrive at a charge for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)

1. ACCOUNTING POLICIES (continued)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Where an indicator of impairment exists, the Group makes an estimate of the recoverable amount, which is the higher of the asset's fair value less cost to sell and value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For oil and gas assets the Group performs a ceiling test annually to determine whether the net book value of costs capitalised at the year end is covered by the anticipated future net revenue from oil and gas reserves attributable to the Group's interest in the field. Future net revenues are the estimated reserves from production of commercial oil and gas reserves less operating costs, royalties and future development costs. Any deficiency arising is charged as additional depreciation in the year.

Assets are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Business combinations, goodwill and intangible assets

Business combinations

All business combinations are accounted for by applying the acquisition method except acquisitions under common control which are outside the scope of IFRS 3. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions under common control

Acquisitions under common control are accounted for at book value. The difference in the book value of the assets acquired and consideration paid is recognised in the merger reserve. The Group has elected not to include the results of businesses acquired under common control transactions within the Group income statement for any periods prior to the date of acquiring control.

Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries. All transaction costs are expensed as incurred.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to groups of cash-generating units and is not amortised but is tested annually for impairment. Within the Group, cash generating units are predominately business units. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses. These intangible assets principally comprise the following assets:

- intellectual property rights;
- customer lists;
- non-compete agreements;
- license fees;
- evaluation and exploration expenditures;
- player registrations;
- environmental certificates and
- development costs.

Intangible assets acquired separately from a business are carried initially at cost. The initial cost is the aggregate amount paid and the fair value of other consideration given to acquire the assets. An intangible asset

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)**

1. ACCOUNTING POLICIES (continued)

acquired as part of a business combination is recognised separately from goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured.

Intangible assets within the oil and gas business represents the cost of acquiring and further costs incurred on exploration licences on sites where no decision has yet been made as to the ultimate commercial viability of the properties. Exploration costs prior to obtaining a licence interest are charged to the income statement as incurred. If the prospects are determined to be successful on completion of evaluation and the project is initially sanctioned by management, the relevant expenditure including licence acquisition costs are capitalised as oil and gas properties. If the prospects are subsequently determined to be unsuccessful, and the asset is impaired, the associated costs are expensed in the period in which that determination is made.

The costs directly attributable to the purchase of the players' registration rights are capitalised as intangible fixed assets. The profit or loss on disposal of a player's registration is recognised in the income statement and calculated as the difference between the transfer fees recovered/receivable less the carrying value of the registration rights. The date of disposal is the date that control transfers and the consideration received is measured in accordance with IFRS 15. In circumstances where control is retained by the club at the time of disposal (for example, certain buy-back options, blocking rights for further onward transfer), any gain or loss on disposal is deferred until the transfer of control occurs.

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects (see research and development accounting policy). In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Group is expected to benefit.

Amortisation

Amortisation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- | | |
|--------------------------------|-----------------------|
| • License fees | up to 15 years |
| • Customer lists | up to 12 years |
| • Intellectual property rights | 10 – 15 years |
| • Non-compete agreements | life of the agreement |
| • Player registrations | life of the contract |
| • Development costs | 1 – 15 years |

These intangible assets are tested for impairment at the end of the reporting year if events or changes in circumstances indicate that the carrying value may not be recoverable. Useful lives are examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Environmental certificates are subject to impairment under the indefinite lived intangible asset impairment model.

Player registration costs are amortised on a straight-line basis over the rights period, corresponding to the term of the individual contract that the club has signed with each player. The original amortisation period is revisited in case of an early renewal of the player's contract. The Group will perform an impairment review on a players registration if events or changes in circumstances indicate that the carrying amount of the player may not be recoverable. The Group compares the carrying amount of the asset with its recoverable amount.

The amortisation is recognised in administrative expenses in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)

1. ACCOUNTING POLICIES (continued)

Research and development

Expenditure on research activities is recognised in the consolidated income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Where regulatory and other uncertainties are such that the criteria are not met, the expenditure is recognised in the income statement. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is recognised as an intangible asset stated at cost less accumulated amortisation and less accumulated impairment losses (see intangible assets accounting policy).

Exploration and evaluation activities

Exploration and evaluation expenditures

Exploration costs are accounted for under the successful efforts method by geographical area with an assessment of commercial viability of those areas performed on a periodic basis.

Exploration costs prior to obtaining a licence interest are charged to the income statement as incurred. If the Group holds a licence then costs directly associated with an exploration site are initially capitalised as an intangible asset until the evaluation of the site is complete and the results have been evaluated. These costs include topographical, geological, geophysical and geochemical studies, civil costs, exploratory drilling and testing, sampling, trenching, contractor charges, materials and fuels used, manpower and associated overheads. In the case that the expenditure will not be immediately allocated to a site, it will be capitalised against the wider licensed region and then subsequently allocated to the site using an appropriate method of apportionment.

Other costs are initially capitalised as property, plant and equipment and these include drillings rigs, seismic equipment and other plant and machinery used in the exploration activity.

Pre-license costs incurred prior to acquiring the legal rights (or a share of the legal rights) to explore an area are expensed to the income statement as they are incurred and are not subsequently capitalised.

Impairment of exploration and evaluation expenditure

Exploration and Evaluation expenditure is tested for impairment whenever circumstances suggest that it may be impaired, which includes licences to be relinquished, no substantive plans for further exploration of an area or where there is indication that exploration costs are unlikely to be fully recovered through future development or sale.

Impairment of financial assets

Trade and other receivables

The Group applies the simplified approach to measuring expected credit losses following the requirements of IFRS 9 for its trade receivables and contract assets, being the lifetime expected credit loss model. That means that, beside considering objective evidence (e.g. default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security), the Group takes into account a forecast of future economic conditions in the calculation of the expected loss, which requires a greater extent of judgement.

Financial assets which are considered low risk are not provided for impairment by the Group.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)**

1. ACCOUNTING POLICIES (continued)

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Investments in debt and equity securities

Impairment of equity securities classified as FVOCI are not tested for impairment under IFRS 9. If the fair value of a debt instrument classified as FVOCI increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through profit or loss.

Impairment of non-financial assets excluding inventories and deferred tax assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are assessed at the end of the reporting period to determine whether there is any indication of impairment.

For goodwill and other intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at the end of the reporting period.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are stated at the lower of cost, using the first-in first-out or average cost model, and net realisable value which is defined as the estimated selling price less the estimated cost of completion and the estimated costs necessary to make the sale. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing the inventory to its present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Provision is made for obsolete, slow-moving or defective items where appropriate.

Items owned by the Group that are held on consignment at another entity's premises are included as part of the Group's inventory.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)

1. ACCOUNTING POLICIES (continued)

Commodities

Contracts that are entered into and continue to be held for the purpose of receipt or delivery of non-financial items in accordance with the Group's expected purchase, sale or usage requirements (own-use contracts) are not accounted for as derivative financial instruments, but rather as executory contracts.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

Group as a lessee

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease payments include fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the commencement date), amounts expected to be paid under residual value guarantees less any lease incentives receivable. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are expensed in the period in which the event or condition that triggers the payment occurs.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments a change in the assessment of whether the Group is reasonably certain to exercise an option to purchase the underlying asset, a change in future lease payments arising from a change in an index or rate, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee.

When the lease liability is remeasured in this way and there has been no change in the scope of the lease, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)**

1. ACCOUNTING POLICIES (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to all leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group also applies the lease of low-value assets recognition exemption to leases of assets that are valued below €10,000. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Employee benefits

The Group operates a number of defined contribution plans and funded and unfunded defined benefit pension schemes. The Group also provides unfunded early retirement benefits, long service awards and an incentive plan for certain employees.

The Group provides health care insurance to eligible retired employees and their dependants, primarily in the United States.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the consolidated income statement as incurred.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan that is not a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans and other post-employment benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The liability discount rate is the yield at the reporting date on AA credit rated bonds denominated in the currency of, and that have maturity dates approximating to the terms of, the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are amended or curtailed, the portion of the increased or decreased benefit relating to past service by employees is recognised as an expense immediately in the consolidated income statement.

All actuarial gains and losses as at 1 January 2014, the date of transition to IFRSs, were recognised. In respect of actuarial gains and losses that arise subsequent to 1 January 2014, the Group recognises them in the year they occur directly in equity through the statement of comprehensive income.

Where the calculation results in a benefit to the Group, the asset recognised is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full.

The movement in the scheme surplus/deficit is split between:

- cost of sales and administrative expenses;
- net finance costs; and
- in net expense recognised directly in equity, the re-measurements of post-employment benefit obligations.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)

1. ACCOUNTING POLICIES (continued)

bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Provisions

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

Restructuring provisions

Restructuring provisions are recognised when the Group has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring.

Decommissioning and restoration provisions

The Group makes full provision for the future costs of the decommissioning and restoration of exploration and evaluation facilities on a discounted basis. The decommissioning and restoration provision relates to the total cost of cementing and plugging the existing wells and any costs associated with returning the sites to their original use.

In respect of the oil and gas business the Group makes full provision for the net present value of the cost of decommissioning and restoration with the resultant liability being recorded on the balance sheet. An offsetting tangible fixed asset is also recognised. The asset is depleted under the same basis as other fixed assets whereby the asset is then amortised through the income statement on the unit-of-production method. The unwinding of the discount in the net present value of the total expected cost is treated as an interest expense. Changes in estimates are reflected prospectively over the remaining reserves of the field.

The Group is exposed to environmental and remediation liabilities relating to its past operations of the petrochemicals businesses. Provision for these costs is made when the Group has a legal or constructive obligation to carry out remediation works and costs can be estimated within a reasonable range of possible outcomes.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Revenue

Revenue represents the invoiced value of products and services sold or services provided to third parties net of sales discounts, value added taxes and duties. Contracts for goods and services are analysed to determine the distinct performance obligations against which revenue should be recognised. The amount to be recognised is determined from the standalone selling prices for goods and services, allocated to the performance obligations. Revenue is recognised when (or as) the performance obligations are satisfied by transferring a promised good or service to a customer.

The timing of the satisfaction of a performance obligation varies depending on the individual terms of the sales agreement. Payment terms vary across the Group dependent on geographical location of each operating company. Transfer of control can occur when the product is received at the customer's warehouse, or loading the goods onto the relevant carrier, or when the product leaves the production site, depending on the international shipping terms that the product is sold under.

The pricing for products sold is determined by market prices (market contracts and arrangements) or is linked by a formula to published raw material prices plus an agreed additional amount (formula contracts). Revenue arising from the sale of goods is recognised when the goods are dispatched or delivered depending on the relevant delivery terms and point at which the control of the good or service is transferred to the customer.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)**

1. ACCOUNTING POLICIES (continued)

The Group applies the five-step model for revenue recognition, introduced by IFRS 15 *Revenue from Contracts with Customers*. This model allows the Group to identify the contract with a customer; to determine the performance obligations in the contract; to establish the transaction price, which is later allocated to the performance obligations in the contract; and to recognise revenue when, or as, the entity satisfies a performance obligation, that is, that the control of the asset is transferred to the customer.

The Group has a small number of contracts that include distinct performance obligations. This results, in a limited number of cases, that revenue for certain performance obligations (being primarily separate shipping obligations) is recognised later in time. Additionally, certain customer contracts offer various forms of volume or early payment discount. These variable considerations might have as a consequence timing differences, but since the majority of contracts have terms of less than one year, the differences are solved within the period. Revenue is recognised to the extent that it is highly likely that a significant reversal in the amount of cumulative revenue recognised will not occur.

Additionally, certain customer contracts offer various forms of variable consideration in the form of early settlement discount or retrospective volume discounts. If it is highly probable that an early settlement discount will be taken and the amount is not expected to reverse when the variability is resolved, the discount is recognised as a reduction of revenue as the sales are recognised. If a volume discount applies retrospectively to all sales under the contract once a certain threshold is achieved, an estimate of the volumes to be sold and the resulting discount is calculated in determining the transaction price and this calculation is updated throughout the term of the contract.

In the oil and gas business revenue is recognised when (or as) the performance obligations are satisfied by transferring a promised good or service to a customer. For sales resulting from hydrocarbon production, this generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism. Revenue resulting from hydrocarbon production from properties in which the Group has an interest with partners in joint arrangements is recognised on the basis of the Group's volumes lifted and sold. Lifting or offtake arrangements for oil and gas produced in certain of the Group's oil and gas properties are such that each participant may not receive and sell its precise share of the overall production in each period. The resulting imbalance between cumulative entitlement and cumulative volume sold less inventory is an "underlift" or "overlift". Underlift and overlift are valued at market value and included within receivables and payables respectively. Movements during an accounting period are adjusted through cost of sales in the income statement.

Services provided to third parties include administrative and operational services provided to other chemical companies with facilities on our sites and services under tolling arrangements. Under tolling arrangements, customers pay for or provide raw materials to be converted into certain specified products, for which the Group charges a toll fee. The Group only recognises toll fee as revenue earned under such arrangements upon shipment of the converted product to the customer as this is the point at which the control of the service is transferred to the buyer. For all other services, revenue is recognised at a point in time or over-time depending on whether the over-time revenue recognition criteria is met. Other income relating to gas production included in revenue arises from tariffs for third party use of owned pipelines and infrastructure. Tariffs are recognised at the end of the month for pipeline movements during the month and are based on quantity transported through the pipeline.

Certain time and location swap contracts with third parties for commodities and finished goods are excluded from turnover and cost of sales.

Services provided to third parties include administrative and operational services provided to other companies with facilities on the Group's sites. Revenue is recognised at a point in time or over-time depending on whether the over-time revenue recognition criteria is met.

No contract assets and liabilities have been recognised in the balance sheet of the Group. Its impact, if any, is deemed immaterial. The performed analysis has concluded that the right of payment of the goods and services sold by the Group is unconditional, except for the passage of time. Therefore, all rights of payment have been booked as trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)

1. ACCOUNTING POLICIES (continued)

No assets related to costs to obtain or fulfil a contract have been recognised. Its impact, if any, is deemed immaterial.

Government grants and similar deferred income

Government grants and similar deferred income are shown in the consolidated balance sheet as deferred income. This income is amortised on a straight line basis over the same period as the tangible fixed asset to which it relates or the life of the related project.

Finance income and costs

Interest income and interest payable is recognised in the consolidated income statement as it accrues, using the effective interest method. Dividend income is recognised in the consolidated income statement on the date the entity's right to receive payments is established. Finance income comprise interest receivable on funds invested and from related party loans and net foreign exchange gains.

Finance costs comprise interest payable, finance charges on leases, unwinding of the discount on provisions, net interest on employee benefit liabilities and net foreign exchange losses that are recognised in the consolidated income statement (see foreign exchange accounting policy).

Taxation

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, 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 end of the reporting period. 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.

Segmental analysis

The Group determines its operating segments in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments. The chief operating decision-makers are the members of the Executive Committee of the ultimate parent undertaking, INEOS Limited.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the chief operating decision-makers to make decisions about resources to be allocated to the segment and assess its performance.

The Group's primary format for segment reporting is based on business units. The operating segments are determined based on the Group's management and internal reporting structure and the aggregation criteria set out in IFRS 8. Segment results that are reported to the chief operating decision-makers include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total payments made during the period to acquire property, plant and equipment.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)**

1. ACCOUNTING POLICIES (continued)

Details of the Group operating segments and the segmental analysis of revenue and EBITDA before exceptionals are shown in Note 2.

Emission trading scheme

The Group participates in the EU and UK Emissions Trading Schemes. The Scheme encourages companies to reduce carbon emissions by offering financial incentives if they achieve their annual reduction targets. If a company reduces emissions beyond their target then the surplus may be traded in the form of emissions permits.

The incentive money due from the EU and UK Emissions Trading Schemes are recognised in the consolidated income statement within cost of sales as a reduction of energy costs once the reduction targets have been met. The emissions permits allocated under the Scheme are at nil cost. Any additional emission permits that are purchased are recognised as intangible assets. The Group recognises the revenue from such permits upon their sale to third parties.

Emissions allowances purchased from third parties are recognised as an intangible asset based on the cost associated with the purchase. The emission allowances are subject to impairment under the indefinite life intangible asset impairment model. There is no amortisation of these allowances. The costs of the allowances are recognised as a disposal and expensed to the profit and loss as they are used.

The Group accrues for emissions produced. The accrual is measured at the carrying amount of the emission rights held (nil if granted, otherwise at cost) or, in the case of a shortfall, at the current fair value of the emission rights needed.

Exceptional items

In order to provide readers with a clear and consistent presentation of the underlying operating performance of the Group's ongoing business it separately identifies those profits and losses which because of their size or nature, are outside the normal course of business so are expected to be non-recurring. This may include the disposal of businesses, the impairment of non-current assets, the cost of restructuring acquired or existing businesses, the impact of one off events such as legal settlements or finance costs relating to call premia and write-off of unamortised debt issue costs following substantial modification or redemption of debt as exceptional items.

Accounting standards not applied

A number of new standards and amendments are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The impact of their adoption is being assessed and is not expected to have a material impact on the Group's financial statements in the period of initial application. The new standards and amendments are as follows:

- IFRS 17 Insurance Contracts (effective date 1 January 2023).
- Amendments to IAS 12: Income taxes—deferred tax related to assets and liabilities arising from a single transaction (effective date 1 January 2023).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (effective date 1 January 2023).
- Amendments to IAS 8: Definition of Accounting Estimates (effective date 1 January 2023).
- Amendments to IFRS 16: Lease liability in a sale and leaseback (effective date 1 January 2024).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (effective date 1 January 2024).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)

2. OPERATING SEGMENTS

The determination of the Group's operating segments is based on the business units for which information is reported to the Group's Chief Operating Decision Maker. The Group has three reportable segments, as described below:

- **Petrochemicals** – This reportable segment is the aggregation, in compliance with IFRS 8, of a number of different business units with similar economic and other characteristics. The Group's petrochemical businesses are exposed to similar key commodities, namely oil and gas. They produce a range of products and services including styrenics, olefins and related products and a broad range of polymers. The petrochemical products are distributed on a business-to-business basis across the world. This is performed using similar conventional methods of pipeline, truck, rail or ship container depending on the customer location and size of the order. The petrochemicals customer base is similar in that the customers are generally manufacturers of consumer and industrial products in developed markets and mature industrial economies.
- **Energy (previously called Oil & Gas)** – This reportable segment relates to interest in a number of licences for the exploration, development and production of gas in various fields in the North Sea and the operation of the Forties Pipeline System (FPS), which is an integrated oil and gas liquid transportation, and processing system of oil and gas. The segment also includes the Group's energy trading business which markets and adds value to the Group's physical natural gas positions through optimisation of its gas supply and capacity positions whilst also providing other support services to related parties.
- **Other** – This reportable segment contains the Group's sporting interests and automotive business.

The accounting policies of all of the reportable segments are as described in Note 1.

Information regarding the operations of each reportable segment is included in the following tables. Performance is measured based on earnings before interest, tax, depreciation and amortisation, exceptional items and net fair value gains or losses on derivatives and after the share of profit/(loss) of associated undertakings and joint ventures using the equity accounting method, measured under IFRS ("EBITDA before exceptional items"). A reconciliation to IFRS profit/(loss) before tax is presented in the following tables. EBITDA before exceptional items is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis. Information regarding segments reviewed by management includes management accounts comprising the profit or loss, cash flows and other financial and non-financial information used to manage the business.

Adjustments in the following tables comprise the elimination of inter-segmental transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)

2. OPERATING SEGMENTS (continued)

Segment information – 2022

	Petrochemicals	Energy	Other	Total of reportable segments	Adjustments	Amounts in financial statements
	€m	€m	€m	€m	€m	€m
Revenue	20,062.9	1,493.9	286.6	21,843.4	(795.3)	21,048.1
EBITDA before exceptional items	2,638.7	858.2	(554.2)	2,942.7	-	2,942.7
Depreciation and impairment of property, plant and equipment and amortisation and impairment of intangible assets	(1,022.6)	(241.3)	(33.8)	(1,297.7)	-	(1,297.7)
Exceptional items (excluding items relating to impairment and financing)	(5.0)	(7.2)	-	(12.2)	-	(12.2)
Net fair value loss on derivatives ..	-	(387.4)	-	(387.4)	-	(387.4)
Loss on disposal of investments	(26.6)	(0.1)	-	(26.7)	-	(26.7)
Profit on disposal of businesses	710.3	-	-	710.3	-	710.3
Profit/(loss) on disposal of fixed assets	5.8	(0.1)	(1.1)	4.6	-	4.6
Net finance cost						(406.6)
Profit before taxation						1,527.0
Payments for capital expenditure	(1,099.2)	(76.3)	(259.4)	(1,430.5)	-	(1,434.9)

Segment information – 2021

	Petrochemicals	Energy	Other	Total of reportable segments	Adjustments	Amounts in financial statements
	€m	€m	€m	€m	€m	€m
Revenue	16,376.9	1,535.3	231.5	18,143.7	(498.8)	17,644.9
EBITDA before exceptional items	3,170.0	1,105.3	(291.2)	3,984.1	-	3,984.1
Depreciation and impairment of property, plant and equipment and amortisation and impairment of intangible assets	(799.5)	(188.6)	(45.1)	(1,033.2)	-	(1,033.2)
Exceptional items (excluding items relating to impairment and financing)	126.1	(0.6)	-	125.5	-	125.5
Impairment of investments	(1.0)	-	-	(1.0)	-	(1.0)
Net fair value loss on derivatives ..	(40.8)	(656.2)	-	(697.0)	-	(697.0)
Profit on disposal of businesses	-	165.4	-	165.4	-	165.4
Profit on disposal of fixed assets ...	4.0	0.1	13.4	17.5	-	17.5
Net finance cost						(324.1)
Profit before taxation						2,237.2
Payments for capital expenditure	(920.5)	(112.9)	(190.0)	(1,223.4)	-	(1,223.4)

Major items in the adjustments column are in respect of the elimination of inter-segmental revenues: 2022: €795.3 million (2021: €498.8 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. OPERATING SEGMENTS (continued)

Geographic segments

	2022	2021
	€m	
Geographical information by location of customers:		
Europe.....	10,909.9	9,221.0
Americas.....	4,462.5	3,144.6
Rest of World.....	5,675.7	5,279.3
Total.....	<u>21,048.1</u>	<u>17,644.9</u>
	2022	2021
	€m	
Geographical information by location of trading legal entity:		
Europe.....	11,787.3	10,284.6
Americas.....	4,915.2	3,429.0
Rest of World.....	4,345.6	3,931.3
Total.....	<u>21,048.1</u>	<u>17,644.9</u>

Timing of revenue recognition

	2022	2021
	€m	
At a point in time.....	20,364.8	17,188.2
Over time.....	683.3	456.7
Total.....	<u>21,048.1</u>	<u>17,644.9</u>

In presenting information on the basis of geographic analysis of segments, segment revenue is based on the geographical location of customers and registered address of the Group's trading legal entities.

Due to the global activities and diversified customer structure of the Group, there is no significant concentration of credit risk or reliance on a major customer (2021: nil).

Revenues from external customers for each product and service or each group of similar products and services and a geographic analysis of segment assets are not presented as the necessary information is not available and the Directors are of the opinion that the cost to develop it would be excessive.

Revenue is recognised as title passes, at a point in time or in respect of sales transactions under transport and processing agreements, over time. No contract assets and liabilities have been recognised in the balance sheet of the Group. The right of payment of the goods and services sold by the Group is unconditional, except for the passage of time. Therefore, all rights of payment have been booked as trade receivables.

3. ACQUISITION OF BUSINESSES

2022 acquisitions

Other acquisitions

During 2022 a final payment of \$105.0 million (€100.4 million) was made in respect of deferred consideration following the Group's 2017 acquisition of the DONG E&P A/S business which related to the exploration and production activities in the oil and gas sector within Denmark, Norway and the UK (2021: €17.1 million).

On 30 September 2022 the Group acquired the remaining tenancy of 'The Grenadier' public house located in Belgravia, London for cash consideration of £12.0 million (€13.5 million).

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3. ACQUISITION OF BUSINESSES (continued)

2021 acquisitions

INEOS Automotive SAS

On 5 January 2021, the Group completed the acquisition of INEOS Automotive SAS, formerly Smart France SAS, by way of a share purchase agreement, from Mercedes-Benz AG for consideration of €3.9 million. INEOS Automotive SAS was acquired as a going concern business that owns and operates a large automotive manufacturing facility in Hambach, France. This acquisition not only gives the Group access to a large, modern automotive manufacturing facility but also an experienced and highly trained workforce. Under commercial agreements signed as part of the acquisition, the Group will contract manufacture complete and partial vehicles on behalf of Mercedes Benz AG, in addition to producing its own vehicle, the Grenadier. This acquisition forms part of the Other segment.

	Final values recognised on acquisition €m
Acquiree's net assets recognised at the acquisition date:	
Property, plant and equipment	224.3
Intangibles	0.6
Deferred tax assets	52.3
Inventories	5.8
Trade and other receivables	84.7
Cash and cash equivalents	89.6
Trade and other payables	(94.1)
Deferred tax liabilities	(7.8)
Employee benefits	(11.9)
Provisions	(29.9)
Net assets	313.6
Consideration paid:	
Cash	3.9
Negative goodwill at acquisition	(309.7)
Recognised as an exceptional administrative gain	309.7
Goodwill as at 31 December 2021	-

As the fair value of the net assets and liabilities is greater than the total consideration transferred, in accordance with IFRS 3, €309.6 million was immediately recognised as an exceptional administrative gain in the year ended 31 December 2021 (see Note 4).

The fair value of acquired external trade receivables was €54.6 million. The trade receivables comprise gross contractual amounts of €54.6 million, of which all was expected to be collectable at the date of acquisition.

The Group benefits from an indemnity in respect of all product litigations claims identified as contingent liabilities and claims filed against the company by subcontractors in relation to specific dispute which all relate to pre-acquisition periods. An indemnification asset of €29.4 million, equivalent to the fair value of the underlying estimate of these liabilities, was recognised by the Group and is included within non-current other receivables.

The revenue included in the consolidated statement of comprehensive income since 5 January 2021 to 31 December 2021 contributed by the acquired entity was €70.1 million. The entity also reported a profit before tax of €28.4 million over the same period. There would be no material change to these values if the acquisition had occurred on 1 January 2021.

The finalisation of the valuation work required to determine the fair values of the assets and liabilities acquired has been completed within 12 months of the acquisition date and did not result in any changes.

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3. ACQUISITION OF BUSINESSES (continued)

Hess Denmark ApS

On 30 August 2021, the Group's subsidiary, INEOS E&P A/S, acquired Hess Denmark ApS. The acquisition comprises 61.5% of the HESS operated Syd Arne oil field (which the Group already holds 36.8% prior to the acquisition) and 4.8% interest in the Solsort field for which the Group holds the operatorship. The acquisition unlocked operational and cost synergies between the Group's Danish assets and opened up prospects in Denmark's offshore oil and gas sector. This acquisition forms part of the Energy segment.

	Final values recognised on acquisition €m
Acquiree's net assets recognised at the acquisition date:	
Property, plant and equipment	342.6
Deferred tax assets	60.8
Inventories	11.2
Trade and other receivables	7.4
Cash and cash equivalents	2.4
Tax receivables	2.5
Trade and other payables	(13.0)
Lease liabilities	(21.0)
Provisions	(263.0)
Net assets	129.9
Consideration paid:	
Cash	112.1
Deferred consideration	5.5
Total consideration transferred	117.6
Negative goodwill at acquisition	(12.3)
Recognised as an exceptional administrative gain	12.3
Goodwill as at 31 December 2021	-

The fair values were provisional as at 30 August 2021. This was due to the complexity of the acquisition and the inherently uncertain nature of the oil and gas sector; further work was required to confirm the final fair value. The finalisation of the valuation work required to determine the fair values of the assets and liabilities acquired has been completed within 12 months of the acquisition date and did not result in any changes.

A discounted cash flow model was used to estimate the fair value of acquired property, plant and equipment, which included oil and gas assets, based on the life-of-field plans and their relating decommissioning liabilities. Expected future cash flows are based on estimates of future production and commodity prices, operating costs, and forecast capital expenditures using the life-of-field plan as at the acquisition date.

Deferred consideration of €5.5 million relates to several tax settlements, of which €2.4 million was settled in the current financial period. €3.1 million remains unsettled at year end and is included within current liabilities in the consolidated balance sheet based on the timing of expected payments.

As the fair value of the net assets and liabilities is greater than the total consideration transferred, in accordance with IFRS 3, €12.3 million was immediately recognised as an exceptional administrative gain in the year ended 31 December 2021 (see Note 4).

The revenue included in the prior year consolidated statement of comprehensive income contributed by the acquired entities was €38.4 million. They incurred a €2.5 million loss before tax over the same period.

If INEOS Energy (Syde Arne) ApS had been consolidated from 1 January 2021, the consolidated statement of comprehensive income would show pro-forma revenue from these entities of €94.0 million and a loss before tax of €32.2 million for the year ended 31 December 2021.

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3. ACQUISITION OF BUSINESSES (continued)

BP Petrochemicals

On 31 December 2020, pursuant to an acquisition agreement dated 29 June 2020 between INEOS Holdings AG and BP, certain subsidiaries of the Group agreed to purchase the Aromatics and Acetyls businesses from certain subsidiaries of BP (the "BP Acquisition" or the "BP Petrochemicals Business"), including shares in seven jointly-controlled joint ventures and the assets owned and used in relation to the Aromatics and Acetyls businesses.

The total purchase price for the BP Petrochemicals business of \$4,990.0 million (€4,178.3 million equivalent) was subject to a completion accounts settlement process. Cash of €88.3 million was acquired with the Aromatics and Acetyls businesses on 31 December 2020. During 2021, the completion accounts settlement process was finalised, leading to a €85.8 million cash inflow from BP.

During the year ended 31 December 2021 the Group reviewed these provisional fair values and the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill was updated in 2021 as shown in the table below. Following the clarification of certain terms of the sale and purchase agreement with BP, additional liabilities were recognised in relation to employees' compensation costs triggered at the acquisition date for €23.8 million and transfer to BP of a tax refund received by PT INEOS Aromatics Indonesia for €6.4 million.

	2020			2021		
	Book value on acquisition	Accounting policy alignment	Fair value adjustments	Provisional fair value on acquisition	Revaluation updates	Final values recognised on acquisition
	€m					
<i>Acquiree's net assets at acquisition date:</i>						
Property, plant and equipment.....	1,726.2	29.4	(41.9)	1,713.7	-	1,713.7
Intangible assets.....	3.4	-	558.7	562.1	-	562.1
Investments in equity accounted investees.....	789.1	-	390.3	1,179.4	-	1,179.4
Other non-current financial assets.....	2.0	-	-	2.0	-	2.0
Other investments.....	12.6	-	-	12.6	-	12.6
Other non-current receivables.....	1.6	-	-	1.6	-	1.6
Deferred tax assets.....	8.3	-	18.2	26.5	-	26.5
Inventories.....	322.2	(29.4)	(4.6)	288.2	-	288.2
Trade and other receivables.....	455.4	-	(33.6)	421.8	-	421.8
Cash and cash equivalents.....	88.3	-	-	88.3	-	88.3
Current and non-current interest-bearing loans and borrowings.....	(17.2)	-	-	(17.2)	-	(17.2)
Current and non-current lease liabilities.....	(85.4)	-	-	(85.4)	-	(85.4)
Current and non-current trade and other payables...	(404.2)	-	(4.0)	(408.2)	(30.2)	(438.4)
Employee benefits.....	(2.4)	-	(0.1)	(2.5)	-	(2.5)
Current and non-current provisions.....	(2.9)	-	(1.5)	(4.4)	-	(4.4)
Deferred tax liabilities.....	(82.4)	-	17.2	(65.2)	-	(65.2)
Net identifiable assets and liabilities acquired	2,814.6	-	898.7	3,713.3	(30.2)	3,683.1
Non-controlling interest.....				(45.1)	-	(45.1)
Net assets.....				3,668.2	(30.2)	3,638.0
<i>Consideration paid:</i>						
Cash consideration.....				4,178.3	-	4,178.3
Completion accounts settlement adjustment.....				(66.0)	(19.8)	(85.8)
Effect of movements in foreign exchange.....				-	0.9	0.9
Difference between consideration and net assets acquired				444.1	11.3	455.4

The difference between consideration and net assets acquired has been recognised within intangible assets in note 11. Goodwill is not expected to be deductible for income tax purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. EXCEPTIONAL ITEMS

Exceptional expenses

	2022	2021
	€m	
<i>Exceptional cost of sales:</i>		
Tangible fixed asset impairment charge	(223.6)	-
Plant closure costs.....	-	(19.0)
Environmental provisions	-	(121.6)
	<u>(223.6)</u>	<u>(140.6)</u>

Tangible fixed asset impairment charge

The Group has recognised an exceptional impairment charge of €223.6 million for the year ended 31 December 2022, in relation to the tangible fixed assets. The recent trading performance of the O&P UK business has been challenging in the midst of market volatility that has seen very high natural gas prices. Consequently, operating rates have remained constrained. The impairment loss was based on a value in use calculation. The business valuation was negatively impacted by lower than expected cash flows within the current business plan, reflecting the challenging economic and competitive conditions expected in the near term for the site.

Plant closure costs

In March 2021, the Group announced the closure of the sulphur chemicals plant at Runcorn, United Kingdom and its withdrawal from the UK sulphur chemicals market. As a consequence, exceptional provisions of €11.9 million were recognised to cover the cost of exiting certain commercial agreements and the safe decommissioning of the plant. A further exceptional charge of €2.1 million was incurred in respect of redundant stock write-downs. Moreover, included in depreciation for the year ended 31 December 2021 is €12.5 million of impairment charges in respect of the closed plant (see Note 10).

Remediation activities are continuing at Wilhelmshaven, Germany following the closure of INOVYN's mercury cell room in 2013. In 2021, a further provision of €5.0 million was made to cover the extended operation of the waste water treatment plant until the demolition of the cell room is completed (see below).

Environmental provisions

In 2016, INOVYN's mercury cellroom at Runcorn, United Kingdom ceased production. Following a full review and assessment of scope and the availability of reliable cost estimates an exceptional provision of €25.8 million was recognised in 2021 to cover the demolition of the cellroom, including the safe disposal of hazardous waste and elemental mercury.

In 2021 a €22.6 million provision was made by the Group's site in Runcorn, United Kingdom in relation to the demolition of the redundant Weston Point Power Station after management approved plans for the removal of asbestos from the structure. Moreover, a dismantling provision of €9.1 million was also recognised at Runcorn in relation to the aforementioned closure of the sulphur chemicals plant.

The Group also approved plans in 2021 for the dismantling of the mercury cell room at Wilhelmshaven, Germany and related infrastructure in 2021, after atmospheric and groundwater mercury levels exceeded permissible limits, with total provisions of €25.0 million being recognised.

At the Group's site at Tavaux, France, an exceptional charge of €18.5 million (€21.8 million of new provisions less €3.3 million of grants receivable) was incurred in 2021 in order to comply with the obligations of the EU Water Directive, specifically in relation to an industrial scale waste water treatment plant and the sealing of sedimentation basins.

In addition to the above, further exceptional charges of €20.6 million (€23.4 million of new provisions less €2.8 million of grants receivable) were created in 2021 at the Group's sites at Lillo, Belgium; Zandvliet, Belgium; Tavazzano, Italy; Ferrara, Italy; Tavaux, France; and Runcorn, United Kingdom for various remediation related projects mostly associated with mercury contamination.

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4. EXCEPTIONAL ITEMS (continued)

	2022	2021
	€m	
<i>Exceptional administrative expenses:</i>		
Restructuring of Aromatics and Acetyls operations.....	(1.3)	(37.8)
Acquisition related costs.....	-	(4.1)
Early retirement costs	-	(1.8)
Aborted acquisition costs.....	-	(1.0)
Restructuring of oil and gas operations.....	(2.6)	(11.9)
Legal and professional costs.....	(4.5)	-
Aborted project costs	(3.8)	-
	<u>(12.2)</u>	<u>(56.6)</u>

Restructuring of Aromatics and Acetyls operations

In 2022, the Aromatics businesses incurred €1.3 million of exceptional charges in respect of manpower reorganisations. In 2021, the Aromatics and Acetyls businesses incurred €37.8 million of exceptional charges in respect of manpower reorganisations and various IT-related costs following the cessation of the IT transitional service agreement with BP.

Acquisition related costs

Further acquisition-related professional fees of €4.1 million relating to legal, accounting, human resources, industry specialists, environmental specialists and other consultancy costs were incurred in 2021 in relation to the 2020 acquisition of the Aromatics and Acetyls businesses from certain subsidiaries of BP.

Early retirement costs

In 2021 early retirement costs of €1.8 million were incurred following the full utilisation of the closure provision in connection with the Styrenics Marl site.

Aborted acquisition costs

In 2021 acquisition related costs of €1.0 million were charged in respect of a potential acquisition, which have not been pursued or completed.

Restructuring of oil and gas operations

In 2022 restructuring costs of €2.6 million (2021: €11.9 million) were charged in relation to internal restructuring of senior management and one-off restructuring costs relating to oil and gas acquisitions.

Legal and professional costs

In 2022 the Group incurred exceptional legal and professional costs of €4.5 million related to establishing a new LNG business activity within the Energy Trading business.

Aborted project costs

In 2022, the Aromatics businesses incurred €3.8 million of exceptional charges related to cancellation of projects started under BP ownership which are no longer being pursued.

	2022	2021
	€m	
<i>Exceptional finance expenses:</i>		
Charge on early settlement of debt.....	(4.3)	(52.7)

In 2022, exceptional finance costs of €4.3 million were incurred in relation to the write off of unamortised debt issue costs associated with the Term Loan A Facilities due 2023 and the Term Loan A Facilities due 2025 which were repaid in full on 31 May 2022.

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4. EXCEPTIONAL ITEMS (continued)

In 2021, exceptional finance costs of €52.7 million related to the write off of unamortised debt issue costs associated with the Five-Year Euro Term Loan A Facility, the Bridge Facilities and the INOVYN Senior Secured Term Loan B Facility that were repaid on 29 January 2021.

Exceptional gains

	2022	2021
	€m	
<i>Exceptional administrative gains:</i>		
Negative goodwill on acquisitions (see Note 3).....	-	322.0
Other.....	-	0.7
	-	322.7

Negative goodwill on acquisitions

On 30 August 2021 the Group acquired Hess Denmark ApS. Total consideration paid was €117.6 million to purchase net assets with a fair value on acquisition of €129.9 million. The resulting negative goodwill of €12.3 million was credited to the consolidated income statement as an exceptional administrative gain in the year ended 31 December 2021 (see Note 3).

On 5 January 2021 the Group acquired INEOS Automotive SAS, formerly Smart France SAS. Total consideration paid was €3.9 million to purchase net assets with a fair value on acquisition of €313.6 million. The resulting negative goodwill of €309.7 million was credited to the consolidated income statement as an exceptional administrative gain in the year ended 31 December 2021 (see Note 3).

Other

During 2021 the exceptional credit of €0.7 million relates to the release of provisions made in prior years for legal claims and commercial disputes.

There is no material effect on the tax charge due to any of the exceptional items.

5. OPERATING PROFIT

Included in operating profit are the following:

	2021	2021
	€m	
Research expenses as incurred	236.2	143.9
Amortisation of intangible assets	148.1	155.3
Amortisation of deferred income	(4.9)	(4.9)
Expenses relating to short-term leases	9.3	9.8
Expenses relating to leases of low value.....	0.6	2.2
Expenses relating to variable lease payments not included in the measurement of the lease liability	9.3	19.7
Income from sub-leasing of right-of-use assets	(6.3)	(3.9)
Net fair value loss on commodity derivatives	387.4	697.0
Depreciation and impairment of property, plant and equipment:		
Owned assets	1,040.6	773.8
Right-of-use assets.....	109.0	104.1

Auditor's remuneration

	2022	2021
	€m	
Audit of these financial statements	0.1	0.2
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	7.6	5.1
Services relating to corporate finance transactions	-	0.3
All other services	0.2	0.5
	7.9	6.1

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6. STAFF NUMBERS AND COSTS

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

	2022	2021
	Number	
Operations.....	8,692	8,893
Administration	2,801	2,899
Research and development	251	307
	11,744	12,099

The aggregate payroll costs of these persons were as follows:

	2022	2021
	€m	
Wages and salaries.....	1,113.4	1,074.5
Social security costs.....	165.0	146.3
Other pension costs - defined contribution plans	58.6	53.9
Other pension costs - defined benefit plans	22.7	25.9
	1,359.7	1,300.6

7. DIRECTORS' REMUNERATION

The Directors did not receive any emoluments for their services to the Group during the year (2021: €nil).

8. FINANCE INCOME AND COSTS

Recognised in consolidated income statement

	2022	2021
	€m	
Finance income		
Interest receivable on bank balances.....	10.6	2.0
Interest receivable on related party balances.....	12.2	11.7
Exchange movements	36.4	127.5
Dividend income.....	2.6	-
Other interest receivable	11.3	6.6
Total finance income.....	73.1	147.8
Finance costs		
Interest payable on Term Loans, bank loans and overdrafts	184.5	141.5
Interest payable on Bridge Facility	-	8.3
Interest payable on Senior Secured Notes and Senior Notes.....	68.2	62.4
Interest payable on Securitisation facility	3.9	3.5
Interest payable on related party balances.....	155.3	133.3
Interest payable on lease liabilities	18.8	18.1
Interest on employee benefit liabilities	0.6	2.1
Amortisation of debt issue costs	20.9	32.5
Net unwind of discount on provisions	(0.6)	5.6
Other finance charges	14.7	17.8
Net fair value loss on derivatives	19.0	-
Exchange movements	-	-
Borrowing costs capitalised in property, plant and equipment	(9.9)	(5.9)
Total finance costs before exceptional items.....	475.4	419.2
Exceptional finance costs (see Note 4)	4.3	52.7
Total finance costs.....	479.7	471.9
Net finance costs.....	406.6	324.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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9. TAX CHARGE

Taxation recognised in the consolidated income statement

	2022	2021
	€m	
Current tax expense		
Current year	278.9	641.8
Adjustments in respect of prior years.....	31.6	37.6
Total current tax expense	310.5	679.4
Deferred tax credit		
Origination and reversal of temporary differences.....	(341.2)	(497.8)
Adjustments in respect of previously unrecognised tax losses.....	(337.1)	-
Adjustments in respect of prior years.....	(24.8)	(33.3)
Deferred tax credit (see Note 15)	(703.1)	(531.1)
Total tax (credit)/charge.....	(392.6)	148.3

Reconciliation of effective tax rate

	2022	2021
	€m	
Profit before taxation.....	1,527.0	2,237.2
Tax using the UK corporation tax rate of 19.00% (2021: 19.00%).....	290.1	425.1
Non-deductible expenses	21.0	4.9
Tax exempt revenues	(199.8)	(198.8)
Effect of tax rates in foreign jurisdictions.....	282.1	274.9
Reduction in rates	(66.6)	-
Effect of rate changes	(2.5)	163.8
Deferred tax not recognised	(386.6)	91.6
Adjustments in respect of previously unrecognised tax losses.....	(337.1)	-
Use of tax losses not previously recognised.....	-	(550.5)
Tax incentives.....	-	(67.0)
Adjustments in respect of prior years.....	6.8	4.3
Total tax (credit)/charge.....	(392.6)	148.3

The Finance Bill 2021 which increased the rate of corporation tax to 25% on profits over £250,000 from April 2023 was substantively enacted on 24 May 2021. As a result, deferred taxes in the United Kingdom are measured at 25%. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Taxation credit/(charge) recognised in other comprehensive (expense)/income

	2022			2021		
	Gross	Tax	Net	Gross	Tax	Net
	€m					
Remeasurements of post employment benefit obligations	(111.1)	27.5	(83.6)	120.9	(21.3)	99.6
Share of other comprehensive income/(expense) of joint venture	24.9	-	24.9	(6.3)	-	(6.3)
Fair value (loss)/gain on investments in equity instruments designated as FVTOCI	(12.2)	-	(12.2)	5.8	-	5.8
Reclassification of foreign exchange translation difference on disposal of subsidiaries to profit and loss	9.8	-	9.8	-	-	-
Foreign exchange translation differences ..	(137.2)	-	(137.2)	181.9	-	181.9
	<u>(225.8)</u>	<u>27.5</u>	<u>(198.3)</u>	<u>302.3</u>	<u>(21.3)</u>	<u>281.0</u>

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10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant & machinery, fixtures and fittings, and motor vehicles	Oil and gas	Right-of-use assets	Assets under construction	Total
	€m					
Cost						
Balance at 1 January 2021	682.2	5,578.0	2,206.0	551.1	1,233.4	10,250.7
Business acquisitions (see Note 3)	102.1	52.6	321.6	21.0	69.6	566.9
Business disposal (see Note 34)	-	(0.1)	(833.1)	(1.4)	-	(834.6)
Additions	11.6	99.8	63.0	54.5	1,083.7	1,312.6
Disposals	(7.5)	(289.3)	-	(18.8)	(1.2)	(316.8)
Reclassification	133.3	607.5	18.8	1.0	(746.4)	14.2
Modifications	-	-	-	28.0	-	28.0
Effect of movements in foreign exchange	30.7	312.1	107.0	19.0	95.4	564.2
Balance at 31 December 2021	952.4	6,360.6	1,883.3	654.4	1,734.5	11,585.2
Business acquisitions (see Note 3)	-	0.3	-	0.8	-	1.1
Business disposal (see Note 34)	(49.2)	(25.6)	-	(7.1)	(530.3)	(612.2)
Additions	34.7	647.1	24.7	59.3	690.3	1,456.1
Disposals	(2.1)	(79.3)	-	(52.6)	(16.9)	(150.9)
Reclassification	79.8	353.6	50.1	0.8	(387.7)	96.6
Modifications	-	-	-	66.4	-	66.4
Effect of movements in foreign exchange	0.7	(145.5)	(65.1)	3.2	(8.5)	(215.2)
Balance at 31 December 2022	1,016.3	7,111.2	1,893.0	725.2	1,481.4	12,227.1
Accumulated depreciation and impairment						
Balance at 1 January 2021	102.9	1,888.7	1,417.6	117.6	-	3,526.8
Depreciation charge for the year	33.2	538.3	223.8	104.0	-	899.3
Impairment charge for the year	1.5	54.8	15.9	0.1	-	72.3
Reversal of prior year impairment charges	-	-	(93.7)	-	-	(93.7)
Business disposal (see Note 34)	-	(0.1)	(413.6)	(1.0)	-	(414.7)
Disposals	(1.7)	(288.1)	-	(17.7)	-	(307.5)
Reclassification	0.4	(6.2)	-	(0.7)	-	(6.5)
Effect of movements in foreign exchange	3.8	122.7	76.3	5.5	-	208.3
Balance at 31 December 2021	140.1	2,310.1	1,226.3	207.8	-	3,884.3
Depreciation charge for the year	32.4	586.3	182.0	109.0	-	909.7
Exceptional impairment charge for the year	-	143.1	-	-	80.5	223.6
Impairment charge for the year	-	-	16.3	-	-	16.3
Business disposal (see Note 34)	(3.6)	(4.9)	-	(2.9)	-	(11.4)
Disposals	(1.6)	(87.1)	-	(33.5)	-	(122.2)
Reclassification	6.1	4.2	9.0	(0.9)	-	18.4
Effect of movements in foreign exchange	(0.4)	(67.9)	(54.5)	1.6	(2.0)	(123.2)
Balance at 31 December 2022	173.0	2,883.8	1,379.1	281.1	78.5	4,795.5
Net book value						
At 31 December 2021	812.3	4,050.5	657.0	446.6	1,734.5	7,700.9
At 31 December 2022	843.3	4,227.4	513.9	444.1	1,402.9	7,431.6

Exceptional impairment charges

The exceptional impairment charge in 2022 of €223.6 million reflects the impairment of the tangible fixed assets relating to O&P UK business located at the Grangemouth site (see Note 4).

The fixed asset impairment assessment is based on the value in use model which is using three year plan then into perpetuity based on the life of the assets (see Note 32). The value in use calculation considers natural gas price forecast and various other assumptions at the balance sheet date. The impact of high natural gas prices experienced in the second half of 2022, general market volatility and delays around the new energy project ("NEP"), there is still some significant risk and volatility around future profitability performance.

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10. PROPERTY, PLANT AND EQUIPMENT (continued)

The longer-term forecasts have been prepared using the latest commercial and business assumptions, which are as follows:

- Weighted average cost of capital ("WACC") has changed from 8.5% to 11.25% because of the rising interest rate environment;
- Growth rate of 3%;
- Asset life of 40 years; and
- Terminal value of 35 years.

The key sensitivities and the impact on the exceptional impairment charge are detailed below:

Discount rate	1% increase	€99 million increase
Discount rate	1% decrease	€120 million decrease
Terminal growth rate	1% decrease	€73 million increase
Asset life	1 year reduction	€5 million increase
Turnaround overrun probability	Low 10% to Medium 50%	€99 million increase
Natural gas price	10 pence per therm increase	€79 million increase
Natural gas price	10 pence per therm decrease	€79 million decrease

Other impairment charges and reversals

In 2021 an impairment charge of €12.5 million was incurred following the Group's decision to close the sulphur chemicals plant and business at its site in Runcorn, United Kingdom (see Note 4). A project to investigate the economic viability of a cellroom conversion utilising membrane technology at Martorell, Spain was aborted in 2021, resulting in an impairment charge of €9.1 million. Further impairment charges of €34.7 million were made in 2021, the majority of which was in relation to the write-down of basic engineering works and equipment associated with an own-build new steam generator unit in Bayport, US after the project was abandoned in favour of entering into a long-term supply agreement with a third party. The proposed construction of new world-class styrene monomer plant in the US Gulf Coast was also aborted after new capacity announcements in China led to a re-evaluation of project economics.

The significant increase and volatility in oil and gas prices in 2022, along with the introduction by the UK government of the Energy Profits Levy (EPL) was seen as an indication of an impairment reversal, therefore the Group has reviewed the carrying value of its oil and gas properties across all CGUs. The recoverable amount of the assets has been determined based on the higher of value-in-use and fair value less cost to sell. These calculations use cash flow projections over the life of fields based on commercial and production forecasts. The key assumptions used in the value-in-use calculations included a pre-tax discount rate of 13.4% on the Breagh Area, a pre-tax discount rate of 9.1% on the Siri area, a long term gas price of 74p/therm, a long term oil price of \$69/bbl and an inflation rate of 2%. The long term gas and oil prices are based on consensus from a group of third party oil and gas analysts and banks. As a result of the assessment, an impairment charge of €16.3 million against the Group's Danish (Siri Area) assets in connection to the 2022 increase in the decommissioning estimate has been recognised (2021: €16.0 million charge). No impairment charges or reversals were necessary or available on other assets since the recoverable amounts were higher than their carrying value (2021: €93.7 million reversal). Further information on impairments and impairment risk is included in Note 11 and Note 32.

Leased assets

The Group leases many assets including land and buildings, vessels, railcars, storage and transportation infrastructure, machinery, IT equipment and motor vehicles which are classified as right-of-use assets. Rental contracts are usually made for periods between 1 to 20 years, but may also include extension options. Extension options are included only if the lease term is reasonably certain to be extended and the decision of extending is mainly up to the Group (as a lessee).

More information regarding the right-of-use (ROU) assets are presented below.

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10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings	Plant & machinery, fixtures and fittings, and motor vehicles	ROU Total
Cost		€m	
Balance at 1 January 2021	243.0	308.1	551.1
Reclassifications	2.3	(1.3)	1.0
Business acquisitions (see Note 3).....	-	21.0	21.0
Business disposal (see Note 34).....	(1.4)	-	(1.4)
Additions	4.4	50.1	54.5
Disposals.....	(1.3)	(17.5)	(18.8)
Modifications.....	5.0	23.0	28.0
Effect of movements in foreign exchange.....	5.1	13.9	19.0
Balance at 31 December 2021	257.1	397.3	654.4
Reclassifications	(2.3)	3.1	0.8
Business acquisitions (see Note 3).....	0.8	-	0.8
Business disposal (see Note 34).....	(1.0)	(6.1)	(7.1)
Additions	16.4	42.9	59.3
Disposals.....	(6.8)	(45.8)	(52.6)
Modifications.....	10.6	55.8	66.4
Effect of movements in foreign exchange.....	(2.3)	5.5	3.2
Balance at 31 December 2022	272.5	452.7	725.2
Accumulated depreciation and impairment			
Balance at 1 January 2021	33.7	83.9	117.6
Reclassifications	-	(0.7)	(0.7)
Business disposal (see Note 34).....	(1.0)	-	(1.0)
Depreciation charge for the year.....	18.4	85.6	104.0
Impairment charge for the year.....	-	0.1	0.1
Disposals.....	(1.2)	(16.5)	(17.7)
Effect of movements in foreign exchange.....	1.1	4.4	5.5
Balance at 31 December 2021	51.0	156.8	207.8
Reclassifications	-	(0.9)	(0.9)
Business disposal (see Note 34).....	(0.6)	(2.3)	(2.9)
Depreciation charge for the year.....	22.1	86.9	109.0
Disposals.....	(6.9)	(26.6)	(33.5)
Effect of movements in foreign exchange.....	(0.4)	2.0	1.6
Balance at 31 December 2022	65.2	215.9	281.1
Net book value			
At 31 December 2021	206.1	240.5	446.6
At 31 December 2022	207.3	236.8	444.1

See Note 25 for the lease obligations on right-of-use assets.

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11. INTANGIBLE ASSETS

	License fees	Customer lists	Intellectual property rights	Environmental certificates	Non compete agreements	Evaluation and exploration cost	Player registrations	Development costs	Goodwill	Total
	€m									
Cost										
Balance at 1 January 2021	35.6	1,074.8	463.6	36.9	3.3	222.6	184.7	185.6	1,904.3	4,111.4
Additions	-	-	1.5	48.5	-	4.6	41.5	209.2	-	305.3
Disposals	-	-	(1.6)	(40.1)	-	-	(25.5)	-	-	(67.2)
Business acquisitions (see Note 3)	0.6	-	-	-	-	-	-	-	11.3	11.9
Business disposal (see Note 34)	-	-	-	-	-	(35.4)	-	-	(113.6)	(149.0)
Reclassifications	4.0	-	(0.6)	-	-	-	-	-	-	3.4
Effect of movements in foreign exchange	1.9	44.1	24.0	1.0	-	16.1	-	(0.1)	89.4	176.4
Balance at 31 December 2021	42.1	1,118.9	486.9	46.3	3.3	207.9	200.7	394.7	1,891.4	4,392.2
Additions	0.1	-	2.5	153.0	-	1.8	45.0	119.0	-	321.4
Disposals	(2.7)	-	-	(63.2)	-	(19.5)	-	-	-	(85.4)
Business acquisitions (see Note 3)	-	-	12.4	-	-	-	-	-	-	12.4
Business disposal (see Note 34)	-	(40.1)	(19.4)	(0.7)	-	-	-	-	(38.0)	(98.2)
Reclassifications	(1.8)	-	-	-	-	-	-	-	-	(1.8)
Effect of movements in foreign exchange	6.8	20.1	13.3	(1.9)	-	(9.9)	-	-	18.6	47.0
Balance at 31 December 2022	44.5	1,098.9	495.7	133.5	3.3	180.3	245.7	513.7	1,872.0	4,587.6
Accumulated amortisation and impairment										
Balance at 1 January 2021	25.8	326.7	104.0	-	-	173.2	47.8	4.4	567.7	1,249.6
Amortisation for the year	3.7	81.1	38.7	-	-	4.8	25.8	1.2	-	155.3
Business disposal (see Note 34)	-	-	-	-	-	(0.6)	-	-	-	(0.6)
Disposals	-	-	(1.6)	-	-	-	(12.6)	-	-	(14.2)
Effect of movements in foreign exchange	0.4	7.8	3.1	-	-	13.3	(0.1)	-	25.3	49.8
Balance at 31 December 2021	29.9	415.6	144.2	-	-	190.7	60.9	5.6	593.0	1,439.9
Amortisation for the year	4.2	83.8	42.9	0.3	-	-	15.6	1.3	-	148.1
Business disposal (see Note 34)	-	(17.5)	(7.7)	(0.2)	-	-	-	-	-	(25.4)
Disposals	(2.7)	-	-	-	-	(19.5)	-	-	-	(22.2)
Effect of movements in foreign exchange	0.1	5.9	2.0	0.1	-	(9.0)	-	-	(29.4)	(30.3)
Balance at 31 December 2022	31.5	487.8	181.4	0.2	-	162.2	76.5	6.9	563.6	1,510.1
Net book value										
At 31 December 2021	12.2	703.3	342.7	46.3	3.3	17.2	139.8	389.1	1,298.4	2,952.3
At 31 December 2022	13.0	611.1	314.3	133.3	3.3	18.1	169.2	506.8	1,308.4	3,077.5

Separable intangible assets for customer relationships represent value attributed to customer relationships arising from contractual rights and non-contractual relationships and for intellectual property value mainly in relation to the right to use patents. Those were recognised as part of acquisitions in Styrolution as well as part of the acquisition of the Aromatics and Acetyls businesses. The remaining customer life or the acquired customer relationships range between 2 and 16 years and for the acquired intellectual property rights the remaining useful lives range between 6 and 15 years.

Other customer relationship intangible assets relate to prior acquisitions and are split into ABS, Specialities and Polystyrene sectors. The remaining useful lives range between 3 and 17 years. Other intellectual property rights intangible assets relate to production technology and brands from prior acquisitions. The remaining useful lives range between 9 and 15 years.

Environmental certificates are in respect of costs associated with the purchase of EU and UK Emissions Trading Scheme allowances and the nitrogen oxides emission scheme in the US. The emissions allowances are subject to impairment under the indefinite lived intangible asset impairment model.

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11. INTANGIBLE ASSETS (continued)

Business disposal

The disposal of INEOS Styrolution India Limited in November 2022 resulted in the disposal of intangible assets of €72.2 million, of which €38.0 million related to goodwill (see Note 34). The transfer of 50% of the shareholding in INEOS Styrolution Advanced Materials (Ningbo) Pte Limited to Sinopec in December 2022 resulted in the disposal of intangibles assets of €0.6 million (see Note 34).

Amortisation charge

The amortisation charge for 2022 and 2021 is recognised in administrative expenses in the consolidated income statement.

Goodwill

No impairment charge has been recorded in these financial statements during the year ended 31 December 2022 as a result of the annual impairment test.

As at 31 December 2021, goodwill relating to the Oil and Gas – Norway CGU had been fully disposed as part of the disposal of the operations (see Note 34).

Goodwill has been allocated to cash generating units (CGU) or groups of cash generating units as follows:

	2022	2021
	€m	
Polymers EMEA	252.2	252.2
Polymers Asia.....	61.6	98.6
Polymers America.....	196.0	184.5
Styrene Monomer	185.9	178.1
Oil and gas - UK	17.4	18.4
Oil and gas - Denmark	81.6	81.6
Acetyls.....	374.6	360.1
Aromatics.....	134.4	120.2
Other.....	4.7	4.7
Total.....	<u>1,308.4</u>	<u>1,298.4</u>

The Polymers EMEA, Polymers Asia, Polymers Americas and Styrene Monomer CGU's relate to the Styrolution business.

For the Styrolution business' CGUs, the Group determined the recoverable amount based on value in use. The recoverable amount is calculated on a long-term business plan for the CGUs with a detailed planning period of three years and a consistent terminal growth rate of 0.5% for each unit for the period thereafter. The key assumption on which management based its cash flow projection is EBITDA before exceptionals over the detailed three year planning period, which is seen as the most important performance indicator and the basis for cash flow estimates used to determine the value in use. The terminal growth rate of 0.5% reflects the expected economic growth rates of countries in which the Group is operating. The main assumptions for the preparation of the three-year-business plan are the economic growth developments in the main customer regions and industries of the Styrolution business. These assumptions are based on external market data as well as internal assessments. The expected demand that is derived from the growth assumptions is compared with the supply balance of its product groups.

For the oil and gas CGUs the recoverable amount has been determined based on higher of value-in-use and fair value less cost to sell. These calculations used cash flow projections over the life of the fields based on commercial and production forecasts. The key assumptions used in the value-in-use calculations included a pre-tax discount rate of 13.4% on the Breagh Area, a pre-tax discount rate of 9.1% on the Siri area, a long term gas price of 74p/therm, a long term oil price of \$69/bbl and an inflation rate of 2%. The long term gas and oil prices are based on consensus from a group of third party oil and gas analysts and banks.

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11. INTANGIBLE ASSETS (continued)

For the Aromatics and Acetyls businesses, the recoverable amount, being value in use, is calculated on a long-term business plan for the CGUs with a detailed planning period of three years and a terminal value which represents the mid-cycle performance on which a consistent terminal growth rate of 2.0% is applied for the periods thereafter. The terminal growth rate of 2.0% represents the average expected growth rates in the countries in which the Group is operating. The main assumptions for the preparation of the three-year business plans are the production volumes and margins, and dividend income from the joint ventures. The margin assumptions are based on external market data as well as internal assessments. The volume assumptions are based on historical run rates of the assets and approved increase of production projects.

The following discount rates were applied per cash generating unit to determine the cash flow projections:

	Polymers EMEA	Polymers America	Polymers Asia	Styrene Monomer	Acetyls	Aromatics
Post-tax discount rate.....	7.9%	7.9%	7.9%	7.9%	7.7%-10.7%	7.9%-9.7%
	Oil and gas					
	UK	Denmark				
Pre tax discount rate.....	13.4%	9.1%				

Sensitivity analysis on the recoverable amount was performed based on a 10% increase in the discount rate, a 10% decrease to the growth rate and a 10% decrease in the gross margin, all of which are considered a reasonable possible change in estimate. Neither of these changes resulted in the recoverable amount being lower than the carrying amount except for the Hull CGU in the Acetyls business and the Geel CGU in the Aromatics business.

These two CGUs have limited headroom and as a result any change in assumption can result in the recoverable amount being lower than the carrying amount. Management has considered the assumptions used to determine the recoverable amount and considered that those assumptions are conservative especially around the price curve used for energy; moreover the current forecasts do not take into account future developments to improve the economics of the plants. On this basis, the absence of headroom, in the case of Hull CGU, or the limited headroom, in the case of Geel CGU, is not considered as an indicator that an impairment loss is required. The margin assumptions are one of the key assumption in determining the recoverable amount of each CGU. These margin assumptions are developed by management based on external market data as well as internal assessments and require a significant amount of judgement. The Group has estimated that a 10% reduction in margin could give rise to an impairment of approximately €150 million for the Hull CGU and could reduce the headroom to nil for the Geel CGU.

Further information on impairments and impairment risk is included in Note 10 and Note 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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12. INVESTMENTS

12a. Investments in Equity-Accounted Investees

Details of the associated undertakings, joint ventures and other investments are set out below:

Investment	Country of registration or incorporation	Principal activity	Class/ percentage of shares held	Registered office reference
Associated undertakings:				
Fluxel SAS	France	Port operator	Ordinary/20%	(a)
INEOS Runcorn (TPS) Holdings Limited.....	UK	Thermal Power Station operator	Ordinary/ 60% ⁽¹⁾	(b)
Joint ventures:				
INEOS PCG Acetyls Sdn. Bhd	Malaysia	Production of acetic acid and other acetyls products	Ordinary/ 70%	(d)
Yangtze River Acetyls Co. Ltd	China	Production of acetic acid and other acetyls products	Member interest/ 51%	(e)
LOTTE INEOS Chemical Co. Ltd.....	Korea	Production of acetic acid and other acetyls products	Ordinary/ 50.94%	(f)
Formosa INEOS Chemicals Corp.....	Taiwan	Production of acetic acid and other acetyls products	Common/50%	(g)
BP YPC Acetyls Company (Nanjing) Ltd.....	China	Production of acetic acid and other acetyls products	Member interest/ 50%	(i)
Atlas Methanol Company Unlimited.....	Trinidad	Methanol production	Ordinary/36.9%	(j)
China American Petrochemical Company Ltd	Taiwan	Production of acetic acid and other acetyls products	Ordinary/61.36%	(k)
INEOS Styrolution Sinopec Advanced Materials (Ningbo) Limited.....	China	Production of various olefins and polymers	Ordinary/50.0%	(y)
Mercedes-Benz Grand Prix Limited	UK	Operation of F1 racing team	Ordinary/33.3%	(c)
Joint arrangements:				
Runcorn MCP Limited	UK	Cell room operator	Ordinary/ 50%	(b)
GIE Cancel-Bresse	France	Brine solution mining services	Ordinary/ 50%	(f)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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12. INVESTMENTS (continued)

Investment	Country of registration or incorporation	Principal activity	Class/ percentage of shares held	Registered office reference
Other investments:				
Akra Polyester SA de CV	Mexico	Manufacture of polyester filaments and polymers	Ordinary/6.65%	(m)
Tereftalos Mexicanos SA de CV.....	Mexico	Production of purified terephthalic acid	Ordinary B/8.55%	(n)
IndustriEI AS.....	Norway	Energy consultancy	Ordinary/ 12.5%	(o)
Sociedad Española de Materiales Plasticos SEMAP S.A	Spain	Plastic waste management	Ordinary/8%	(p)
Societe Intercommunale D'Amenagement et d'Equipement Economique....	Belgium	Economic development of province of Namur	Ordinary/0.17%	(q)
BKV GmbH.....	Germany	Plastic recycling	Ordinary/2.0%	(r)
Industrins Räddningstjänst i Stenungsund AB	Sweden	Fire and rescue service	Ordinary/25.0%	(h)
API PVC - u. Umweltberatung GesmbH	Austria	PVC technology solutions	Ordinary/73.2%	(t)
Hållbar Kemi i Stenungsund...	Sweden	Sustainable production association	Ordinary/20.0%	(u)
Energy For Growth Societa' Consortile A Responsabilita' Limitata.....	Italy	Energy consortium	Ordinary/7.3%	(v)
Power to Methanol Antwerp B.V.....	Belgium	Sustainable methanol production consortium	Ordinary/14.3%	(w)
Shetland Land Lease Limited.	UK	Development of building projects	Ordinary/20.0%	(x)

None of the above investments are held directly by INEOS Industries Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)

12. INVESTMENTS (continued)

	Registered Office Address
(a)	BP 43, Route Gay Lussac, 13117 Martigues, France
(b)	Banks Lane Office, Banks Lane, Runcorn, Cheshire, WA7 4JE, United Kingdom
(c)	Operations Centre, Brackley, Northamptonshire, NN13 7BD
(d)	12th Floor, Menara Symphony No. 5, Jalan Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan,
(e)	97 Weijiang Road (in the Petrochemical Park), Changshou District, Chongqing, China
(f)	63-15 Sanggac-ro, Cheongnyang-myeon, Ulju-gun, Ulsan, 44987, Korea
(g)	No. 1-1 Formosa Industrial Complex, Mailiao, Yunlin Hsien, Taiwan
(h)	Verkstadsagen 11, 44431 Stenungsund, Sweden
(i)	9# Huo Ju Road, Liu He District, Nanjing, Jiangsu Province, China
(j)	Maracaibo Drive, Point Lisas Industrial Estate, Point Lisas, Trinidad and Tobago
(k)	6th Floor, No. 413 Section 2 Ti-Ding Blvd., Neihu, Taipei, 11493, Taiwan
(l)	12 Rue Raoul Nordling CS 7001, 92270 Bois Colombes, France
(m)	Avenida Adolfo Ruiz Cortines y Priv. Roble S/N, Col. San Pedro Lozano, Monterrey, Nuevo León, 64299, Mexico
(n)	Av. Ricardo Margáin Zozaya 444, Torre Equus IZA Sur, Colonia Valle del Campestre, San Pedro Garza García, Nuevo León,
(o)	Postboks 1367 – Vikka, 0114 Oslo, Norway
(p)	Calle Principe de Vergara 204 – Primero C – 28002, Madrid, Spain
(q)	Rue de la Religion, 10, 1400 Nivelles, Belgium
(r)	Mainzer Landstraße 55, 60329 Frankfurt am Main, Germany
(s)	Xantener Str. 237, 47495 Rheinberg, Germany
(t)	Paniglasse 24/19°, A-1040 Wien, Austria
(u)	Fregatten 3, 444-30 Stenungsund, Sweden
(v)	Via Giovanni Da Procida, 11, 20149, Milan, Italy
(w)	Scheldelaan 480, 2040 Antwerpen, Belgium
(x)	18th Floor, 10 Upper Bank Street, London, E14 5BF, United Kingdom
(y)	Suite 3406, Teem Tower, No. 208, Tianhe Road, Tianhe District, Guangzhou, 510620, China

	Joint ventures	Associated undertakings	Investments in equity-accounted investees	Other investments	Total
					€m
At 1 January 2021	1,149.8	22.2	1,172.0	17.3	1,189.3
Share of retained earnings	462.5	(0.5)	462.0	-	462.0
Share of other comprehensive expenses	(6.3)	-	(6.3)	-	(6.3)
Dividends received	(188.7)	-	(188.7)	-	(188.7)
Additions	-	-	-	0.7	0.7
Impairments	-	-	-	(1.0)	(1.0)
Business disposal (see Note 34)	(1.5)	-	(1.5)	-	(1.5)
Effect of movements in foreign exchange	100.8	(0.2)	100.6	1.1	101.7
At 31 December 2021	1,516.6	21.5	1,538.1	18.1	1,556.2
Share of retained earnings	255.4	1.6	257.0	-	257.0
Share of other comprehensive income	24.9	-	24.9	-	24.9
Dividends received	(401.4)	-	(401.4)	-	(401.4)
Reclassification	(33.8)	-	(33.8)	(3.2)	(37.0)
Additions	691.3	-	691.3	-	691.3
Loss on disposal of equity accounted investments	(20.1)	-	(20.1)	(6.6)	(26.7)
Business disposal (see Note 34)	-	-	-	(0.2)	(0.2)
Effect of movements in foreign exchange	22.5	0.3	22.8	1.7	24.5
At 31 December 2022	2,055.4	23.4	2,078.8	9.8	2,088.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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12. INVESTMENTS (continued)

Additions

On 25 January 2022, the Group purchased one-third of the share capital of Mercedes-Benz Grand Prix Limited for consideration of £208.4 million (€248.2 million). This investment has been classified as a joint venture and the Group uses the equity method of accounting.

In December 2022, the Group's subsidiary, INEOS Styrolution APAC Pte. Limited, entered into an agreement to transfer 50% of its shareholding in INEOS Styrolution Advances Materials (Ningbo) Pte Limited to China Petroleum & Chemical Corporation. As a result, the Group lost control but retained joint control. The retained 50% interest in the business was fair valued at the date of the transaction at €443.1 million (see Note 34).

Reclassifications

In November 2022, the Group made a non-cash exchange for its current interest in Tricoya UK Limited (30% interest) and in Tricoya Technologies Limited (9% interest) for shares in Accsys Technologies Plc. This share exchange resulted in an impairment of €26.6 million and a reclassification from joint ventures and other investments of respectively €3.0 million and €3.2 million to other financial assets (see Note 13).

The Group provided an ABS technology license service to the newly acquired INEOS Styrolution Sinopec Advanced Materials (Ningbo) Limited joint-venture. A reclassification of €30.8 million was made to eliminate the Group's share of royalty revenue recognised in the current year.

The total net assets of joint ventures at 31 December 2022 was €2,055.4 million and the profit for the year was €255.4 million of which €2,043.5 million and €253.1 million related to the Group's material joint ventures, respectively. Set out below is the summarised financial information of the Group's material joint ventures as at 31 December 2021 and 2022, which are measured using the equity accounting method.

	2022									
	Atlas Methanol Company Unlimited	LOTTE INEOS Chemical Co. Ltd	INEOS PCG Acetyls Sdn. Bhd.	Formosa INEOS Chemicals Corp	Yangtze River Acetyls Co. Ltd	INEOS YPC Acetyls Company (Nanjing) Ltd	Tricoya UK Limited*	INEOS Styrolution Sinopec Advanced Materials (Ningbo) Ltd.	Mercedes- Benz Grand Prix Limited.	Total
	€m									
Current assets.....	64.2	199.1	68.5	85.3	45.4	32.7	-	78.3	83.5	657.0
Non-current assets	112.8	451.0	154.8	196.3	120.7	108.6	-	646.1	260.3	2,050.6
Current liabilities	(15.1)	(90.1)	(13.3)	(11.5)	(4.6)	(10.5)	-	(76.5)	(57.4)	(279.0)
Non-current liabilities	(50.8)	(39.4)	(29.3)	(2.3)	(0.4)	(0.1)	-	(235.5)	(27.2)	(385.0)
Net assets	111.1	520.6	180.7	267.8	161.1	130.7	-	412.4	259.1	2,043.5
Other operating										
income	185.4	1,190.6	159.6	115.9	139.4	61.2	-	-	170.0	2,022.1
Operating expenses	(116.3)	(995.8)	(142.2)	(101.5)	(116.8)	(59.4)	(0.2)	-	(144.0)	(1,676.2)
Interest expenses	(2.7)	1.3	(1.0)	(0.0)	0.9	(0.4)	-	-	(0.1)	(2.0)
Income tax expenses ..	(23.2)	(54.4)	(5.6)	(2.8)	0.6	(0.6)	-	-	(4.8)	(90.8)
Total profit for the										
year	43.2	141.7	10.8	11.6	24.1	0.8	(0.2)	-	21.1	253.1
Dividend received.....	53.2	161.6	34.7	39.0	58.1	54.8	-	-	-	401.4

* Effective on November 2022, the Group exchanged its share in in Tricoya UK Limited (30% interest) and in Tricoya Technologies Limited (9% interest) for shares in Accsys Technologies Plc.. See above note 12(a) - *Reclassifications*.

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12. INVESTMENTS (continued)

	2021						
	Atlas Methanol Company Unlimited	LOTTE INEOS Chemical Co. Ltd	INEOS PCG Acetyls Sdn. Bhd.	Formosa INEOS Chemicals Corp	Yangtze River Acetyls Co. Ltd	INEOS YPC Acetyls Company (Nanjing) Ltd	Tricoya UK Limited
	€m						
Current assets.....	75.3	240.0	97.0	103.1	94.7	82.1	3.1
Non-current assets	115.3	448.1	157.6	208.9	111.0	109.6	25.6
Current liabilities	(30.9)	(136.2)	(32.3)	(23.7)	(9.8)	(9.8)	(1.4)
Non-current liabilities...	(44.8)	(30.5)	(31.1)	(0.2)	(0.4)	(0.1)	(3.6)
							Total

12b. Investments in subsidiaries

	Registered Office	Country of Incorporation	Class of shares held	Ownership	
				2022	2021
INEOS Industries Holdings Limited*	1	UK	Ordinary	100%	100%
Belstaff Property Limited	1	UK	Ordinary	100%	100%
INEOS Zhuhai Chemical Company Limited ^(c)	71	China	Ordinary	81.6%	91.9%
EURL Promofoot.....	59	France	Ordinary	100%	100%
EVC Pension Trustees Limited.....	7	UK	Ordinary	100%	100%
Grangemouth CHP Limited	2	UK	Ordinary	100%	100%
Grangemouth Energy Company Limited	1	UK	Ordinary	73.8%	73.8%
Grangemouth Holdings Limited ^(c)	1	UK	Ordinary	100%	100%
Grangemouth Properties Limited ^(c)	1	UK	Ordinary	100%	100%
INEOS 120 Energy Limited ^(a)	1	UK	Ordinary	-	100%
INEOS 120 Exploration Limited	1	UK	Ordinary	100%	100%
INEOS 120 Power Limited ^(a)	1	UK	Ordinary	-	100%
INEOS 123 Limited	8	UK	Ordinary	100%	-
INEOS 159 Limited	1	UK	Ordinary	100%	100%
INEOS 179 Limited	1	UK	Ordinary	100%	100%
INEOS ABS (UK) Limited	1	UK	Ordinary	100%	100%
INEOS ABS (USA) LLC	3	United States	Ordinary	100%	100%
INEOS Acetyls Americas Limited.....	65	UK	Ordinary	100%	100%
INEOS Acetyls International Limited.....	1	UK	Ordinary	100%	100%
INEOS Acetyls Investments Limited.....	65	UK	Ordinary	100%	100%
INEOS Acetyls Japan K.K.	76	Japan	Ordinary	100%	100%
INEOS Acetyls (Korea) Limited.....	65	UK	Ordinary	100%	100%
INEOS Acetyls (Malaysia) Sdn Bhd.	67	Malaysia	Ordinary	100%	100%
INEOS Acetyls UK Limited	1	UK	Ordinary	100%	100%
INEOS Aromatics & Acetyls Trading (Shanghai) Company Limited	77	China	Ordinary	100%	100%
INEOS Aromatics Belgium Holdings LLC	3	United States	Ordinary	100%	100%
INEOS Aromatics Belgium NV.....	68	Belgium	Ordinary	100%	100%

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FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)

12. INVESTMENTS (continued)

	Registered Office	Country of Incorporation	Class of shares held	Ownership	
				2022	2021
INEOS Aromatics Holding Company.....	3	United States	Ordinary	100%	100%
INEOS Aromatics Indonesia Holdings Ltd.....	64	United States	Ordinary	100%	100%
INEOS Aromatics Holdings Limited.....	1	UK	Ordinary	100%	100%
INEOS Aromatics Limited.....	65	UK	Ordinary	100%	100%
INEOS Aromatics Asia Limited.....	66	Hong Kong	Ordinary	100%	100%
INEOS Automotive Limited.....	1	UK	Ordinary	100%	100%
INEOS Automotive GmbH.....	52	Germany	Ordinary	100%	100%
INEOS Automotive Research Limited.....	1	UK	Ordinary	100%	100%
INEOS Automotive Americas LLC.....	3	USA	Ordinary	100%	-
INEOS Automotive Australia PTY Limited.....	10	Australia	Ordinary	100%	-
INEOS Automotive Espana S.L.....	11	Spain	Ordinary	100%	-
INEOS Automotive Italia S.R.L.....	12	Italy	Ordinary	100%	-
INEOS Automotive New Zealand Limited.....	13	New Zealand	Ordinary	100%	-
INEOS Automotive South Africa (PTY) Limited.....	14	South Africa	Ordinary	100%	-
INEOS Automotive Unipessoal Lda.....	53	Portugal	Ordinary	100%	100%
INEOS Automotive SAS.....	15	France	Ordinary	100%	100%
INEOS Aviation Limited.....	1	UK	Ordinary	100%	100%
Bio Newco LLC.....	3	United States	Ordinary	100%	100%
INEOS Chemicals Grangemouth Limited.....	1	UK	Ordinary	100%	100%
INEOS Chlor Atlantik GmbH.....	78	Germany	Ordinary	100%	100%
INEOS Chlor Trustees Limited.....	7	UK	Ordinary	100%	100%
INEOS ChlorVinyls Holdings BV.....	79	Netherlands	Ordinary	100%	100%
INEOS Clipper South B Limited.....	8	UK	Ordinary	100%	100%
INEOS Clipper South C Limited.....	8	UK	Ordinary	100%	100%
INEOS Commercial Services UK Limited.....	1	UK	Ordinary	100%	100%
INEOS E&P (Norge) Petroleum DK AS.....	51	Norway	Ordinary	100%	100%
INEOS E&P (Petroleum Denmark) ApS.....	48	Denmark	Ordinary	100%	100%
INEOS E&P A/S.....	48	Denmark	Ordinary	100%	100%
INEOS E&P DK A/S.....	48	Denmark	Ordinary	100%	100%
INEOS E&P Grønland A/S.....	49	Greenland	Ordinary	100%	100%
INEOS E&P Føroyar P/F.....	50	Faroe Islands	Ordinary	100%	100%
INEOS E&P Norge A/S.....	51	Norway	Ordinary	100%	100%
INEOS E&P (UK) Limited.....	8	UK	Ordinary	100%	100%
INEOS E&P Services (UK) Limited.....	8	UK	Ordinary	100%	100%
INEOS E&P (Siri) UK Limited.....	8	UK	Ordinary	100%	100%
INEOS Energy LNG Limited.....	1	UK	Ordinary	100%	100%
INEOS Energy (Syd Arne) ApS.....	48	Denmark	Ordinary	100%	100%
INEOS Energy Trading Limited.....	1	UK	Ordinary	100%	100%
INEOS Enterprises Group Limited.....	7	UK	Ordinary	100%	100%
INEOS Films Italia S.r.l.....	9	Italy	Ordinary	100%	100%
INEOS FPS Limited.....	1	UK	Ordinary	100%	100%
INEOS Grangemouth Limited.....	1	UK	Ordinary	100%	100%
INEOS Healthcare Holdings Limited.....	1	UK	Ordinary	80%	80%
INEOS Healthcare Limited.....	1	UK	Ordinary	100%	100%
INEOS Industries America I LLC.....	3	United States	Ordinary	100%	100%
INEOS Industries America II LLC.....	3	United States	Ordinary	100%	100%
INEOS Industries Newco 2 Limited.....	1	UK	Ordinary	100%	100%
INEOS Industries Newco Limited.....	1	UK	Ordinary	100%	100%
INEOS INOVYN Limited ^(f)	7	UK	Ordinary	94.9%	94.9%
INEOS Newton Aycliffe Trustees Limited.....	7	UK	Ordinary	100%	100%
INEOS Offshore BCS Limited.....	8	UK	Ordinary	85%	85%
INEOS Quattro Finance 1 Plc.....	1	UK	Ordinary	100%	100%

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12. INVESTMENTS (continued)

	Registered Office	Country of Incorporation	Class of shares held	Ownership 2022 2021	
INEOS Quattro Finance 2 Plc	1	UK	Ordinary	100%	100%
INEOS Quattro Financing Limited	1	UK	Ordinary	100%	100%
INEOS Quattro Holdings Limited	1	UK	Ordinary	100%	100%
INEOS Quattro Holdings UK Limited	1	UK	Ordinary	100%	100%
INEOS Racing Limited	1	UK	Ordinary	100%	100%
INEOS Racing NZ Limited	54	New Zealand	Ordinary	100%	100%
INEOS Shipping Limited	1	UK	Ordinary	100%	100%
INEOS Shipping GmbH	55	Germany	Ordinary	100%	100%
INEOS Styrenics Germany GmbH	16	Germany	Ordinary	100%	100%
INEOS Styrenics GmbH	16	Germany	Ordinary	100%	100%
INEOS Styrenics International S.A.	17	Switzerland	Ordinary	100%	100%
INEOS Styrenics Manufacturing GmbH	16	Germany	Ordinary	100%	100%
INEOS Styrenics UK Limited	7	UK	Ordinary	100%	100%
INEOS Styrenics US LLC	4	United States	Ordinary	100%	100%
INEOS Styrolution (Thailand) Co., Ltd.	18	Thailand	Ordinary	100%	100%
INEOS Styrolution Advanced Materials (Ningbo) Pte Ltd.	56	China	Ordinary	50%	100%
INEOS Styrolution America LLC	3	United States	Ordinary	100%	100%
INEOS Styrolution APAC Pte. Ltd, Japan Branch	19	Japan	Ordinary	100%	100%
INEOS Styrolution APAC Pte. Ltd.	20	Singapore	Ordinary	100%	100%
INEOS Styrolution Belgium N.V.	21	Belgium	Ordinary	100%	100%
INEOS Styrolution Belgium Services bvba	22	Belgium	Ordinary	100%	100%
INEOS Styrolution Canada Limited	25	Canada	Ordinary	100%	100%
INEOS Styrolution do Brasil Polímeros Ltda.	26	Brazil	Ordinary	100%	100%
INEOS Styrolution Europe GmbH	23	Germany	Ordinary	100%	100%
INEOS Styrolution France SAS	27	France	Ordinary	100%	100%
INEOS Styrolution France Services SAS	28	France	Ordinary	100%	100%
INEOS Styrolution Finance GmbH	23	Germany	Ordinary	100%	100%
INEOS Styrolution Group GmbH	23	Germany	Ordinary	100%	100%
INEOS Styrolution Holding GmbH ^(d)	23	Germany	Ordinary	-	100%
INEOS Styrolution Hong Kong Company Limited	29	China	Ordinary	100%	100%
INEOS Styrolution Iberia S.L.	30	Spain	Ordinary	100%	100%
INEOS Styrolution India Limited ^(b)	31	India	Ordinary	-	75%
INEOS Styrolution Investment GmbH	23	Germany	Ordinary	100%	100%
INEOS Styrolution Italia S.r.L.	32	Italy	Ordinary	100%	100%
INEOS Styrolution Kimyasal Ürünler Ticaret Limited Şirketi	33	Turkey	Ordinary	100%	100%
INEOS Styrolution Köln GmbH	34	Germany	Ordinary	100%	100%
INEOS Styrolution Korea Ltd.	35	Korea	Ordinary	100%	100%
INEOS Styrolution Ludwigshafen GmbH	23	Germany	Ordinary	100%	100%
INEOS Styrolution Mexicana, S.A. de C.V.	36	Mexico	Ordinary	100%	100%
INEOS Styrolution Netherlands B.V.	24	Netherlands	Ordinary	100%	100%
INEOS Styrolution OOO	37	Russian Federation	Ordinary	100%	100%
INEOS Styrolution Poland Sp. z o.o.	38	Poland	Ordinary	100%	100%
INEOS Styrolution Polymers (Shanghai) Company Limited	6	China	Ordinary	100%	100%
INEOS Styrolution Polymers (Shanghai) Company Limited, Guangzhou Branch	5	China	Ordinary	100%	100%
INEOS Styrolution Polymers (Foshan) Company Limited	39	China	Ordinary	100%	100%
INEOS Styrolution Polymers (Foshan) Company Limited - Guangzhou Branch	40	China	Ordinary	100%	100%

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12. INVESTMENTS (continued)

	Registered Office	Country of Incorporation	Class of shares held	Ownership	
				2022	2021
INEOS Styrolution Polymers (Ningbo) Company Limited	57	China	Ordinary	100%	100%
INEOS Styrolution Polymers (Ningbo) Company Limited - Shanghai Branch	58	China	Ordinary	100%	100%
INEOS Styrolution Schwarzeide GmbH	41	Germany	Ordinary	100%	100%
INEOS Styrolution (China) Investment Company Limited	45	China	Ordinary	100%	100%
INEOS Styrolution UK Limited	42	UK	Ordinary	100%	100%
INEOS Styrolution US Holding LLC	3	United States	Ordinary	100%	100%
INEOS Styrolution Verwaltungsgesellschaft mbH	23	Germany	Ordinary	100%	100%
INEOS Styrolution Vietnam Co., Ltd.	43	Vietnam	Ordinary	100%	100%
INEOS UK E&P Holdings Limited	44	UK	Ordinary	100%	100%
INEOS UK SNS Limited	8	UK	Ordinary	100%	100%
INEOS Upstream Limited	1	UK	Ordinary	100%	100%
INEOS Upstream Holdings Limited	8	UK	Ordinary	100%	100%
INEOS Upstream Services Limited	8	UK	Ordinary	100%	100%
INEOS US Chemicals Company	3	United States	Ordinary	100%	100%
INEOS US Petrochem LLC	3	United States	Ordinary	100%	100%
INEOS Vinyls GmbH & Co. KG	78	Germany	Ordinary	100%	100%
INEOS Vinyls Holdings Italia S.r.l.	9	Italy	Ordinary	100%	100%
INEOS Vinyls UK Limited ^(g)	7	UK	Ordinary	100%	100%
INEOS World-Wide Technical Services Limited	65	UK	Ordinary	100%	100%
NOVYN Americas Inc	4	United States	Ordinary	100%	100%
NOVYN Belgium SA/NV	80	Belgium	Ordinary	100%	100%
NOVYN ChlorVinyls Holdings Limited	7	UK	Ordinary	100%	100%
NOVYN ChlorVinyls Limited	7	UK	Ordinary	100%	100%
NOVYN Deutschland GmbH	78	Germany	Ordinary	100%	100%
NOVYN Energy Limited	7	UK	Ordinary	100%	100%
NOVYN Enterprises Limited	7	UK	Ordinary	100%	100%
NOVYN Espana SL	72	Spain	Ordinary	100%	100%
NOVYN Europe Limited	7	UK	Ordinary	100%	100%
NOVYN Finance Ltd ^(c)	7	UK	Ordinary	100%	100%
NOVYN France SAS	73	France	Ordinary	100%	100%
NOVYN Group Treasury Limited	7	UK	Ordinary	100%	100%
NOVYN Holdings Limited ^(b)	7	UK	Ordinary	100%	100%
NOVYN Italia SpA	74	Italy	Ordinary	100%	100%
NOVYN Manufacturing Belgium SA/NV	80	Belgium	Ordinary	100%	100%
NOVYN Newco 2 Limited	7	UK	Ordinary	100%	100%
NOVYN Newton Aycliffe Limited	7	UK	Ordinary	100%	100%
NOVYN Norge AS	75	Norway	Ordinary	100%	100%
NOVYN Olefines France SAS	73	France	Ordinary	100%	100%
NOVYN Osterreich GmbH	70	Austria	Ordinary	100%	100%
NOVYN Portugal Lda	62	Portugal	Ordinary	100%	100%
NOVYN Produzione Italia S.p.a.	63	Italy	Ordinary	100%	100%
NOVYN Quimica Espana SL	72	Spain	Ordinary	100%	100%
NOVYN Sales GmbH	78	Germany	Ordinary	100%	100%
NOVYN Sales International Limited ^(s)	7	UK	Ordinary	100%	100%
NOVYN Schkopau GmbH	78	Germany	Ordinary	100%	100%
NOVYN Services Limited	7	UK	Ordinary	100%	100%
NOVYN Sverige AB	62	Sweden	Ordinary	100%	100%
NOVYN Trade Services SA/NV	80	Belgium	Ordinary	100%	100%
Kerling Newco 1 Limited	7	UK	Ordinary	100%	100%
Kerling Newco 2 Limited	7	UK	Ordinary	100%	100%
Keuper Gas Storage Limited	7	UK	Ordinary	100%	100%

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12. INVESTMENTS (continued)

	Registered Office	Country of Incorporation	Class of shares held	Ownership 2022	Ownership 2021
KR Copolymer Company Limited.....	47	Korea	Ordinary	100%	100%
OGC Nice Investment Company Limited.....	61	France	Ordinary	100%	100%
PT INEOS Aromatics Indonesia.....	46	Indonesia	Ordinary	100%	100%
SASP Olympic Gymnaste Club de Nice Côte d'Azur..	60	France	Ordinary	100%	100%
Tour Racing Limited	1	UK	Ordinary	100%	100%
Vinyloop Ferrara SpA	74	Italy	Ordinary	100%	100%

* Held directly by the Company as at 31 December 2022.

- (a) Dissolved in January 2022 following liquidation.
- (b) On 22 April 2022, the Group sold part of its 75% share in INEOS Styrolution India Limited. This resulted in a reduction of the ownership from 75.0% to 61.2%. On 17 November 2022, the Group sold its remaining shareholding interest of 61.2% to Shiva Performance Materials Pte Ltd. Profit attributable to the non-controlling interest is €8.4 million (2021: profit of €10.7 million). Accumulated non-controlling interests are €nil (2021: €19.6 million).
- (c) Company re-certified from a public limited company to a private company effective 30 June 2021.
- (d) Effective from 1 January 2022, INEOS Styrolution Holding GmbH was merged into INEOS Styrolution Investment GmbH.
- (e) Portion of ownership interests held by non-controlling interests is 8.1%. The subsidiary was acquired on 31 December 2020. Loss attributable to the non-controlling interest is €1.4 million (2021: €3.1 million). Accumulated non-controlling interests are €43.0 million (2021: €46.6 million).
- (f) Portion of ownership interests held by non-controlling interests is 5.1%. The subsidiary was acquired on 31 December 2020. Profit attributable to the non-controlling interest is €37.6 million (2021: €22.7 million). Accumulated non-controlling interests are €23.1 million (2021: €5.7 million).
- (g) Dissolved in January 2023 following liquidation.

Registered Office Address

1	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom
2	Utilities Control Building, East Office, PO Box 30, Bo'ness Road, Grangemouth, Scotland, FK3 9XQ, United Kingdom
3	Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, United States
4	2600 South Shore Boulevard, League City TX 77573, United States
5	Suite 3406, Teem Tower, No. 208, Tianhe Road, Tianhe District, Guangzhou, 510620, China
6	Suite 2501 & 2503, Central Towers, 567 Langao Road, Putuo District, Shanghai, China
7	Bankes Lane Office, Bankes Lane, PO BOX 9, Runcorn, Cheshire, United Kingdom, WA7 4JE
8	Anchor House, 15-19 Britten Street, London, England, SW3 3TY, United Kingdom.
9	Via XXIV Maggio, 1, 21043, Castiglione Olona, Varese, Italy
10	South Quarter Building Tower C, GJI. R.A. Kartini Kav. 8, Cilandak Barat, Jakarta, Indonesia
11	Collins Square Tower 4, L18 727 Collins Street, Docklands VIC VIC 3008, Australia
12	PS De Gracia, 53, Atico 1, 08007, Barcelona, Barcelona, Spain
13	Viale Abruzzi 94, CAP 20131, Milano, Italy
14	BDO Auckland 9864, Level 4, 4 Graham Street, Auckland Central, Auckland, 1010, New Zealand
15	Europole de Sarreguemines, 57910, Hambach, Hambach, France
16	Paul-Baumann-Strasse 1, D-45764 MARL, Germany
17	Avenue des Uttins, 3, CH-1180, Rolle, Vaud, Switzerland
18	No. 4/2, I-8 Road, T. Map Ta Phut, A Muang, Rayong, 21150, Thailand
19	Nishishinjuku 1-25-1, Shinjuku-ku, Tokyo-to, Japan
20	111 Somerset Road, #08-01-02 TripleOne Somerset, Singapore, 238164, Singapore
21	Haven 725, Scheldelaan 600, 2040 Antwerpen 4, Belgium
22	2070 Zwijndrecht, Nieuwe Weg 1, 1053 Haven, Belgium
23	Mainzer Landstrasse 50, 60325, Frankfurt, Germany
24	Strawinskylaan 411, NL-1077XX, Amsterdam, Netherlands
25	872 Tashmoo Avenue, Sarnia ON N7T 8A3, Canada
26	Rua Arandu, 57, anterior 1544, conjuntos 111 and 112, Room A-1, Brooklin Paulista. São Paulo, 04562-910, Brazil
27	rue Aibert Duplat, F-62410, Wingles, France
28	95 rue la Boétie, F-75008, Paris, France

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12. INVESTMENTS (continued)

	Registered Office Address
29	Room 905, 9/F, OfficePlus@Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong, China
30	Ronda General Mitre 28-30, 08017, Barcelona, Spain
31	6th Floor, ABS Towers, Old Padra Road, Vadodara, 390007, India
32	Via Caldera 21, 20153, Milano, Italy
33	Büyükdere Cad. Meydan Sok., Spring Giz Plaza K. 13 N.11, Maslak Sarıyer, Istanbul, Turkey
34	Alte Straße 201, 50769, Cologne, Germany
35	Sanggae-ro 143 (Sanggae-dong), Nam-gu, Ulsan, South Korea
36	Avenida Insurgentes Sur No. 863, Piso 6, Colonia Nápoles, Delegación Benito Juárez, C.P., Distrito Federal, 03810, Mexico
37	Bldg. 3, 18 Pyatnitskaya St., 115035, Moscow, Russian Federation
38	ul. Wołoska 9, 02-583, Warszawa, Poland
39	No. 61, Jinben Industry Avenue, Xinan Sub-district, Sanshui District, Foshan, Guangdong Province, 528132, China
40	Suite 3406, Teem Tower, No. 208, Tianhe Road, Tianhe District, Guangzhou 510620 Shanghai, China
41	Schippkauer Straße 1, 01987, Schwarzhilde, Germany
42	c/o DWF LLP, 1 Scott Place, 2 Hardman Street, Manchester, England, M3 3AA, United Kingdom
43	11th Floor, Lotte Center Hanoi, 54 Lieu Giai Street, Cong Vi Ward, Ba Dinh District, Hanoi City, Vietnam
44	Brodies House, 31-33 Union Grove, Aberdeen, Scotland, AB10 6SD
45	Suite 2502, 567 Langao Road, 200333, Shanghai, China
46	20th Floor Summitas II JI., Jend. Sudirman Kav. 61 - 62, Jakarta, Selatan, Indonesia
47	434, Sandanjungang-ro, Yeosu, Jeollanam-do, 59643, South Korea
48	Nesa Allé 1, 2820 Gentofte, Denmark
49	3 Hans Egedesvej, Nuuk, 3900, Greenland
50	J.H. Schrøters Gøta 7, 100 Tórshavn, Faroe Islands
51	Veritasveien 25, 4007 Stavanger, Norway
52	Jakob-Degen-Straße 3, 71034, Böblingen, Germany
53	Praça Marquês de Pombal, 12, 1250 - 162, Lisboa, Portugal
54	Offices of Glaister Ennor, Barristers and Solicitors, Norfolk House, 18 High Street, Auckland Central, Auckland, 1010, New
55	Alte Strasse 201, 50769, Koeln, Germany
56	Building No. 3 Unit 1-10, 266 Beihai Road, Ningbo Petrochemical Zone, Zhenhai District, Ningbo, China
57	2388 Minghai North Road, Ningbo, Petrochemical Economy & Technology Development Zone, Ningbo, Zhejiang, 315204,
58	25F, Central Towers, 567 Langao Road, Putuo District, Shanghai, 200333, China
59	4 Place Massena, 0600 Nice, France
60	19 Boulevard Jean Luciano, 06200 Nice, France
61	4603-4609, 46th Floor, Jardine House, One Connaught Place, Central Hong Kong
62	Hjalmarevagen, 444 83 Stenungsund, Sweden
63	Via Piave 6, 57016, Rosignano Marittimo (LI), Italy
64	2711 Centerville Road, Suite 400, Wilmington DE 19808, United States
65	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom
66	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, Hong Kong
67	Level 9, Tower 5, Avenue 7., The Horizon Bangsar South City., No. 8, Jalan Kerinchi., 59200 Kuala Lumpur, Malaysia
68	Amocolaan 2 2440 Geel, Belgium
69	Rua do Centro Cultural No 5 - R/C, Sala 8, 1700-106, Lisboa, Portugal
70	Schottengasse 1, 4. Stock, 1010, Wien, Austria
71	Da Ping Harbour, Lin Gang Industrial Zone, Zhuhai City, Guangdong Province, China
72	Calle Marie Curie 1-3-5, 08760, Martorell, Spain
73	2 Avenue de la République, 39500, Tavaux, France
74	Via Marconi 73, 44122, Ferrara (FE), Italy
75	Rafnes Industriområde, 3966 Stathelle, 0814 Bamble, Norway
76	Shinjuku Center Building 35F, -125-1 Nishi-Shinjuku, Shinjuku, Tokyo, 163-0635, Japan
77	Room 368, Part 302., No. 211 Fute North Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, China
78	Ludwigstrasse 12, 47495, Rheinberg, Germany

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)

12. INVESTMENTS (continued)

	Registered Office Address
79	Luna Arena, Herikerbergweg 238, 1101 CM, Amsterdam, Netherlands
80	Avenue des Olympiades, 20, 1140 Brussels, Belgium

12c. Audit exempt subsidiaries

The subsidiary undertakings consolidated at 31 December 2022, all of which were incorporated in the United Kingdom, were indirectly and wholly owned and claimed exemption from audit under section 479A Companies Act 2006, were as follows:

Company name	Company number
Grangemouth CHP Limited.....	SC178243
INEOS 123 Limited.....	14313373
INEOS 159 Limited.....	12108666
INEOS Automotive Limited.....	11201576
INEOS Aviation Limited.....	02997841
INEOS Healthcare Limited.....	04607922
INEOS Industries Holdings Limited.....	06958119
INEOS Offshore BCS Limited.....	09687203
INEOS Racing Limited.....	11316288
INEOS Upstream Holdings Limited.....	09121775
INEOS Upstream Services Limited.....	09485976

13. OTHER FINANCIAL ASSETS

	2022	2021
Current	€m	
Derivative commodity contracts designated as fair value through profit or loss.....	10.4	193.3
Interest rate cap designated as fair value through profit or loss.....	2.4	-
Financial assets at fair value through other comprehensive income.....	5.4	-
Deferred consideration (see Note 34).....	239.0	-
	257.2	193.3
	<hr/>	
Non-Current	2022	2021
	€m	
Derivative commodity contracts designated as fair value through profit or loss.....	-	0.4
Interest rate cap designated as fair value through profit or loss.....	0.9	-
Financial assets at fair value through other comprehensive income.....	22.4	35.6
Other receivables.....	2.3	2.1
	25.6	38.1

In November 2022 the Group acquired shares in Accsys Technologies Plc which have been classified as a current financial assets designated as fair value through other comprehensive income as the Group intends to participate in the development of the Company and to retain these shares in the long-term.

The deferred considerations are related to future instalments to be received from Sinopec on the achievement of certain milestones, which are expected to be fulfilled by December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14. TRADE AND OTHER RECEIVABLES

	2022	2021
	€m	
Current		
Trade receivables	1,579.6	1,992.8
Amounts due from related parties (see Note 27)	310.0	368.6
Other receivables	413.9	693.8
Prepayments	122.9	181.2
	2,426.4	3,236.4
Non-current		
Trade receivables	70.1	8.1
Amounts due from related parties (see Note 27)	269.5	69.8
Prepayments and accrued income	48.2	49.7
Other receivables	325.2	460.7
	713.0	588.3

Credit quality of financial assets and impairment losses

The ageing of trade and other receivables at the end of the reporting period and the expected credit loss rate (ECLR) was:

	Trade receivables			Amounts due from related parties			Other receivables		
	Gross	Impairment	ECLR	Gross	Impairment	ECLR	Gross	Impairment	ECLR
	2022	2022	2022	2022	2022	2022	2022	2022	2022
	€m	€m	%	€m	€m	%	€m	€m	%
Not past due	1,435.9	(0.4)	-	579.5	-	-	736.1	-	-
Past due 0-30 days	206.3	(0.3)	(0.1)%	-	-	-	1.9	-	-
Past due 31-90 days	2.3	-	-	-	-	-	-	-	-
More than 90 days	14.1	(8.2)	(58.2)%	-	-	-	1.1	-	-
	1,658.6	(8.9)	(0.5)	579.5	-	-	739.1	-	-

	Trade receivables			Amounts due from related parties			Other receivables		
	Gross	Impairment	ECLR	Gross	Impairment	ECLR	Gross	Impairment	ECLR
	2021	2021	2021	2021	2021	2021	2021	2021	2021
	€m	€m	%	€m	€m	%	€m	€m	%
Not past due	1,910.3	(0.3)	0.0%	438.4	-	-	1,072.2	-	-
Past due 0-30 days	82.9	(0.3)	0.4%	-	-	-	26.5	-	-
Past due 31-90 days	8.4	(0.1)	1.2%	-	-	-	28.3	-	-
More than 90 days	14.4	(14.4)	100.0%	-	-	-	27.5	-	-
	2,016.0	(15.1)	0.7%	438.4	-	-	1,154.5	-	-

The accounts receivable not yet due after impairment losses as of the end of the reporting year are deemed to be collectible on the basis of established credit management processes such as regular analyses of the credit worthiness of our customers and external credit checks where appropriate for new customers (see Note 24c).

At 31 December 2022 and 2021 there were no significant trade, related party or other receivable balances not past due that were subsequently impaired. There were no allowances made against amounts due from other receivables during the years ended 31 December 2022 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14. TRADE AND OTHER RECEIVABLES (continued)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	€m
At 1 January 2021	16.2
Released to income statement	(0.9)
Utilised	(0.7)
Exchange adjustments	0.5
At 31 December 2021	15.1
Charged to income statement	0.3
Disposals	(0.6)
Utilised	(5.9)
At 31 December 2022	8.9

The allowance account for trade receivables is used to record any impairment losses unless the Group is satisfied that no recovery of the amount owing is probable; at that point the amounts considered irrecoverable are written off against the trade receivables directly. IFRS 9 uses a forward-looking 'expected credit loss' (ECL) model in assessing the recoverability of trade receivables.

Credit risk of trade receivables

	2022	2021
	€m	
Low	1,573.1	1,905.8
Medium	72.4	78.0
High	13.1	32.2
Impairment allowance	(8.9)	(15.1)
	1,649.7	2,000.9

The credit risk grade is based on the analysis on both the quantitative and qualitative factors as detailed below:

- High: Customers under significant financial difficulty and customers for whom there is an uncertainty of payment based on knowledge of factors like insolvency, dispute. Any receivable more than 180 days past due should also be classified in this category.
- Medium: Any receivable between 90 and 180 days past due should be classified as medium risk unless qualitative factors indicate a higher credit risk.
- Low: Any receivable less than 90 days past due should be classified as low risk unless qualitative factors indicate a higher credit risk.

During the year the Group has not experienced a significant deterioration in the quality of receivable balances due to the current economic conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)

15. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2022		
	Assets	Liabilities	Total
	€m		
Property, plant and equipment	165.0	(277.9)	(112.9)
Intangible assets	-	(135.8)	(135.8)
Investments	-	(42.9)	(42.9)
Employee benefits.....	38.5	(7.0)	31.5
Tax value of loss carry-forwards	1,234.5	-	1,234.5
Other	228.1	(84.6)	143.5
Tax assets/(liabilities)	1,666.1	(548.2)	1,117.9
Set off of tax	(146.5)	146.5	-
Net tax assets/(liabilities)	1,519.6	(401.7)	1,117.9

	2021		
	Assets	Liabilities	Total
	€m		
Property, plant and equipment	87.7	(310.5)	(222.8)
Intangible assets	0.3	(172.1)	(171.8)
Investments	-	(41.2)	(41.2)
Employee benefits.....	51.3	(31.0)	20.3
Tax value of loss carry-forwards	667.0	-	667.0
Other	203.5	(35.3)	168.2
Tax assets/(liabilities)	1,009.8	(590.1)	419.7
Set off of tax	(118.4)	118.4	-
Net tax assets/(liabilities)	891.4	(471.7)	419.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)

15. DEFERRED TAX ASSETS AND LIABILITIES (continued)

Movement in deferred tax during the year

	Property, plant and equipment	Investments	Intangible assets	Employee benefits	Tax value of loss carry- forward utilised	Other	Total
	€m						
At 1 January 2021	(508.4)	(38.0)	(188.9)	62.2	158.5	183.8	(330.8)
Recognised in profit or loss	(39.8)	-	18.3	(18.7)	482.9	88.4	531.1
Recognised in other comprehensive income ..	-	-	-	(21.3)	-	-	(21.3)
Business acquisitions (see Note 3)	54.5	-	-	-	38.3	12.5	105.3
Business disposal (see Note 34)	301.0	-	-	-	-	(151.2)	149.8
Reclassifications	(27.4)	-	1.0	(2.0)	(7.1)	35.5	-
Exchange adjustments	(2.7)	(3.2)	(2.2)	0.1	(5.6)	(0.8)	(14.4)
At 31 December 2021	(222.8)	(41.2)	(171.8)	20.3	667.0	168.2	419.7
Recognised in profit or loss	120.1	0.8	29.2	(17.7)	605.5	(34.8)	703.1
Recognised in other comprehensive income ..	-	-	-	27.5	-	-	27.5
Business disposal (see Note 34)	4.8	-	8.6	-	(2.2)	(1.6)	9.6
Reclassifications	(4.7)	-	-	(0.2)	(6.3)	11.2	-
Exchange adjustments	(10.1)	(2.5)	(1.7)	1.6	(29.4)	0.1	(42.0)
At 31 December 2022	(112.7)	(42.9)	(135.7)	31.5	1,234.6	143.1	1,117.9

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable based on an assessment of expected future profits modelled against the gross tax losses and deductible temporary differences available. The Group has recognized a deferred tax asset of €1,519.6 million of which €368.2 million arises on amounts relating to loss making entities in the current or prior years. Business models showing future estimated taxable income are the basis for recognizing deferred tax assets. The increase in the deferred tax assets is due to the commencement of trade for a number of businesses in 2023.

The Group has not provided deferred tax on ring fence losses of approximately €339.1 million (2021: €813.0 million). The Group in addition has €3,069.2 million (2021: €3,894.5 million) of non ring fence losses and temporary differences of €2,145.8 million (2021: €2,200.8 million) for which no deferred tax asset has been provided, which are available to offset against future trading profits. The Directors consider that the Group should not recognise any deferred tax assets on these tax losses as based on future profit forecast there is insufficient certainty over the future utilisation of these temporary differences and tax losses.

The Group has not provided deferred tax in relation to temporary differences on its overseas subsidiaries or joint ventures as the Group can control the timing and realisation of these temporary differences, and it is probable that no material unprovided tax liability would arise.

16. INVENTORIES

	2022	2021
	€m	
Raw materials	695.0	655.8
Work in progress	169.9	215.0
Finished goods	888.2	867.2
	1,753.1	1,738.0

Raw materials, work in progress and finished goods recognised as cost of sales in the year amounted to €12,755.7 million (2021: €12,551.9 million). The write-down of inventories to net realisable value amounted to €9.3 million (2021: €1.0 million) before the reversal of previous write downs of €4.9 million (2021: €4.0 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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17. EXTERNAL LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's external loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see Note 24.

To provide more informative financial information, amounts due to related parties have now been separated from external loans and borrowings on the balance sheet. Accordingly, the comparative financial information for 2021 reflects the reclassification of amounts due to related parties of €867.9 million from what is now 'External loans and borrowings' to 'Trade and Other Payables' (see Note 18).

	2022	2021
	€m	
Non-current liabilities		
Three-Year Dollar Term Loan A Facility	-	30.4
Five-Year Dollar Term Loan A Facility	-	183.7
Three-Year Euro Term Loan A Facility	-	29.1
Quattro Term Loan B Facility	3,307.0	3,208.2
Styrolution Term Loan B facility	630.1	620.4
Styrolution Senior Secured Notes due 2027	597.8	597.0
Quattro Senior Secured Notes due 2026	1,259.9	1,227.8
O&P UK Senior Secured Term Loans	-	302.9
FPS Senior Secured Term Loans	68.8	133.1
Securitisation Facilities	(0.2)	(0.3)
Quattro Senior Notes due 2026	500.0	500.0
Other loans	28.4	39.0
	6,391.8	6,871.3
	2022	2021
	€m	
Current liabilities		
Three-Year Dollar Term Loan A Facility	-	61.3
Five-Year Dollar Term Loan A Facility	-	(0.3)
Three-Year Euro Term Loan A Facility	-	59.1
Quattro Term Loan B Facility	8.5	8.3
Styrolution Term Loan B facility	1.2	1.1
Styrolution Senior Secured Notes due 2027	(0.7)	(0.7)
Quattro Senior Secured Notes due 2026	(4.4)	(4.0)
O&P UK Senior Secured Term Loans	302.8	(1.8)
FPS Senior Secured Term Loans	33.7	(1.3)
Other loans	8.9	18.1
	350.0	139.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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17. EXTERNAL LOANS AND BORROWINGS (continued)

	Gross loans and borrowings	Issue costs	Net loans and borrowings
	2022	2022	2022
	€m		
Gross debt and issue costs			
Quattro Term Loan B facility.....	3,346.8	(31.2)	3,315.6
Styrolution Term Loan B facility.....	634.4	(3.1)	631.3
Styrolution Senior Secured Notes due 2027	600.0	(3.0)	597.0
Quattro Senior Secured Notes due 2026	1,268.7	(13.2)	1,255.5
O&P UK Senior Secured Term Loans	305.0	(2.2)	302.8
FPS Senior Secured Term Loans	106.2	(3.7)	102.5
Securitisation Facilities.....	-	(0.2)	(0.2)
Quattro Senior Notes due 2026	500.0	-	500.0
Other loans.....	37.7	(0.4)	37.3
	6,798.8	(57.0)	6,741.8
	€m		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
	2021	2021	2021
	€m		
Gross debt and issue costs			
Three-Year Dollar Term Loan A Facility	92.7	(1.0)	91.7
Five-Year Dollar Term Loan A Facility	185.3	(1.9)	183.4
Three-Year Euro Term Loan A Facility.....	90.0	(1.8)	88.2
Quattro Term Loan B Facility.....	3,256.3	(39.8)	3,216.5
Styrolution Term Loan B facility.....	625.4	(3.9)	621.5
Styrolution Senior Secured Notes due 2027	600.0	(3.7)	596.3
Quattro Senior Secured Notes due 2026	1,241.3	(17.5)	1,223.8
O&P UK Senior Secured Term Loans	305.0	(3.9)	301.1
FPS Senior Secured Term Loans	136.9	(5.1)	131.8
Securitisation Facilities.....	-	(0.3)	(0.3)
Quattro Senior Notes due 2026	500.0	-	500.0
Other loans.....	57.7	(0.6)	57.1
	7,090.6	(79.5)	7,011.1

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity
Quattro Senior Notes due 2026	USD	3.75%	2026
Quattro Euro Senior Secured Notes due 2026	EUR	2.50%	2026
Quattro Dollar Senior Secured Notes due 2026	USD	3.375%	2026
Quattro Euro Term Loan B Facility	EUR	EURIBOR (floor of 0.0%) + 2.75%	2026
Quattro Dollar Term Loan B Facility.....	USD	USD LIBOR (floor of 0.5%) + 2.75%	2026
Styrolution Euro Term Loan B facilities	EUR	EURIBOR (floor of 0.5%) + 2.00%	2027
Styrolution Dollar Term Loan B facilities	USD	USD LIBOR (floor 0.0%) + 2.00%	2027
Styrolution Senior Secured Notes due 2027	EUR	2.25%	2027
O&P UK Senior Secured Term Loans	EUR	2.25%-3.25%	2025
FPS Senior Secured Term Loans	GBP	SONIA+CAS+Margin	2025
Securitisation facilities.....	EUR/USD/GBP	Variable	2024
ABS Plant Facility	RMB	China Loan Prime Rate minus 0.65%	2024
Reserve Based Lending facility	GBP/USD/EUR	Risk free rate + 2.75%	2026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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17. EXTERNAL LOANS AND BORROWINGS (continued)

Term Loan A Facilities due 2023 and 2025, Quattro Term Loan B Facilities due 2026

On 31 July 2020, the Group entered into a Term Loan Agreement (as amended and restated) which consisted of:

- (i) Term loans maturing in 2023 denominated in US dollar and denominated in euro, in aggregate principal amount of \$140.0 million (the “Three-Year Dollar Term Loan A Facility”) and €120.0 million (the “Three-Year Euro Term Loan A Facility”), respectively, (together, the “Term Loan A Facilities due 2023”)
- (ii) Term loans maturing in 2025 denominated in US dollar in an aggregate principal amount of \$210.0 million (the “Five Year Dollar Term Loan A Facility”); and
- (iii) Term loans maturing in 2026 denominated in US dollar (the “Dollar Term Loan B Facility”) and in euro (the “Euro Term Loan B Facility”), in an aggregate principal amount of \$2,000.0 million and €1,500.0 million, respectively, (together, the “Term Loan B Facilities due 2026”).

The \$85.5 million and €75.0 million outstanding principal of the Term Loan A Facilities due 2023 and the \$210.0 million outstanding principal of the Term Loan A Facilities due 2025 were repaid on 31 May 2022.

As at 31 December 2022, \$1,970.0 million was drawn under the Dollar Term Loan B Facility (€1,846.8 million equivalent); and €1,500.0 million was drawn under the Euro Term Loan B Facility.

The Term Loans that are denominated in dollars bear interest at a rate per annum equal to USD LIBOR divided by 100% minus the USD LIBOR Reserve percentage (subject to a floor of 0.5% per annum) plus 1.75% for the Three-year Dollar Term Loan A, 2.25% for the Five-Year Dollar Term Loan A Facility, and 2.75% for the Dollar Term Loan B Facility. Subsequent to the year end, the Group has initiated the process to transition from LIBOR to SOFR.

The Term Loans that are denominated in euros bear interest at a rate per annum equal to EURIBOR (subject to a floor of 0% per annum) plus 1.75% for the Three-Year Euro Term Loan A Facility, 3.5% for the Five-Year Term Loan A Facility and 2.75% for the Euro Term Loan B Facility.

The obligations under the Term Loan B Facilities are jointly and severally guaranteed on a senior basis by the certain of the Group’s subsidiaries.

The Term Loan B Agreement contains a number of limitations on indebtedness, restricted payments, transactions with affiliates, liens and sale of assets.

The Term Loan B Facilities do not contain any financial maintenance covenants.

The Dollar Term Loan B Facility are to be repaid in quarterly instalments beginning on 30 September 2021, in aggregate principal amounts equal to 0.25% of the original aggregate principal amount of the Dollar Term Loan B Facility. The Euro Term Loan B Facility and the balance of the Dollar Term Loan B Facility are payable, subject to certain exemptions, on 15 January 2026.

Styrolution Term Loan B facilities due 2027

The Group has outstanding borrowings under a credit facilities agreement dated 7 November 2014 (as amended and restated) which consist of euro and US dollar denominated Term loans (referred to as the “Term Loan B Facilities agreement”).

On 31 January 2020, the Group successfully completed an amend-and-extend transaction of the existing term loans increasing the principal amount of the Euro Term Loan B borrowings to €450.0 million (the “Euro Term Loan B due 2027”) and the Dollar Term Loan B borrowings remained at \$202.3 million (the Dollar Term Loan B due 2027”).

As at 31 December 2022, €450.0 million remained drawn under the Euro Term Loan B due 2027 and \$196.7 million (€184.4 million equivalent) remained drawn under the Dollar Term Loan B Facility due 2027.

From 31 January 2020, the new Dollar Term Loan B Facility due 2027 bears interest at a rate per annum equal to USD LIBOR divided by 100% minus the USD LIBOR Reserve Percentage (as defined in the Term Loan B Facilities Agreement) (subject to a floor of 0% per annum) plus:

- in the case of new Dollar Term Loan B Facility due 2027 bearing interest at a rate determined by reference to USD LIBOR, 2.00%;

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17. EXTERNAL LOANS AND BORROWINGS (continued)

- in the case of new Dollar Term Loan B Facility due 2027 bearing interest at a rate determined by reference to Alternate Base Rate, 1.00%.

Subsequent to year end, on 20 April 2023, the Group completed its transition from LIBOR to SOFR in relation to the Dollar Term Loan B due 2027.

From 31 January 2020, the new Euro Term Loan B Facility due 2027 bears interest at a rate per annum equal to EURIBOR (subject to a floor of 0.50% per annum) plus 2.00%.

The obligations under the Term Loan B Facilities due 2027 is jointly and severally guaranteed on a senior basis by the certain of the Group's subsidiaries.

The Term Loan B Facilities due 2027 contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

The Term Loan B Facilities due 2027 do not contain any financial maintenance covenants.

The new Dollar Term Loan B Facility due 2027 is to be repaid in equal instalments, in aggregate annual amounts equal to 1% of the original principal amount of the new Dollar Term Loan B Facility due 2027. The new Euro Term Loan Facility due 2027 and the balance of the new Dollar Term Loan B Facility due 2027 are payable on 31 January 2027.

Quattro Senior Secured Notes due 2026

On 29 January 2021, INEOS Quattro Finance 2 Plc, a subsidiary undertaking, issued €800.0 million aggregate principal amount 2½% Senior Secured Notes due 2026 (the "Euro Senior Secured Notes due 2026") and \$500.0 million aggregate principal amount 3¼% Senior Secured Notes due 2026 (the "Dollar Senior Secured Notes due 2026").

The Senior Secured Notes are listed on the Euro MTF - Luxembourg stock exchange. The Euro Senior Secured Notes bear interest at a rate of 2½% per annum. The Dollar Senior Secured Notes bear interest at a rate of 3¼% per annum. Interest on the Euro Senior Secured Notes and the Dollar Senior Secured Notes is payable semi-annually in arrears on 15 January and 15 July of each year, beginning 15 July 2021. The Euro Senior Secured Notes and the Dollar Senior Secured Notes will mature on 15 January 2026.

The Euro Senior Secured Notes and the Dollar Senior Secured Notes are jointly and severally guaranteed on a senior secured basis by certain of the Group's subsidiaries. The Euro Senior Secured Notes and the Dollar Senior Secured Notes and the related guarantees are secured by first priority liens (subject to certain exceptions) on the same assets that secure the obligations under the Credit Facility Agreements, the Senior Secured Notes due 2027, and certain hedging obligations and cash management arrangements.

The Euro Senior Secured Notes are subject to redemption at any time on or after 15 January 2023, at the option of INEOS Quattro Finance 2 Plc, in whole or in part, at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the twelve-month period beginning on 15 January of the year indicated below:

Year	Euro Senior Secured Notes Redemption Price
2023.....	101.250%
2024.....	100.625%
2025 and thereafter.....	100.000%

In each case, the redemption premium will be in addition to accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

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17. EXTERNAL LOANS AND BORROWINGS (continued)

The Dollar Senior Secured Notes are subject to redemption at any time on or after 15 January 2023, at the option of INEOS Quattro Finance 2 Plc, in whole or in part, at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the twelve-month period beginning on 15 January of the year indicated below:

Year	Dollar Senior Secured Notes Redemption Price
2023.....	101.6875%
2024.....	100.84375%
2025 and thereafter.....	100.000%

In each case, the redemption premium will be in addition to accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

The Euro Senior Secured Notes and the Dollar Senior Secured Notes contain a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

Quattro Senior Notes due 2026

On 29 January 2021, INEOS Quattro Finance 1 Plc issued €500.0 million aggregate principal amount 3¾% Senior Notes due 2026 (the "Senior Notes due 2026").

The Senior Notes are listed on the Euro MTF - Luxembourg stock exchange. The Senior Notes bear interest at a rate of 3¾% per annum. Interest on the Senior Notes is payable semi-annually in arrears on 15 January and 15 July of each year, beginning 15 July 2021. The Senior Notes will mature on 15 July 2026.

The Senior Notes are jointly and severally guaranteed on a senior subordinated basis by the guarantors (other than the parent, which guarantees the Senior Notes on a senior basis). The Senior Notes and the related guarantees are secured by second-ranking security interests (subject to certain exemptions) over the shares of the capital stock of the Company and the loan made by INEOS Quattro Finance 2 Plc to the Company of the proceeds of the Senior Notes. These security interests rank behind the security interests granted over those assets in favour of the creditors of certain other indebtedness, including under the Senior Secured Notes due 2027, the Senior Secured Notes due 2026 and the Credit Facility Agreements.

The Senior Notes are subject to redemption at any time on or after 15 January 2023, at the option of INEOS Quattro Finance 1 Plc, in whole or in part, at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the twelve-month period beginning on 15 January of the year indicated below:

Year	Senior Notes Redemption Price
2023.....	101.875%
2024.....	100.9375%
2025 and thereafter.....	100.000%

In each case, the redemption premium will be in addition to accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

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17. EXTERNAL LOANS AND BORROWINGS (continued)

The Senior Notes contain a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

Styrolution Senior Secured Notes due 2027

On 31 January 2020, the Group issued €600.0 million aggregate principal amount 2¼% Senior Secured Notes due 2027 (the "Senior Secured Notes due 2027"). The Senior Secured Notes are listed on the Euro MTF - Luxembourg stock exchange and bear interest at 2¼% per annum, payable semi-annually in arrears on 15 January and 15 July of each year, beginning 15 July 2020. Unless previously redeemed as noted below, the Senior Secured Notes will be repaid by the Group at their principal amount on 16 January 2027.

The Senior Secured Notes are subject to redemption at any time on or after 15 January 2023 in whole or in part, at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the twelve-month period beginning on 15 January of the year indicated below:

Year	Senior Secured Notes due 2027 Redemption Price
2022.....	101.1250%
2023.....	100.5625%
2024 and thereafter.....	100.000%

In each case, the redemption premium will be in addition to accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

The Senior Secured Notes due 2027 are jointly and severally guaranteed on a senior secured basis by INEOS Styrolution Group GmbH and certain of its subsidiaries. They are secured by first priority liens (subject to certain exceptions) on the same assets that secured the obligations under the Term Loan B Facilities due 2027, the Term Loan and Revolving Credit Facility Agreement and certain hedging obligations and cash management arrangements.

The Senior Secured Notes due 2027 contain a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

ABS Plant Facility

On 21 January 2022, INEOS Styrolution Advanced Materials (Ningbo) Pte Ltd entered into a new term loan agreement with Bank of China and ICBC to provide RMB 3,300.0 million (€464.3 million equivalent) of financing for the construction of a new 600 kiloton ABS plant in Ningbo, China (the "ABS Plant Facility"). The term loan facility matures in 2032 and has a straight-line semi-annual amortisation over the lifetime commencing after the start of operations. The term loan bears interest at a rate equal to the China Loan Prime Rate minus a rate of 0.65% per annum. As at 31 December 2022, the amount utilised against the facility was RMB 3,035.2 million (€408.2 million equivalent). On 28 December 2022, a subsidiary of the Group completed an equity transfer agreement with China Petroleum & Chemical Corporation relating to the sale and purchase of 50% equity interest in INEOS Styrolution Advanced Materials (Ningbo) Pte Ltd. As a result of this divestiture, the obligation of the Group under this term loan facility was transferred to the newly created joint-venture and derecognised in the Group consolidated financial statements. For further details see Note 34.

Securitisation facilities

INEOS Styrolution Group GmbH and certain other Group companies are party to a €600.0 million trade receivables securitization program (the "Styrolution Securitization Program") that matures on 28 June 2024. The facility is secured by pledges over the trade receivables sold into the program. For drawn amounts, interest

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17. EXTERNAL LOANS AND BORROWINGS (continued)

is charged on the facility at a rate of either EURIBOR or US LIBOR plus 0.95% or short-term commercial paper rates plus a margin of 0.95%. For undrawn amounts, the facility bears interest of 0.5%.

INOVYN Group Treasury Limited and certain other INOVYN business' companies are party to a €240.0 million trade receivables securitization program (the "INOVYN Securitization Program") that matures on 30 June 2024. The facility is secured by pledges over the trade receivables sold into the program. For drawn amounts, interest is charged on the facility at a rate of either EURIBOR, US LIBOR or SONIA plus 0.95% or short-term commercial paper rates plus a margin of 0.95%. For undrawn amounts, the facility bears interest of 0.5%.

Reserve Based Lending (RBL) facility

On 5 September 2016 the Group entered into a revolving loan and letter of credit facility (the "RBL Facility"). In September 2021 the Company, together with its fellow subsidiaries, amended and restated the RBL Facility to accommodate restructuring of the activities of the Group; being the disposal of the trade and assets formerly held by INEOS Norge A/S and acquisition of further interests in Denmark by INEOS E&P A/S (see Note 3). In October 2021, the Group repaid the outstanding balance of the RBL Facility in full. The \$450 million RBL Facility expires in June 2026 and is secured on customary terms and bears interest at a margin above risk free rates. INEOS UK E&P Holdings Limited and the majority of its subsidiaries are the guarantors to the RBL Facility. There were no amounts drawn under the facility before issue costs as at 31 December 2022 (2021: nil).

The RBL Facility includes obligations to maintain compliance with certain financial covenants, principally requirements in relation to debt incurrence, liquidity and leverage. Covenants are formally tested and reported to the lenders on a regular basis and monitored informally throughout the year. All such covenants were fully complied with throughout the financial year.

O&P UK Senior Secured Term Loans

On 14 June 2019, the Group entered into a three year €350.0 million Senior Term and Revolving Facilities agreement ("the Agreement") with, inter alia, Lloyds Bank PLC as Administrative Agent, Lloyds Bank PLC as Security Agent and BNP Paribas, London Branch, Lloyds Bank PLC and National Westminster Bank PLC as Global Coordinators. Subsequently on 23 July 2020, the agreement was extended to June 2025.

Under the terms of the Agreement, on 31 July 2019, the Group fully drew down the €200.0 million Term loan. As at 31 December 2022 €105.0 million (2021: €105.0 million) of the €150.0 million Revolving Facility Loan had been drawn down.

The Agreement has a variable interest rate between 2.25%-3.25% per annum depending on the leverage of INEOS Grangemouth Limited and its subsidiaries which is payable in arrears on the last day of each six month interest period. As at 31 December 2022 the Agreement bore interest at 3.25% (2021: 2.50%).

INEOS Grangemouth Limited and its subsidiaries guarantee the obligations under the Senior Secured Term Loans. The Credit Agreement contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

The O&P UK business encountered various challenges during the year which led to the Group requesting and being granted consent to waive the leverage financial covenant at both 30 May 2022 and 22 September 2022. With the lender's agreement, the leverage covenant at 31 December 2022 was remediated post year end via the full repayment of the Senior Term and Revolving Loan Facilities on 10 January 2023, therefore the debt was classified as current as 31 December 2022 (See Note 31).

FPS Senior Secured Term Loans

On 18 June 2020, the Group entered into a five year £155,000,000 Senior Term and Revolving facilities agreement ("the Agreement"). Under the terms of the Agreement, on 22 June 2020, the Group fully drew down the £85.0 million Term Loan. On the same day, the Group drew down £20.0 million of the Capital Expenditure facility and the full £10.0 million of the Working Capital facility. As at 31 December 2022

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17. EXTERNAL LOANS AND BORROWINGS (continued)

€106.2 million (£94.0 million) (2021: €136.2 million (£115.0 million)) of the £155.0 million has been drawn down.

The Agreement has a variable interest rate of SONIA + Credit Agreement Spread (CAS) + Margin depending on the time period of the loan which is payable in arrears on the last day of each six month interest period. As at 31 December 2022 the Agreement bore interest at 5.77% (2021: 2.93%).

INEOS FPS Limited and its subsidiaries guarantee the obligations under the Senior Secured Term Loans. The Credit Agreement contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

Other facilities

During 2019 as part of a wider butane project the Group entered into a €45.0 million external loan facility with KfW IPEX-Bank GmbH to finance the construction of four butane river barges. The total amount outstanding at December 31, 2022 before issue costs was €23.1 million (2021: €32.1 million) of which €9.0 million (2021: €9.0 million) is due within one year. This loan facility is included within other loans. Each vessel loan will be individually repaid in twenty equal quarterly instalments upon delivery of each barge. The first repayment on the vessel loans began on the 30 June 2020 with the final payment terminating on 30 September 2025. The total quarterly instalment due is €2.25 million. The Loan facility is secured with a parent company guarantee and pledges over the mortgages and construction contracts of the barges. The facility bears an interest rate of EURIBOR plus a margin of 1.6% per annum.

The Group acquired an external bank loan with the acquisition of the Aromatics business in 2020 of €17.2 million. This was a loan between INEOS Zhuhai Chemical Company Ltd (formerly BP Zhuhai Chemical Company Ltd) and the Bank of China Zhuhai branch. Repayments were made every six months, with the final repayment due on 27 August 2022. The loan bore interest at Chinese LPR +0.25%. The loan was secured by the minority shareholders, Zhuhai Port Co. Ltd. As at 31 December 2021, this external bank loan was €9.2 million.

The Group has several short-term credit facilities with different local banks to fund working capital requirements up to a total aggregate amount of €224.2 million equivalent as of 31 December 2022 (31 December 2021: €194.8 million equivalent) in China, Malaysia, Singapore, South Korea, Thailand, and United Kingdom. The available amount under the working capital facilities at 31 December 2022 amounted to €197.8 million equivalent (31 December 2021: €151.2 million equivalent), with €26.4 million (31 December 2021: €43.6 million) of certain trade finance facilities being utilised in China.

The Group also has letter of credit facilities in China, Malaysia, Indonesia, Mexico, Singapore, South Korea, Thailand, and United Kingdom. As of 31 December 2022, the drawn amount under all letter of credit facilities was €16.0 million equivalent (31 December 2021: €23.1 million equivalent). The letters of credit are generally secured by current assets. The facilities also provide for a limited number of other financial services, such as bank guarantees and foreign exchange hedging lines.

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18. TRADE AND OTHER PAYABLES

	2022	2021
	€m	
Current		
Trade payables	1,717.7	1,924.3
Amounts due to related parties (see Note 27)	583.2	863.3
Other payables	667.0	772.0
Deferred consideration.....	134.2	95.5
Accruals and deferred income.....	661.7	608.3
	3,763.8	4,263.4
Non-current		
Amounts due to related parties (see Note 27)	6,207.5	5,846.2
Other payables	38.6	73.4
Deferred consideration.....	47.1	-
Accruals and deferred income.....	174.4	160.9
	6,467.6	6,080.5

To provide more informative financial information, amounts due to related parties have now been separated from external loans and borrowings on the balance sheet. Accordingly, the comparative financial information for 2021 reflects the reclassification of amounts due to related parties of €867.9 million from what is now 'External loans and borrowings' to 'Trade and Other Payables' (see Note 17).

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 24.

19. OTHER FINANCIAL LIABILITIES

	2021	2020
	€m	
Current		
Derivative commodity contracts designated as fair value through profit or loss.....	460.4	615.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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20. EMPLOYEE BENEFITS

Pension plans

The Group operates a number of pension and post-retirement medical plans throughout the world, devised in accordance with local conditions and practices. The plans are generally of the defined benefit type and those that are funded are done so by payments to separately administered funds or insurance companies. The principal funded plans are in Germany and the UK.

The Group also operates a number of unfunded defined benefit pension schemes in Thailand and Germany and unfunded post-retirement medical plans in Canada and the United States.

Plan	Country	Valuation date
All Plans	Austria	31 December 2022
All Plans	Belgium	1 January 2023
All Plans	Canada	31 December 2020
All Plans	France	31 December 2022
All Plans	Germany	31 December 2022
All Plans	India	N/A
All Plans	Indonesia	1 January 2023
All Plans	Italy	31 December 2020
All Plans	South Korea	31 December 2022
All Plans	Mexico	31 December 2022
All Plans	Norway	31 December 2022
All Plans	Spain	31 December 2022
All Plans	Switzerland	31 December 2022
All Plans	Thailand	31 December 2020
All Plans	United Kingdom	4 May 2022, 31 December 2021 and 31 December 2022
All Plans	United States	1 January 2022

Where the most recent full valuations were carried out prior to the balance sheet date, these have been updated to 31 December 2022 by independent qualified actuaries.

The Group's pension schemes have been disclosed on a geographical basis as those schemes in Europe, United Kingdom, North America and the Rest of the World.

The European pension arrangements are a mix of final salary, career average, unit benefit and cash balance plans in nature, and the majority are closed to new entrants. The majority of the plans are funded via insurance policies and there are also a number of unfunded German plans with associated provisions held on the Group's balance sheet.

The UK pension arrangements consist of seven funded plans. The defined benefit pension plans were historically final salary in nature, with a normal retirement age of 60. The plans are now closed to new entrants and frozen to future accrual. The plans operate under trust law and are managed and administered by Trustees in accordance with the terms of the Trust Deed and Rules and relevant legislation. The assets of the plans are held separately from those of the Group.

The North American pension arrangements consist of four funded plans in the United States, (all of which are closed to future accrual) and one funded plan in Canada (which is closed to new entrants). All pension plans, except one, are final salary defined benefit in nature, and the plans' liabilities are valued regularly in line with statutory funding requirements. Across all five plans, between 80% and 90% of the plans' assets are invested in bond instruments, to closely match the profile of each plans' liabilities.

The Rest of the World pension arrangements are comprised of the Group's pension plans in Indonesia, South Korea, Mexico and Thailand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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20. EMPLOYEE BENEFITS (continued)

Pension plan assumptions

The principal actuarial assumptions (expressed as weighted averages or ranges) at the year end were as follows:

	European		United Kingdom		North America		Rest of the world	
	2022	2021	2022	2021	2022	2021	2022	2021
Major assumptions								
Rate of general increase in salaries	2.0-3.5%	2.0-3.0%	0.0	N/A	3.0%	3.0	4.0-6.5%	4.0-8.0%
Rate of increase to pensions in payment.....	0.0-2.5%	(2.9)-1.8%	3.0-5.0%	3.0-5.0%	0.5%	0.5%	-	1.2%
Discount rate for scheme liabilities.....	2.2-3.8%	0.3-2.0%	5.0%	1.9%	5.1-5.4%	2.8%	3.6-6.8%	1.0-6.5%
Inflation.....	0.0-2.5%	0.0-2.0%	3.2%	3.2%	2.0%	2.0%	2.5%	2.0%

The assumptions relating to longevity underlying the pension liabilities at the reporting date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

	European		United Kingdom		North America		Rest of the world	
	2022	2021	2022	2021	2022	2021	2022	2021
Longevity at age 65 for current pensioners	20.7-28.6	20.5-28.5	22.2-24.3	22.2-24.4	21.9-23.9	21.8-23.8	N/A	N/A

The following table presents the sensitivity of the defined benefit obligation to each significant actuarial assumption:

	European		United Kingdom		North America		Rest of the world	
	2022	2021	2022	2021	2022	2021	2022	2021
	%		%		%		%	
Discount rate 1.0% decrease	11.5	16.3	26.6	25.0	12.5	15.3	5.5	5.7
Rate of inflation 0.5% increase	4.1	5.2	4.3	8.2	3.1	3.4	0.1	0.1
1 year increase in longevity for a member aged 65	2.4	3.1	2.8	4.1	2.1	2.5	N/A	N/A

The sensitivity to the inflation assumption change includes corresponding changes to the future salary increase and future pension increase assumptions where these assumptions are set to be linked to the inflation assumption.

Post-retirement health care plans

The Group also operates a number of post-retirement healthcare plans in the United Kingdom, Belgium and North America, which provide employees with other post-employment benefits in respect of health care. The plans are unfunded and the liability in respect of these benefits is included in provisions. The liability is assessed by qualified independent actuaries under the projected unit method, assuming the following rates:

	2022	2021
	%	
Liability discount rate	4.8	2.1
Long-term medical trend rate.....	4.0	3.9

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20. EMPLOYEE BENEFITS (continued)

History of plans

The history of the plans for the current and prior years is as follows:

Consolidated balance sheet

	2022	2021
	€m	
Present value of the defined benefit obligation in respect of pension plans	1,579.0	2,543.9
Present value of obligations in respect of post-retirement health care plan	19.1	27.9
Fair value of plan assets	(1,417.8)	(2,460.1)
Irrecoverable surplus	6.9	5.3
Net deficit.....	187.2	117.0

The net deficit is recognised in the consolidated balance sheet as follows:

	2022	2021
	€m	
Non-current assets	(44.2)	(69.3)
Non-current liabilities	231.4	186.3
	187.2	117.0

The Group's net liability in respect of defined benefit obligations is as follows:

	2022	2021
	€m	
Obligations in respect of pension plans:		
European	147.7	211.6
United Kingdom	0.3	(145.6)
North America	(4.9)	(4.7)
Rest of world	18.1	22.5
Total obligations in respect of pension plans	161.2	83.8
Irrecoverable surplus	6.9	5.3
Obligations in respect of post-retirement care plans	19.1	27.9
Recognised liability for defined benefit obligations	187.2	117.0

The Group expects to contribute approximately €33.0 million (2021: €53.5 million) to its funded defined benefit plans in the next financial year. This excludes direct company benefit payments and payments in relation to unfunded defined benefit plan schemes.

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20. EMPLOYEE BENEFITS (continued)

Consolidated income statement

	European	United Kingdom	North America	Rest of the world	Post-retirement health care plans	Total
	€m					
Year ended 31 December 2022						
Current service cost	18.1	2.1	0.7	2.0	0.4	23.3
Past service cost	(0.2)	-	-	(0.4)	-	(0.6)
Interest cost on defined benefit obligation	6.2	35.1	1.9	1.0	0.6	44.8
Interest income on assets	(3.7)	(38.2)	(2.0)	(0.3)	-	(44.2)
	20.4	(1.0)	0.6	2.3	1.0	23.3

	European	United Kingdom	North America	Rest of the world	Post-retirement health care plans	Total
	€m					
Year ended 31 December 2021						
Current service cost	19.9	3.4	0.9	2.0	0.4	26.6
Past service cost	(0.7)	-	-	-	-	(0.7)
Interest cost on defined benefit obligation	3.9	29.7	1.7	0.8	0.6	36.7
Interest income on assets	(2.0)	(30.5)	(1.8)	(0.3)	-	(34.6)
	21.1	2.6	0.8	2.5	1.0	28.0

The expense is recognised in the following line items in the consolidated income statement:

	2022	2021
	€m	
Cost of sales, distribution and administrative expenses	22.7	25.9
Net finance cost	0.6	2.1
	23.3	28.0

Pension plans

	European	United Kingdom	North America	Rest of the world	Total
	€m				
Year ended 31 December 2022					
Present value of funded obligations	312.4	1,087.3	48.8	9.6	1,458.1
Present value of unfunded obligations	105.1	-	-	15.8	120.9
	417.5	1,087.3	48.8	25.4	1,579.0
Fair value of plan assets	(269.8)	(1,087.0)	(53.7)	(7.3)	(1,417.8)
	147.7	0.3	(4.9)	18.1	161.2

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20. EMPLOYEE BENEFITS (continued)

	European	United Kingdom	North America	Rest of the world	Total
	€m				
Year ended 31 December 2021					
Present value of funded obligations	386.0	1,924.0	65.6	12.0	2,387.6
Present value of unfunded obligations	136.6	-	-	19.7	156.3
	522.6	1,924.0	65.6	31.7	2,543.9
Fair value of plan assets	(311.0)	(2,069.6)	(70.3)	(9.2)	(2,460.1)
	211.6	(145.6)	(4.7)	22.5	83.8

Movements in present value of defined benefit obligation:

	European	United Kingdom	North America	Rest of the world	Total
	€m				
At 1 January 2021	527.4	1,829.5	67.6	33.5	2,458.0
Current service cost	19.9	3.4	0.9	2.0	26.2
Interest cost on defined benefit obligations	3.9	29.7	1.7	0.8	36.1
Member contributions	0.3	-	-	-	0.3
Actuarial loss/(gain) – experience	2.2	(3.2)	(1.3)	0.7	(1.6)
Actuarial (gain)/loss – demographic assumptions	(0.6)	27.0	0.4	-	26.8
Actuarial gain – financial assumptions	(23.9)	(4.1)	(2.2)	(1.7)	(31.9)
Disbursements from plan assets	(9.3)	(96.6)	(6.7)	(0.5)	(113.1)
Disbursements paid directly by the employer	(11.1)	(0.4)	(0.2)	(3.5)	(15.2)
Past service cost	(0.7)	-	-	-	(0.7)
Acquisitions (see Note 3)	11.9	-	-	-	11.9
Exchange	2.6	138.7	5.4	0.4	147.1
At 31 December 2021	522.6	1,924.0	65.6	31.7	2,543.9
Current service cost	18.1	2.1	0.7	2.0	22.9
Interest cost on defined benefit obligations	6.2	35.1	1.9	1.0	44.2
Member contributions	0.3	-	-	0.1	0.4
Actuarial loss/(gain) – experience	10.2	45.3	1.2	(0.6)	56.1
Actuarial (gain)/loss – demographic assumptions	(0.1)	25.5	-	-	25.4
Actuarial gain – financial assumptions	(114.8)	(775.5)	(17.5)	(2.2)	(910.0)
Disbursements from plan assets	(10.4)	(98.9)	(5.2)	(1.0)	(115.5)
Disbursements paid directly by the employer	(12.4)	(0.5)	(0.3)	(3.6)	(16.8)
Past service cost	(0.2)	-	-	(0.4)	(0.6)
Disposals (see Note 3)	(0.5)	-	-	(2.0)	(2.5)
Exchange	(1.5)	(69.8)	2.4	0.4	(68.5)
At 31 December 2022	417.5	1,087.3	48.8	25.4	1,579.0

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20. EMPLOYEE BENEFITS (continued)

Movements in fair value of plan assets:

	European	United Kingdom	North America	Rest of the world	Total
	€m				
At 1 January 2021	277.0	1,860.5	70.9	8.7	2,217.1
Interest income on plan assets	2.0	30.5	1.8	0.3	34.6
Return on plan assets greater than discount rate	22.0	88.2	(2.1)	0.1	108.2
Employer contributions	28.8	43.2	0.9	4.1	77.0
Member contributions	0.3	-	-	-	0.3
Disbursements	(20.4)	(97.0)	(6.9)	(4.0)	(128.3)
Exchange	1.3	144.2	5.7	-	151.2
At 31 December 2021	311.0	2,069.6	70.3	9.2	2,460.1
Interest income on plan assets	3.7	38.2	2.0	0.3	44.2
Return on plan assets greater than discount rate	(52.0)	(878.8)	(16.3)	(0.1)	(947.2)
Employer contributions	30.5	29.4	0.9	4.3	65.1
Member contributions	0.3	-	-	0.1	0.4
Disbursements	(22.9)	(99.3)	(5.5)	(4.6)	(132.3)
Disposals	-	-	-	(1.9)	(1.9)
Exchange	(0.8)	(72.1)	2.3	-	(70.6)
At 31 December 2022	269.8	1,087.0	53.7	7.3	1,417.8

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The fair values of the plan assets were as follows:

	European	United Kingdom	North America	Rest of the world	Total
	€m				
Year ended 31 December 2022					
Equities	110.8	88.9	5.1	0.5	205.3
Government bonds	27.5	459.9	38.5	0.8	526.7
Corporate bonds	13.0	44.2	9.1	-	66.3
Property	18.9	51.3	-	-	70.2
Other	99.6	442.7	1.0	6.0	549.3
Total plan assets	269.8	1,087.0	53.7	7.3	1,417.8

There were no plans which held investments in the Group's own financial instruments, or held assets or property which were used by the Group.

The fair values of the plan assets were as follows:

	European	United Kingdom	North America	Rest of the world	Total
	€m				
Year ended 31 December 2021					
Equities	136.9	326.9	6.5	0.3	470.6
Government bonds	44.7	876.1	49.7	0.6	971.1
Corporate bonds	19.8	249.9	13.4	0.1	283.2
Property	13.9	83.2	-	-	97.1
Other	95.7	533.5	0.7	8.2	638.1
Total plan assets	311.0	2,069.6	70.3	9.2	2,460.1

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20. EMPLOYEE BENEFITS (continued)

The majority of the assets invested in property are unquoted. All other investments are largely in quoted instruments. Equities comprise of well-diversified holdings over a wide range of global markets.

There are no plans which hold investments in the Group's own financial instruments, or hold assets or property which are used by the Group.

Post-retirement health care plans

Reconciliation of present value of scheme liabilities:

	2022	2021
	€m	
At 1 January	27.9	31.6
Current service cost	0.4	0.4
Interest cost on defined benefit obligations	0.6	0.6
Actuarial gain – experience	(3.0)	(1.3)
Actuarial gain – demographic assumptions	-	(1.8)
Actuarial gain – financial assumptions	(6.3)	(1.3)
Disbursements directly paid by the employer	(1.4)	(1.9)
Exchange adjustments	0.9	1.6
At 31 December	19.1	27.9

The post-retirement healthcare plans do not hold any assets.

The following table presents the sensitivity of the defined benefit obligation to each significant actuarial assumption:

	2022	2021
	%	
Discount rate 1.0% decrease	11.5	13.5
1 year increase in longevity for a member currently aged 65	2.4	3.0

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21. PROVISIONS

	Decommissioning and restoration costs	Severance and restructuring costs	Other	Total
	€m			
At 1 January 2021	1,389.8	9.8	212.5	1,612.1
Utilised during the year	(66.6)	(6.6)	(19.1)	(92.3)
Reclassifications	13.5	-	(14.5)	(1.0)
Provision made during the year	56.3	6.7	0.5	63.5
Increase in decommissioning provision	17.1	-	-	17.1
Business acquisitions (See Note 3)	262.7	-	30.2	292.9
Business disposal (See Note 34)	(152.3)	-	-	(152.3)
Discount unwinding	5.6	-	-	5.6
Exchange adjustments	41.6	0.5	0.3	42.4
At 31 December 2021	1,567.7	10.4	209.9	1,788.0
Utilised during the year	(62.8)	(4.7)	(146.5)	(214.0)
Reclassifications	0.8	0.9	(4.4)	(2.7)
Provision made during the year	36.5	0.5	14.5	51.5
Increase in decommissioning provision	74.9	-	-	74.9
Business disposal (see Note 34)	-	(1.3)	-	(1.3)
Discount unwinding	(0.7)	-	(0.1)	(0.8)
Exchange adjustments	(26.0)	0.2	(0.4)	(26.2)
At 31 December 2022	1,590.4	6.0	73.0	1,669.4
Non – current	1,475.6	-	68.6	1,544.2
Current	92.1	10.4	141.3	243.8
Balance at 31 December 2021	1,567.7	10.4	209.9	1,788.0
Non – current	1,511.9	0.1	38.4	1,550.4
Current	78.5	5.9	34.6	119.0
Balance at 31 December 2022	1,590.4	6.0	73.0	1,669.4

Decommissioning and restoration costs

The Group has €1,252.9 million (2021: €1,204.7 million) of provisions for estimated decommissioning and restoration costs of the Group's oil and gas facilities on the fields across Denmark and the United Kingdom, which includes plugging and abandonment of wells, the total removal of platforms, subsequent dismantlement and disposal on shore, as well as restoration of the seabed. The Group uses a range of risk free rates between 2.3% -3.6% (2021: between 0.0% -0.7%) and an inflation rate of 2.0% (2021 : 0.1% -0.9%) over the lives of these assets to calculate the present value of the decommissioning and restoration costs. Decommissioning is expected to occur after the fields reach the end of their economic lives on a schedule agreed with regulatory authorities and joint venture partners between 2022 and 2045.

The Group has also recognised decommissioning and restoration costs of both the offshore and onshore facilities across the Forties Pipeline System of €167.1 million (2021: €148.5 million), which includes the removal of the Unity platform and subsequent restoration of the sea bed along with the treatment of pipelines onshore and dismantlement and disposal of all other onshore facilities. The Company uses a pre-tax risk free rate of 4.37% (2021: 1.34%) and an inflation rate of 4.37% (2021: 1.34%) over the lives of these assets to calculate the present value of the decommissioning and restoration costs. Decommissioning is expected to occur after the fields which use the system reach the end of their economic lives on a schedule agreed with regulatory authorities and customers and will occur throughout the period as throughput declines until the estimated completion date. During the year ended 31 December 2021 the Group commissioned a new study on decommissioning of the pipeline, due to advanced technology on approach the provision was reduced by €66.3 million.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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21. PROVISIONS (continued)

The Group has recognised provisions in prior years in relation to obligations associated with the remediation of mercury-based cell rooms at INEOS Inovyn sites in Belgium, France, Sweden, Spain, Italy and the United Kingdom, plus costs of implementing the remediation work at the Feyzin site in France to comply with local legislation. In total €26.2 million was spent on these provisions in the year and the remaining provisions of €164.8 million is expected to be utilised by 2047.

Severance and restructuring

The provision recognised in 2021 by Aromatics business in respect of manpower reorganisation costs was fully spent in the year for €2.2 million. Remaining provision related to supply chain and commercial teams reorganisation costs in INEOS Inovyn. Cash of €0.7 million was spent in the year. The remaining provision of €0.6 million is expected to be fully utilised by 2025.

At the end of 2021 the Group had provided €4.7 million for severance and restructuring costs in respect of exit costs associated with the disposal and closure of the Bio business which was fully utilised in 2022.

Plant closures

Plant closure provision mainly relate to activities at Runcorn, United Kingdom in respect of the Sulphur Chemicals plant which closed in 2021 and Wilhelmshaven, Germany in respect of the mercury cell room which closed in 2013. The remaining provision of €5.7 million is expected to be fully utilised by 2029.

Other provisions

Other provisions mainly relate to various legal and customer claims, including a liability to the Styrolution business' previous shareholder, BASF under prior legal agreements. There was a reclassification of €2.8 million to short-term accruals during 2022 as the amounts and timing of payment became more certain. The provision is expected to be fully utilised by 2027.

As part of the DONG E&P A/S acquisition the Group acquired a provision in respect of committed obligation to fund the Group's share of the historical construction cost of the Fredericia Gas Plant incurred in connection with the development of the Hejre field. As at 31 December 2022 the remaining provision was €25.0 million (2021: €154.2 million).

22. SHARE CAPITAL

	2022	2021
	€m	
Fully paid		
197,502 (2021: 197,502) ordinary shares of £0.00001 each	-	-

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. As the reporting currency of the Company is the euro the share capital has been converted to euros at the effective rate of exchange ruling at the date of issuance.

23. DIVIDENDS

The following dividends were declared and paid during the year:

	2022	2021
	€m	
Dividends (2022: €106.33 per share, 2021 : €98.73 per share)	21.0	19.5

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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24. FINANCIAL INSTRUMENTS

24a Fair values of financial instruments

Trade and other receivables

The carrying amount of trade and other receivables generally approximates to fair value due to their short maturities. Where settlement is not due in the short term and where the effect is material, fair value is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date.

Trade and other payables

The carrying amount of trade and other payables generally approximates to fair value due to their short maturities. Where settlement is not due in the short term and where the effect is material, fair value is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

External loans and borrowings

The fair value of the external loans and borrowings (excluding the securitisation facility and lease liabilities) is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date. The fair value of the securitisation facilities is the same as the carrying value excluding debt issue costs. The fair value of lease liabilities is determined by reference to market rates for similar lease agreements.

Amounts due to related parties

The fair value of the amounts due to related parties is the same as the carrying value.

Fair values

Set out below is a comparison of the carrying amount and fair values of the Group's financial instruments. The different levels have been defined as follows:

Level 1: valued using trading prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: valued using inputs that are observable for the asset or liability, either directly (that is as prices), or indirectly (that are derived from prices); and

Level 3: valued using inputs that are not observable for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)

24. FINANCIAL INSTRUMENTS (continued)

	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	€m			
Financial assets held at fair value through profit and loss:				
Derivative commodity contracts	10.4	10.4	193.7	193.7
Interest rate cap contracts	3.3	3.3	-	-
Financial assets held at fair value through other comprehensive income:				
Equity investments	27.8	27.8	35.6	35.6
Financial assets carried at amortised cost:				
Trade receivables	1,649.7	1,649.7	2,000.9	2,000.9
Amounts due from related parties	579.5	579.5	438.4	438.4
Other receivables	741.4	741.4	1,156.6	1,156.6
Deferred consideration	239.0	239.0		
Cash and cash equivalents	2,525.8	2,525.8	1,987.5	1,987.5
Restricted cash	33.9	33.9	14.1	14.1
Total financial assets	5,810.8	5,810.8	5,826.8	5,826.8
Financial liabilities held at fair value through profit and loss:				
Derivative commodity contracts	460.4	460.4	615.0	615.0
Financial liabilities carried at amortised cost:				
Trade payables	1,717.7	1,717.7	1,924.3	1,924.3
Other payables	886.9	886.9	940.9	940.9
Amount due to related parties	6,790.7	6,790.7	6,709.5	6,709.5
Three-Year Dollar Term Loan A Facility	-	-	91.7	92.7
Five-Year Dollar Term Loan A Facility	-	-	183.4	185.3
Three-Year Euro Term Loan A Facility	-	-	88.2	90.0
Quattro Term Loan B Facility	3,315.6	3,210.6	3,216.5	3,237.2
Styrolution Term Loan B facility	631.3	589.8	621.5	612.4
Styrolution Senior Secured Notes	597.0	486.0	596.3	584.3
Quattro Senior Secured Notes due 2026	1,255.5	1,108.4	1,223.8	1,236.9
O&P UK Senior Secured Term Loans	302.8	305.0	301.1	305.0
FPS Senior Secured Term Loans	102.5	106.2	131.8	136.9
Lease liabilities	463.3	463.3	472.7	472.7
Securitisation facilities	(0.2)	-	(0.3)	-
Quattro Senior Notes due 2026	500.0	502.2	500.0	502.2
Other loans	37.3	37.7	57.1	57.7
Total financial liabilities	17,060.8	16,664.9	17,673.5	17,703.0

All financial assets and liabilities are level 3, other than derivatives commodity and interest rate cap contracts which are level 2 and cash and cash equivalents which are level 1. The equity instruments have also been assigned to Level 1 since the shares are listed on the London Stock Exchange.

The derivative commodity contracts have been assigned to Level 2 since there are no market prices available. The fair value of derivatives is the value that the Group would receive or have to pay if the financial instrument were transferred to an external party at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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24. FINANCIAL INSTRUMENTS (continued)

24b Net gains and losses from financial instruments

Net gains and losses from financial instruments comprise the results of valuations, the amortisation of discounts, the recognition and derecognition of impairment losses, results from the translation of foreign currencies, interest, dividends and all effects on profit or loss of financial instruments.

Net gains from receivables and loans relate primarily to recognition and derecognition of impairment losses, results from the translation of foreign currencies and interest income.

Net losses from financial liabilities measured at amortised cost relate primarily to amortisation of discounts, results from the translation of foreign currencies, interest expense and other financing related expenses.

The item 'financial instruments at fair value through profit or loss' comprise valuation gains and losses, and only includes gains and losses from instruments which are not designated as hedging instruments as defined by IFRS 9.

The following tables show the gross gains and losses during the year and on which class of financial instruments they arose:

	Financial assets carried at amortised cost		Financial instruments at fair value through OCI	
	2022	2021	2022	2021
	€m		€m	
Finance income	34.1	20.3	-	-
Net fair value loss on equity instruments	-	-	(0.4)	-
Foreign exchange gains	161.1	208.4	-	-
Net result	195.2	228.7	(0.4)	-
Carrying value at 31 December	5,769.3	5,597.5	27.8	35.6

	Financial liabilities carried at amortised cost		Financial instruments at fair value through profit and loss	
	2022	2021	2022	2021
	€m		€m	
Finance cost	(451.6)	(399.6)	-	-
Other finance cost	(14.7)	(17.8)	-	-
Net fair value loss on derivatives	-	-	(18.6)	(697.0)
Foreign exchange losses	(124.7)	(80.9)	-	-
Net result	(591.0)	(498.3)	(18.6)	(697.0)
Carrying value at 31 December	(16,600.4)	(17,058.5)	(446.7)	(421.3)

24c Credit risk

Financial risk management

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

Group Treasury policy and objectives in relation to credit risk is to minimize the likelihood that the Group will experience financial loss due to counterparty failure and to ensure that in the event of a single loss, the failure of any single counterparty would not materially impact the financial wellbeing of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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24. FINANCIAL INSTRUMENTS (continued)

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Management considers that there is no geographical concentration of credit risk. The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered or are adjusted accordingly. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Investments, cash and cash equivalents

Surplus cash investments are only made with banks with which the Group has a relationship. Occasionally deposits are made with banking counterparties that provide financing arrangements, reducing the credit exposure of the Group.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the reporting date was the carrying amount of financial assets.

24d Liquidity risk

Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group. The Group's exposure to liquidity risk is limited by the fact that it operates with significant cash resources, and it maintains the most appropriate mix of short, medium and long-term borrowings from the Group's lenders.

The Group is reliant on committed funding from a variety of sources at Group and subsidiary company level to meet the anticipated needs of the Group for the period covered by the Group's budget.

The Group forecasts on a regular basis the expected cash flows that will occur on a weekly and monthly basis. This information is used in conjunction with the weekly reporting of actual cash balances at bank in order to calculate the level of funding that will be required in the short and medium term. On a monthly basis the level of headroom on existing facilities is reported and forecast forward until the end of the financial period.

The maturity profile of the Group's undrawn committed facilities at 31 December 2022 and 2021 was as follows:

	2022	2021
	Undrawn facilities	Undrawn facilities
	€m	
In less than one year	125.4	-
After more than one year, but not more than two years	-	85.6
After more than two years, but not more than five years	878.2	1,094.2
After more than five years	421.9	89.3
	1,425.5	1,269.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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24. FINANCIAL INSTRUMENTS (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	2022					
	Carrying amount	Contractual cash flows	1 year or less	1 to<2 years	2 to<5 years	5 years and over
	€m					
Non-derivative financial liabilities						
Trade payables	1,717.7	(1,717.7)	(1,717.7)	-	-	-
Other payables	886.9	(886.9)	(801.2)	(74.3)	(9.7)	(1.7)
Amount due to related parties	6,790.7	(6,922.7)	(550.6)	(2,769.7)	(3,550.5)	(51.9)
Quattro Term Loan B facility	3,315.6	(3,993.0)	(228.3)	(229.8)	(3,534.9)	-
Styrolution Term Loan B facility	631.3	(760.7)	(32.8)	(33.1)	(694.8)	-
Styrolution Senior Secured Notes	597.0	(660.8)	(13.5)	(13.5)	(633.8)	-
Quattro Senior Secured Notes due 2026 ..	1,255.5	(1,394.1)	(35.8)	(35.8)	(1,322.5)	-
O&P UK Senior Secured Term Loans	302.8	(309.3)	(309.3)	-	-	-
FPS Senior Secured Term Loans	102.5	(119.1)	(41.0)	(31.5)	(46.6)	-
Securitisation facilities	(0.2)	(9.4)	(4.3)	(3.6)	(1.5)	-
Quattro Senior Notes due 2026	500.0	(575.1)	(18.8)	(18.8)	(537.5)	-
Other loans	37.3	(38.6)	(12.9)	(12.6)	(11.9)	(1.2)
Lease liabilities	463.3	(609.2)	(109.0)	(109.0)	(122.5)	(268.7)
Derivative financial liabilities						
Derivative commodity contracts	460.4	(460.4)	(460.4)	-	-	-
	17,060.8	(18,457.0)	(4,335.6)	(3,331.7)	(10,466.2)	(323.5)

	2021					
	Carrying amount	Contractual cash flows	1 year or less	1 to<2 years	2 to<5 years	5 years and over
	€m					
Non-derivative financial liabilities						
Trade payables	1,924.3	(1,924.3)	(1,924.3)	-	-	-
Other payables	940.9	(940.9)	(867.5)	(64.8)	(6.7)	(1.9)
Amount due to related parties	6,709.5	(6,941.9)	(842.9)	(1,687.6)	(825.3)	(3,585.8)
Three-Year Dollar Term Loan A Facility ..	91.7	(94.5)	(63.4)	(31.1)	-	-
Five-Year Dollar Term Loan A Facility ..	183.4	(199.8)	(5.2)	(39.4)	(155.2)	-
Three-Year Euro Term Loan A Facility ..	88.2	(91.4)	(61.2)	(30.2)	-	-
Term Loan B Facility due 2026	3,216.5	(3,659.2)	(116.9)	(116.8)	(3,425.5)	-
Styrolution Term Loan B facility	621.5	(702.0)	(16.9)	(16.9)	(668.2)	-
Styrolution Senior Secured Notes	596.3	(674.3)	(13.5)	(13.5)	(647.3)	-
Quattro Senior Secured Notes due 2026 ..	1,223.8	(1,398.3)	(34.9)	(34.9)	(1,328.5)	-
O&P UK Senior Secured Term Loans	301.1	(335.5)	(7.6)	(7.6)	(320.3)	-
FPS Senior Secured Term Loans	131.8	(148.0)	(40.9)	(28.2)	(78.9)	-
Lease liabilities	472.7	(529.0)	(101.7)	(101.7)	(107.4)	(218.2)
Securitisation facilities	(0.3)	(8.8)	(3.5)	(3.5)	(1.8)	-
Quattro Senior Notes due 2026	500.0	(593.9)	(18.8)	(18.8)	(556.3)	-
Other loans	57.1	(59.8)	(21.1)	(12.9)	(23.8)	(2.0)
Derivative financial liabilities						
Derivative commodity contracts	615.0	(615.0)	(615.0)	-	-	-
	17,673.5	(18,916.6)	(4,755.6)	(2,207.9)	(8,145.2)	(3,807.9)

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24. FINANCIAL INSTRUMENTS (continued)

24e Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will adversely affect the value of the Group's assets, liabilities or expected future cash flows.

Market risk - Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and Sterling.

Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities.

A substantial portion of the Group's revenue is generated in, or linked to, Sterling and the Euro. Product prices, certain feedstock costs and most other operating costs are denominated in US Dollar, Sterling, Euro, Danish krone and Norwegian krone. In the US petrochemical and specialty chemicals businesses, product prices, raw materials costs and most other costs are primarily denominated in US Dollars.

The Group applies hedge accounting to foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item is considered to form part of a net investment in a foreign operation and changes in the fair value are recognised directly within equity.

The Group generally does not enter into foreign currency exchange instruments to hedge foreign currency transaction exposure, although the Group may do so in the future.

The Group benefits from natural hedging to the extent that currencies in which net cash flows are generated from the Group's operations, are matched against long-term indebtedness.

The foreign currency exposure where the Group's financial assets/(liabilities) are not denominated in the functional currency of the operating unit involved is shown below. Foreign exchange differences on retranslation of these assets and liabilities are taken to the income statement/other comprehensive income of the Group.

	2022	2021
	€m	
Euro	41.4	163.9
US dollars	(300.6)	(554.8)
Sterling	(125.2)	684.4
Other	(77.2)	(58.0)
	(461.6)	235.5

Sensitivity analysis

A 10% percent weakening of the following currencies at 31 December would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This calculation assumes that the change occurred at the reporting 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 the comparative year.

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24. FINANCIAL INSTRUMENTS (continued)

	Equity		Profit or loss	
	2022	2021	2022	2021
	€m	€m	€m	€m
Euro	-	-	(3.0)	(13.2)
US dollars	(57.9)	(54.5)	9.1	(7.5)
Sterling	-	-	(17.9)	64.6
Other	-	-	(10.4)	5.0
	(57.9)	(54.5)	(22.2)	48.9

A 10% percent strengthening of the above currencies against the Euro at 31 December 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

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2022	2021
	€m	
Carrying amount of liability		
Fixed rate instruments		
Financial assets	184.4	220.1
Financial liabilities	(3,523.6)	(3,676.9)
	(3,339.2)	(3,456.8)
	2022	2021
	€m	
Variable rate instruments		
Financial assets	2,525.8	1,987.5
Financial liabilities	(4,374.8)	(4,674.8)
	(1,849.0)	(2,687.3)

Sensitivity analysis

A change of 1 % in interest rates at the balance sheet date 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 foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates. The analysis is performed on the same basis for the comparative year.

	2022	2021
	€m	
Profit or loss		
Loss on increase in interest rate by 1%	(18.5)	(26.9)

Market risk – Commodity price risk

The Group is exposed to commodity price risk through fluctuations in raw material prices and sales of products. The raw material exposures result primarily from the price of feedstocks and base chemicals linked to the price of crude. The sales price exposures are primarily related to petrochemicals where prices are in general linked to the market price of crude oil.

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24. FINANCIAL INSTRUMENTS (continued)

The Group enters into contracts to supply or acquire physical volumes of commodities at future dates during the normal course of business that may be considered derivative contracts. Where such contracts exist and are in respect of the normal purchase or sale of products to fulfil the Group's requirements, the own use exemption from derivative accounting is applied.

The Group manages commodity price exposures through trading refined products and chemical feedstock and using commodity swaps, options and futures as a means of managing price and timing risks. As at 31 December 2022 there was a net mark to market derivative liability in respect of commodity contracts of €450.0 million (2021: €421.3 million liability) entered into by the Group to manage such risk.

The Group operates within procedures and policies designed to ensure that risks, including those relating to the default of counterparties, are minimised.

24f Capital management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group defines its capital employed of €5,809.2 million (2021: €4,986.8 million) at 31 December 2022 as shareholders' funds of €1,593.2 million (2021: deficit of €(36.8) million) and external net debt (external net of debt issue costs) of €4,216.0 million (2021: €5,023.6 million).

The principal sources of external debt available to the Group at 31 December 2022 are described in Note 17 along with the key operating and financial covenants that apply to these facilities.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, raise new debt or sell assets to reduce debt. The ability of the Group to pay dividends and provide appropriate facilities to the Group is restricted by the terms of principal financing agreements to which members of the Group are party.

25. LEASE OBLIGATIONS

Analysed as:

	2022 €m	2021 €m
Current lease liabilities	80.2	84.9
Non-current lease liabilities	383.1	387.8
	463.3	472.7

Maturity analysis – contractual undiscounted cash flows:

	2022 €m	2021 €m
Less than one year.....	109.0	101.7
Between one and five years	231.5	209.1
More than five years	268.7	218.2
Total undiscounted lease liabilities at 31 December	609.2	529.0

Amounts recognised in the statement of cash flows:

	2022 €m	2021 €m
Total cash outflow for leases	109.8	115.9

The Group leases a number of assets as part of its activities. This includes land, buildings, storage tanks, transportation assets and air separation plants used for the generation of industrial gases. Some leases will have payments that vary with market interest or inflation rates. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

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25. LEASE OBLIGATIONS (continued)

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

26. CAPITAL COMMITMENTS

Outstanding capital expenditure on property, plant and equipment authorised by the Board and for which contracts had been placed as at 31 December 2022 by the Group amounted to approximately €332.1 million (2021 : €696.5 million).

27. RELATED PARTIES

Related party transactions

Related parties comprise:

- Parent entities and their subsidiaries not included within the INEOS Industries Limited Group;
- Entities controlled by the shareholders of INEOS Limited, the ultimate parent company of INEOS Industries Limited;
- Key management personnel; and
- Joint ventures.

Mr J A Ratcliffe, Mr A C Currie and Mr J Reece are the shareholders of INEOS Limited.

INEOS Limited and INEOS AG, a subsidiary of INEOS Limited, provide operational management services to the Group through management services agreements. Management fees of €87.2 million (2021: €82.5 million) were charged in the year. At 31 December 2022 amounts owed to INEOS AG were €581.0 million (2021: €87.2 million). At 31 December 2022 amounts owed by INEOS AG were €49.4 million (2021: €47.1 million). At 31 December 2022 amounts owed to INEOS Limited were €243.9 million (2021: €242.1 million).

INEOS Limited owns and controls a number of operating subsidiaries that are not included in the INEOS Industries Limited Group, including INEOS Group Holdings S.A., INEOS Enterprises Holdings Limited and the Lavéra petrochemical assets and businesses together with other French and Italian assets of INEOS O&P South.

During the year ended 31 December 2022 the Group has made sales to these subsidiaries of €865.3 million (2021: €683.1 million), made net cost recoveries of €(184.4) million (2021: €(160.8) million) and made purchases of €945.5 million (2021: €670.7 million). At 31 December 2022 €1,723.2 million (2021: €1,873.7 million) was owed to these subsidiaries (excluding the INEOS Upstream loan, INEOS Intermediate Chlorvinyls Limited loan and INEOS Enterprises Holdings Limited loan) and €327.3 million (2021: €263.4 million) was owed by these subsidiaries.

On 31 December 2020 the Group acquired 94.9% of the shares in INEOS Inovyn Limited (formerly INOVYN Limited) from INEOS Group Investments Limited, a related party for total consideration of €3,416.4 million. In April 2021, INEOS Group Investments Limited assigned the loan to INEOS Intermediate Chlorvinyls Limited. The loan facility is unsecured and matures in April 2026 and bears interest at 0.5% per annum. At 31 December 2022 €3,446.3 million (2021: €3,428.8 million) was outstanding under the INEOS Intermediate Chlorvinyls Limited loan facility.

In 2015 INEOS Holdings Limited, a related party, provided a loan of \$623.7 million to the Group in connection with its acquisition of natural gas assets in the North Sea. The loan is unsecured and matures in June 2024 and bears interest at 7.0% per annum. On 29 September 2017, INEOS Holdings Limited provided a further loan of \$376.2 million to the Group to acquire further natural gas assets in the North Sea through its acquisition of the entire oil and gas business of DONG Energy A/S. The loan is unsecured and matures in June 2024 and bears interest at 7.0% per annum. During 2022 no loan repayments were made (2021: no loan repayments), leaving \$617.1 million (€578.5 million) (2021: \$617.1 million (€544.6 million)) outstanding

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27. RELATED PARTIES (continued)

under the INEOS Upstream Loan as at 31 December 2022. On 22 June 2023 the maturity of the loan between INEOS Holdings Limited and the Group was extended to 30 June 2026 (see Note 31).

During the year ended 31 December 2022 the Group has made sales to jointly controlled entities and associated undertakings of €404.0 million (2021: €281.1 million), made net cost recoveries of €(177.5) million (2021: €(47.9) million) and made no purchases (2021: €12.2 million). At 31 December 2022 €103.0 million (2021: €209.8 million) was owed to these entities (excluding the Petroinco Refining Limited shareholder loan facility) and €202.8 million (2021: €127.9 million) was owed by these entities.

The Group had a £95.8 million shareholder loan facility from Petroinco Refining Limited, a related party, which would have matured in 2043 and carried an interest rate of 5.53% per annum. On 30 December 2021, Petroinco Refining Limited gave notice to stop investing in the energy project and requested early repayment of the loan in line with the contractual terms so the loan is now classified as a current liability. The facility was for exclusive use on construction costs of the new power plant at the Grangemouth site. Qualifying interest was capitalised as part of the construction of plant and machinery. The total amount outstanding under the shareholder loan facility was £64.7 million (€73.1 million) as at 31 December 2022 (2021: £61.2 million (€72.9 million)).

In December 2019 the Group issued €100.0 million unsecured loans notes due 2024 (the "Notes due 2024") to the shareholders of the ultimate parent undertaking, INEOS Limited, a related party. During 2021 the Notes due 2024 were delisted and assigned to INEOS AG, a related party. Before delisting the Notes due 2024 were listed on the International Stock Exchange in Guernsey and accrued interest at 7% per annum.

In 2021 the Group issued a further €94.5 million (2020: €116.1 million) of unsecured loans notes due 2025 (the "Notes due 2025") to the shareholders of the ultimate parent undertaking, INEOS Limited, a related party. During 2022 the Notes due 2025 were fully redeemed. The total amount outstanding at 31 December 2021 under the Notes due 2025 was €210.6 million. Before redemption the Notes due 2025 were listed on the International Stock Exchange in Guernsey and accrue interest at 7% per annum which was payable on redemption of the Notes due 2025.

The Group has an unsecured loan due to INEOS Enterprises Holdings Limited, a related party of €41.7 million as at 31 December 2022 (2021: €39.8 million). The loan bears interest at a rate of 4.5% per annum and there is no formal repayment date under the loan agreement.

During 2020 the Group entered into a number of derivative contracts with INEOS Europe AG, a related party. The net fair value gain on these derivatives during the year ended 31 December 2022 was €14.3 million (2021: €109.4 million). As at 31 December 2022, the mark to market derivative liability was €10.4 million (2021: €173.8 million) and the mark to market asset was €10.2 million (2021: €193.3 million) in respect of these related party derivative financial instruments (see Notes 13 and 19).

In general, any trading balances with related parties are priced based on contractual arrangements and are to be settled in cash. The transactions are made on terms equivalent to those that prevail in arm's length transactions. None (2021: none) of the related party balances are secured and no guarantees have been given or received. There were no provisions for doubtful debt related to any related parties as at December 31, 2022 (2021: nil).

Compensation to key management personnel (including Directors)

The Group defines key management as the Directors of the Company. Details of Directors' remuneration are given in Note 7.

28. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking at 31 December 2022 was INEOS Limited, a company registered in the Isle of Man. The immediate parent undertaking at 31 December 2022 was INEOS Holdings AG, a company registered

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28. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY (continued)

in Switzerland. The most senior parent entity producing publicly available financial statements, and the smallest and largest group to consolidate these financial statements is INEOS Industries Limited.

The Directors regard Mr J A Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in INEOS Limited.

29. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN EXTERNAL NET DEBT

	2022	2021
	€m	€m
Increase in cash and cash equivalents in the year	547.6	629.9
Increase/(decrease) in restricted cash in the year	19.8	(1.9)
Cash inflow/(outflow) from change in external debt financing.....	14.1	(595.6)
Change in external net debt resulting from cash flows	581.5	32.4
Disposal of businesses (see Note 34)	408.9	-
Other net non-cash transactions	(140.5)	(94.7)
Movement in external net debt in year.....	849.9	(62.3)

	1 Jan 2022	Cash flow	Disposals* €m	Other non cash changes	31 Dec 2022
Cash at bank and in hand	1,987.5	547.6	-	(9.3)	2,525.8
Restricted cash	14.1	19.8	-	-	33.9
Debt due within one year	(159.5)	138.1	-	(348.2)	(369.6)
Debt due after more than one year	(6,931.1)	(124.0)	408.9	217.0	(6,429.2)
	(7,090.6)	14.1	408.9	(131.2)	(6,798.8)
External net debt before issue costs	(5,089.0)	581.5	408.9	(140.5)	(4,239.1)

* Excludes cash

	1 Jan 2021	Cash flow	Acquisitions* €m	Other non cash changes	31 Dec 2021
Cash at bank and in hand	1,288.7	629.9	-	68.9	1,987.5
Restricted cash	16.0	(1.9)	-	-	14.1
Debt due within one year	(2,973.3)	2,957.6	-	(143.8)	(159.5)
Debt due after more than one year	(3,441.0)	(3,421.6)	-	(68.5)	(6,931.1)
	(6,414.3)	(463.9)	-	(212.4)	(7,090.6)
External net debt before issue costs	(5,109.6)	164.1	-	(143.5)	(5,089.0)

* Excludes cash

All lease liabilities and related party loans have been excluded from the definition of external net debt.

Restricted cash relates to amounts only available for use in respect of joint venture operations.

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30. MERGER RESERVE

On 31 December 2020, the Group acquired 94.9% of the shares in INOVYN Limited, pursuant to a contribution agreement dated 24 July 2020 between INEOS Group Investments Limited, INEOS Quattro Holdings Limited, INEOS Industries Holdings Limited, the Company and INEOS Quattro Financing Limited (formerly INEOS Styrolution Financing Limited) in exchange for a €3,416.4 million related party loan. On 31 December 2020, €3,245.7 million was debited to a merger reserve, being the difference between the book value of the net assets acquired and the total consideration paid.

31. SUBSEQUENT EVENTS

On 10 January 2023, the Group repaid in full the O&P UK Senior Secured Term Senior Term and Revolving loan Facilities.

On 14 March 2023, the Group entered into an Incremental Facility Agreement to raise a new Dollar Term Loan B of \$500.0 million (€471.6 million equivalent) and a new Euro Term Loan B of €375.0 million. The gross proceeds received under these borrowings were used on 15 March 2023 to pay an interim dividend to the Group's owners of €500.0 million with the remaining proceeds used to increase the liquidity of the Group.

From March 2023, the Dollar Term Loan B Facility due 2027 bears interest at a rate per annum equal to, at the option of US Finco:

- (a) the applicable Term SOFR plus 0.10% (subject to a floor of 0% per annum) plus a margin of 2.00%; or
- (b) the Alternate Base Rate (subject to a floor of 1.00% per annum) plus a margin of 1.00%.

On 20 April 2023, the Group completed its transition from LIBOR to SOFR in relation to the Dollar Term Loan B due 2027.

Subsequent to the year end, the Group entered into an interest rate swap agreement with HSBC to hedge the fair value risk in relation to the 2030 Term Loans with the notional principal amount of \$500 million. Under this interest rate swap agreement, the Group will exchange the variable SOFR exposure for fixed SOFR obligations.

In May 2023 the Group completed the acquisition of a major tranche of Chesapeake Energy's oil and gas assets in the Eagle Ford shale, South Texas for \$1.4 billion. The deal marks the Group's entry as operator into the US onshore oil and gas market, as it acquires 2,300 wells, producing net 36,000 barrels of oil equivalent per day.

On 22 June 2023 the maturity of the loan between INEOS Holdings Limited and the Group was extended to 30 June 2026 (see Note 27).

32. ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group prepares its consolidated financial statements in accordance with IFRSs, which require management to make judgements, estimates and assumptions which affect the application of the accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates change and in any future periods.

Critical accounting judgements

On 28 July 2022, INEOS and Sinopec signed a petrochemical deal to establish a total of three joint-ventures for ABS, based on INEOS' proprietary ABS technology. The set-up of the first joint-venture was completed on 28 December 2022. Management had to exercise critical judgement regarding the allocation of the consideration to the disposal of INEOS Styro Advanced Materials (Ningbo) Pte Ltd due to the linked nature of

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32. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

the transactions. The contractual arrangements are such that the first two joint ventures are accounted for together, and the third will be accounted for separately, in due course.

Key sources of estimation uncertainty

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

Oil & gas activities

The Group estimates its oil and gas reserves based on information compiled by appropriately qualified persons relating to geological and technical data on the size, depth, shape and grade of the reservoir and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the reservoir.

Oil and gas reserves have a direct impact on certain amounts reported in the financial statements. Estimated reserves are used in determining depreciation and depletion expenses, impairment testing for oil and gas properties and goodwill, and the timing of decommissioning. Judgement is involved in determining when to use an alternative reserves base in order to appropriately reflect the expected utilisation of the assets concerned.

Post-retirement benefits

The Group operates a number of defined benefit post-employment schemes. Under IAS 19 Revised Employee Benefits, management is required to estimate the present value of the future defined benefit obligation of each of the defined benefit schemes. The costs and year end obligations under defined benefit schemes are determined using actuarial valuations. The actuarial valuations involve making numerous assumptions, including:

- Future rate of increase in salaries;
- Inflation rate projections;
- Discount rate for scheme liabilities;
- Expected rates of return on the scheme assets.

Details of post-retirement benefits are set out in Note 20.

Provisions

Provisions are recognised for the cost of remediation works where there is a legal or constructive obligation for such work to be carried out. Where the estimated obligation arises upon initial recognition of the related asset, the corresponding debit is treated as part of the cost of the related asset and depreciated over its estimated useful life.

The decommissioning of oil and gas assets may not be due to occur for many years into the future (between 2023 and 2045). Consequently, judgement is required in relation to the estimated cash flows, removal date, environmental legislation, inflation and discount rate used to calculate present value.

Other provisions are recognised in the year when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can be reasonably estimated. The timing of recognition requires the application of judgement to existing facts and circumstances, which can be subject to change.

Estimates of the amounts of provisions recognised are based on current legal and constructive requirements, technology and price levels. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

The nature and amount of provisions as well as the key assumptions are included within the financial statements are detailed in Note 21. The discount rate applied to reflect the time value of money in the carrying

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32. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

amount of provisions requires estimation. The discount rate applied is reviewed regularly and adjusted following changes in market rates. If the estimated discount rate, one of the key assumptions in determining the oil and gas decommissioning and restoration provisions, used in the calculation had been 1% higher than management's estimate, the carrying amount of the decommissioning and restoration costs provision would have been €94.4 million lower.

Impairment tests for goodwill and other non-financial assets

Goodwill impairment testing is performed annually or if there is an indication of impairment. Goodwill impairment tests are based on cash generating units and compare the recoverable amount of the unit with the respective carrying amount. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs of disposal and its value in use. The value in use is determined using a discounted cash flow method, considering earnings forecast of the unit. The management of the Group identified the operating segments as cash generating units ("CGUs") for the purposes of testing goodwill for impairment. Each unit or group of units to which goodwill is allocated to shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes. The goodwill is internally monitored at the level of business units.

Intangible assets other than goodwill assets and property, plant and equipment are generally valued at cost less amortisation. Impairment losses on intangible assets and property, plant and equipment are recognised when the recoverable amount of the cash generating unit which includes the asset is lower than the respective carrying amount. In accordance with the definition of a cash generating unit under IAS 36, the individual production plants generally do not represent separate cash generating units, but are part of larger asset groups that form the cash generating units.

Since assessment whether goodwill or a non-financial asset is impaired is based on long-term business plans for the cash generating units and the determination of an appropriate discount rate, management uses significant estimates and assumptions in making these assessments. Details on the estimates used for the property, plant and equipment and goodwill impairment tests are disclosed in note 10 and note 11, respectively.

The Group has an Automotive business which was initially formed in 2018 to develop and sell a 4x4 off-road utility vehicle, the Grenadier. The Grenadier has been in design and development since that date, and in 2021 the Group acquired INEOS Automotive SAS, formerly Smart France SAS, through a share purchase agreement, from Mercedes-Benz AG. This entity owns the Hambach manufacturing plant, which gives the Group access to a large, modern, automotive manufacturing facility and an experienced and highly trained workforce. Production of the Grenadier commenced in October 2022, and the first sales started in January 2023.

There is a significant value of tangible and intangible assets within the Automotive cash generating unit ("CGU") due to the R&D expenditure and the acquisition from Mercedes-Benz AG. As of 31 December 2022, the carrying value of the tangible assets is €669.6m (2021: €195.2m) and intangible assets €506.5 million (2021: €387.4 million).

Automotive

An impairment test has been performed on the Automotive CGU, including intangible development costs and property plant and equipment. This has been performed by estimating the future cash flows likely to be generated by the CGU based on a 'value in use' assessment under IAS 36, following the commencement of production of the Grenadier. Key assumptions include the pre-tax risk adjusted discount rate of 10% (2021 – 10%), the number of vehicles to be produced and sold, the selling price of the vehicles, cost of sales and therefore the margin earned. A Key assumption also relates to the level of costs to be incurred to further develop the Grenadier, to ensure it can meet future legislative requirements and that there is a viable business for the CGU after the end of production of the current Grenadier. Based on the assumptions made, no impairment has been recognised for this CGU in 2022, with headroom estimated at €706.1 million (2021: €36.1 million). However, because the Grenadier is a new brand and a new vehicle, with limited production and

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32. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

sales to date, there is a much greater degree of uncertainty in these projections than for established businesses.

The value in use assumed in the impairment assessment has been calculated based upon a detailed forecast period of five years to 2027, with a terminal value into perpetuity representing a normalised long-term cashflow expectation, derived from assumed sales income together with the costs which will be incurred to further develop the Grenadier and future cars to be manufactured at the Hambach plant.

A long-term growth rate of 3.0% has been applied to the terminal value, reflecting the average expected long-term growth rate of the countries where the vehicle is expected to be marketed and sold. A terminal value was not assumed in 2021, reflecting the absence of any vehicle production or sales at that time, and therefore less confidence in the long-term prospects for the CGU.

As noted above, based on the assumptions adopted, no impairment has been identified as of the balance sheet date. However, the directors recognise that there is a limited track record of production and sales, and that reasonably possible changes to certain of the assumptions could reduce the assumed headroom or give rise to an impairment -

- **Sales volumes** – if sales volumes were to reduce by 10% over the forecast period, headroom would be decreased by €628.8 million, although this would not result in an impairment in isolation.
- **Margin** – if the margin were to reduce by 1% point over the forecast period, headroom would decrease by €308.6 million, but would not result in an impairment in isolation.
- **Period of projections** - the model assumes that cashflows are generated into perpetuity, however if a finite life of 23 years or less was applied to these cashflows, it would eliminate the calculated headroom and result in a potential impairment.

It is also possible that a number of the above scenarios could occur simultaneously and/or to greater/lesser extent than considered here, in which case a greater level of potential impairment would be possible. Ultimately, however, given the relative infancy of the business and the early stage of sales, and based on the directors' current best estimate of future cashflows and judgements around key assumptions, no impairment has been identified.

Further information on impairments and impairment risk is included in Note 10 and Note 11.

Partial disposal of business with joint control retained

On 28 December 2022, the Group transferred 50% of its shareholding in INEOS Styrolution Advanced Materials (Ningbo) Pte Limited to China Petroleum & Chemical Corporation (Sinopec). As a result, the Group gave up control but retained joint control. The 50% equity share in the joint-venture acquired by the Group has been measured at fair value on the date of acquisition by applying discounted cash flow method based on a long-term business plan with a detailed planning period of seven years.

The discount rate of 9.0% applied to reflect the time value of money of the cash flows expected based on the long-term business plan requires estimation. If the estimated discount rate, one of the key assumptions in determining the fair value, used in the calculation had been 1% higher than management's estimate, the fair value of 50% share of the joint-venture will have been €81 million lower.

33. CONTINGENCIES

Contingent asset

As part of the sales and purchase agreement the Group is entitled to receive contingent consideration of DKK 607.0 million (€81.6 million) if a decision is made to not invest on Hejre and Solsort discoveries. The contingent asset have not been recognised because they are contingent on future events which have a high level of uncertainty at the year end.

Contingent liabilities

The Group is subject to a contingent consideration of US\$60.0 million (€56.2 million) should a Final Investment Decision be made on Hejre and Solsort discoveries with notice issued to the regulator. The

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33. CONTINGENCIES (continued)

contingent liability has not been recognised because it is contingent on future events which have a high level of uncertainty at the year end.

In respect of the 2017 acquisition of INEOS FPS Limited, the Group agreed to pay additional consideration of \$100 million if the cumulative throughput over the five years post acquisition exceeds 689 mbbbls, the effective date for the five year payment was 31 December 2021 and no payment was due. A further second tranche of consideration of \$25 million will be payable if cumulative throughput exceeds 889 mbbbls over the seven years post acquisition, based on recent projections, there is currently no additional consideration payable.

The Group companies are and may from time to time be involved in proceedings or litigation arising in the ordinary course of business. Management does not believe that the ultimate resolution of these matters will materially affect the Group's financial condition or results of operations.

34. DISPOSAL OF BUSINESS

Disposals in current year

Disposal of INEOS Styrolution India Limited

On 22 April 2022, the Group sold 13.8% of its shareholding in INEOS Styrolution India Limited for consideration of \$25.1 million (€22.5 million equivalent). The Group's shareholding reduced from 75.0% to 61.2% as a result, with control being retained.

On 1 August 2022, the Group entered into an agreement to divest its remaining shareholding of 61.19% in INEOS Styrolution India Limited with Shiva Performance Materials Private Limited. The transaction was completed on 17 November 2022.

The net assets disposed at the date of disposal were as follows:

	Recognised values on disposal €m
Subsidiary's net assets recognised at the disposal date:	
Property, plant and equipment.....	39.9
Intangible assets	72.2
Investments	0.2
Inventories.....	41.1
Current debtors and other assets.....	44.4
Cash and cash equivalents.....	14.8
Trade and other payables.....	(5.0)
Lease liability	(40.4)
Employees benefits	(0.1)
Provisions.....	(1.3)
Deferred tax liabilities.....	(11.6)
Tax liabilities for current tax	(4.2)
Minority interests	(32.5)
Net assets of disposal group.....	117.5
Proceeds:	
Cash consideration	80.7
Accrued transaction costs.....	(0.5)
Net proceeds.....	80.2
Reclassification of foreign currency translation reserve to the income statement.....	9.8
Loss on disposal	(47.1)

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34. DISPOSAL OF BUSINESS (continued)

The loss on disposal of €47.1 million, being the difference between net proceeds of €80.2 million (after deduction of transaction costs), the reclassification of foreign currency translation gains from reserve to the income statement of €9.8 million and net assets disposed of has been recognised in the statement of comprehensive income.

The transaction resulted in a net cash inflow of €65.9 million, being the difference between the sale price of €80.7 million less the cash balances held by the disposed business of €14.8 million. Transaction costs of €0.5 million remain unsettled as at 31 December 2022.

Equity transfer agreement of INEOS Styrolution Advanced Materials (Ningbo) Pte Limited

On 28 July 2022, the Group's subsidiary, INEOS Styrolution APAC Pte. Limited, entered into an agreement to transfer 50% of its shareholding in INEOS Styrolution Advanced Materials (Ningbo) Pte Limited to China

Petroleum & Chemical Corporation ("Sinopec"). As a result, the Group lost control but retained joint control. Based on the terms of the joint-arrangement reviewed in accordance with IFRS 11, the Group has assessed that its 50% interest represents an interest in a joint venture and shall be accounted for using the equity method. The transaction was completed on 28 December 2022.

The net assets disposed at the date of the loss of control were as follows:

	Recognised values on disposal €m
Disposal of 100% of subsidiary's net assets recognised at the loss of control date:	
Property, plant and equipment	560.9
Intangible assets	0.6
Deferred tax assets	2.0
Inventories	0.4
Current debtors and other assets	58.3
Cash and cash equivalents	40.7
Trade and other payables	(34.1)
Intercompany loans	(64.7)
External loans and borrowings	(408.9)
Debt issue costs	0.4
Net assets of disposal group	155.6
Recognition of 50% of the joint-venture equity share:	
Fair value of share of joint-venture	443.1
Proceeds:	
Cash consideration*	226.4
Deferred consideration	246.2
Accrued transaction costs	(2.7)
Net proceeds	469.9
Gain on disposal	757.4

*Withholding tax of €13.5 million was paid in respect of this transaction.

The profit on disposal of €757.4 million, being the difference between the net proceeds of €469.9 million (after deduction of transaction costs); the 50% of the joint-venture equity share recognised at fair value of €443.1 million and net assets disposed of has been recognised in the statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (forming part of the financial statements)

34. DISPOSAL OF BUSINESS (continued)

The deferred consideration is related to future instalments to be received from Sinopec on the achievement of certain milestones, which are expected to be fulfilled by December 2023 at the latest. The deferred consideration has been discounted to recognise the time value of money.

The cost of acquiring the 50% of the joint-venture equity share has been measured at fair value by applying discounted cash flow method based on a long-term business plan with a detailed planning period of seven years.

The transaction resulted in a net cash inflow of €172.2 million, being the difference between the sale price settled on completion of €226.4 million less €13.5 million of withholding tax paid and the cash balances held by the disposed business of €40.7 million. Transaction costs of €2.7 million remain unsettled as at 31 December 2022.

Disposals in prior year

On 25 March 2021, the Group's subsidiary, INEOS E&P Norge A/S, entered into an agreement to divest its oil and gas business in Norway to PGNiG Upstream Norway AS. The transaction balanced the Group's portfolio of oil and gas production and moved the Group towards a more operated position and was completed on 30 September 2021.

The net assets disposed at the date of disposal were as follows:

	Recognised values on disposal €m
<i>Subsidiary's net assets recognised at the disposal date:</i>	
Property, plant and equipment	419.9
Investments	1.5
Intangible assets	34.8
Goodwill	113.6
Inventory	0.9
Indemnification assets	9.7
Trade and other receivables	12.7
Deferred tax liabilities	(246.6)
Trade and other payables	(178.9)
Provisions	(152.3)
Net assets of disposal group.....	15.3
<i>Proceeds:</i>	
Cash consideration	181.2
Disposal costs	(0.9)
Effects of movements in foreign exchange	0.4
Net proceeds	180.7
Profit on disposal	165.4

The profit on disposal of €165.4 million, being the difference between net proceeds of \$213.4 million (€180.7 million) and net assets disposed of has been recognised in the statement of comprehensive income.

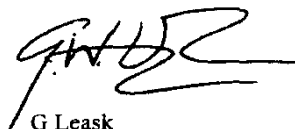
COMPANY BALANCE SHEET AS AT 31 DECEMBER 2022

	Note	2022	2021
		€m	
Fixed assets			
Property, Plant & Equipment	4	32.4	34.0
Investments	5	3,425.8	3,436.2
Total fixed assets		3,458.2	3,470.2
Current assets			
Debtors (including €1.0m (2021 :€2.7m) due after more than one year)	6	52.1	53.7
Cash and cash equivalents		0.4	0.1
Creditors: amounts falling due within one year	7	(6.1)	(5.9)
Net current assets		46.4	47.9
Total assets less current liabilities		3,504.6	3,518.1
Creditors: amounts falling due after more than one year	8	(3,488.4)	(3,487.7)
Net assets		16.2	30.4
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account*		16.2	30.4
Total shareholders' funds		16.2	30.4

* The parent company recorded a profit for the financial year of €6.8 million (2021: €42.7 million profit).

The notes on pages 126 to 131 are an integral part of these Company financial statements.

The financial statements on pages 124 to 131 were approved by the Board of Directors on 3 July 2023 and signed on its behalf by:



G Leask
Director

Registered number: 06959146

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	Called up share capital	Profit and loss account	Total shareholders' funds
€m				
Balance at 1 January 2021		-	7.2	7.2
Total comprehensive income for the financial year		-	42.7	42.7
Transactions with owners, recorded directly in equity:				
Dividend	11	-	(19.5)	(19.5)
Balance at 31 December 2021		-	30.4	30.4
€m				
	Note	Called up share capital	Profit and loss account	Total shareholders' funds
€m				
Balance at 1 January 2022		-	30.4	30.4
Total comprehensive income for the financial year		-	6.8	6.8
Transactions with owners, recorded directly in equity:				
Dividend	11	-	(21.0)	(21.0)
Balance at 31 December 2022		-	16.2	16.2

The notes on pages 126 to 131 are an integral part of these Company financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES

Overview

INEOS Industries Limited (the "Company") is a private company limited by shares incorporated, registered and domicile in England, UK. The registered office address is Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG. The principal activity of the Company is the management activities of a holding company.

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and on a going concern basis.

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

The Company financial statements have been prepared on a going concern basis and approved by the Board of Directors in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") and the Companies Act 2006.

The Company meets its day to day working capital requirements through its intercompany loan, along with cash generated by its subsidiaries' operations. The Company held cash balances of €0.4 million at 31 December 2022 (2021: €0.1 million) and has no loans and borrowings as at 31 December 2022 (2021: €nil). The Directors have considered the Company's projected future cash flows and working capital requirements and are confident that the Company has sufficient cashflows to meet its working capital requirements for the next twelve months from the date of signing the financial statements. In particular, the directors have stress tested the forecasts through taking account of reasonable possible changes in trading performance on the impact on EBITDA, cash flow and debt. The stress tests show that the Company will still have sufficient cash flow to meet all of its obligations as they fall due within the next 12 months from the date of signing the financial statements.

On the basis of this assessment together with net assets of €16.2 million as at 31 December 2022 (2021: €30.4 million) the Directors have concluded that the Company can operate within its current facilities for a period of at least 12 months from the date of this report. Therefore, these financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

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 year reconciliations for share capital;
- the requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group;
- disclosures in respect of capital management;
- financial instrument disclosures as required by IFRS 7;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of the compensation of Key Management Personnel.

The accounting policies set out below have, unless otherwise stated, been applied consistently in these Company financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis.

Functional and presentation currency

These Company financial statements are presented in Euro, which is the functional currency of the majority of operations. The Company primarily generates income, incurs expenditure and has the majority of its assets and

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES (continued)

liabilities denominated in Euros. All amounts in the financial statements have been rounded to the nearest €0.1 million.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition, the company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Trade and other creditors

Trade and other creditors are recognised initially at fair value less transaction costs that are directly attributable to the acquisition or issue. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

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

Investments in debt and equity securities

Investments in debt and equity securities are stated at amortised cost less impairment.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term which is between 10.75 and 14.6 years for the land and buildings right-of-use assets. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are expensed in the period on which the event or condition that triggers the payment occurs.

**NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. ACCOUNTING POLICIES (continued)

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to all leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Company also applies the lease of low-value assets recognition exemption to leases of assets that are valued below €10,000. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Changes in accounting policies

The Company financial statements have been prepared using consistent accounting policies with the those of the previous financial year.

2. STAFF NUMBERS AND COSTS

There were nil (2021: nil) employees with contracts of employment in the name of the Company.

3. AUDITOR'S REMUNERATION

The audit fee for the Company for the year ended 31 December 2022 was €0.1 million (2021: €0.2 million).

4. DIRECTORS' REMUNERATION

None (2021: none) of the Directors received any fees or remuneration for services as a Director of the Company during the financial year.

5. PROPERTY, PLANT & EQUIPMENT

	Right-of use assets - Total €m
Cost	
At 31 December 2021	46.1
Additions	2.7
At 31 December 2022	48.8
Accumulated depreciation	
At 31 December 2021	(12.1)
Depreciation charge for the year	(4.3)
At 31 December 2022	(16.4)
Net book value	
At 31 December 2022	32.4
At 31 December 2021	34.0

See Note 12 for the lease obligations on right-of-use assets.

**NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. INVESTMENTS

	Subsidiaries	Total
	€m	
Opening position	3,436.2	3,436.2
Disposals	(10.4)	(10.4)
At 31 December 2022	3,425.8	3,425.8

During the year the Company disposed of its investment in INEOS Industries Newco Limited, a wholly owned subsidiary for €10.4 million.

The subsidiary undertakings of the Company at 31 December 2022 and 2021 and the percentage of equity share capital held are detailed in Note 12(b) of the consolidated financial statements.

7. DEBTORS

	2022	2021
	€m	
Amounts due from group undertakings	48.8	50.3
Other receivables	3.3	3.4
	52.1	53.7
Due within one year	51.1	51.0
Due after more than one year	1.0	2.7

Amounts due from group undertakings, attract interest at commercial rates and are either subject to standard trading terms or are repayable on demand.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	€m	
Lease obligations (see Note 12)	5.3	5.6
Other payables	0.8	0.3
	6.1	5.9

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	€m	
Amounts owed to related parties (see Note 13)	3,446.2	3,428.8
Amounts owed to group undertakings	8.1	20.9
Lease obligations (see Note 12)	34.1	38.0
	3,488.4	3,487.7

Amounts owed to group undertakings are unsecured, attract interest at fixed commercial rates and are repayable in 2-5 years.

**NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. CALLED UP SHARE CAPITAL

	2022	2021
	€m	
Fully paid		
197,502 (2021: 197,502) ordinary shares of £0.00001 each	-	-
	-	-

11. DIVIDENDS

The following dividends were declared and paid during the year:

	2022	2021
	€m	
Dividends (2022: €106.33 per share, 2021: €98.73 per share)	21.0	19.5

12. LEASE OBLIGATIONS

Included within creditors are the following lease obligations in respect of two rental properties London. Total cash outflow for leases for the financial year were €6.4 million (2021: €5.7 million).

	2022	2021
	€m	
<i>Analysed as:</i>		
Current lease liabilities	5.3	5.6
Non-current lease liabilities	34.1	38.0
	39.4	43.6
	2022	2021
	€m	
<i>Maturity analysis- contractual undiscounted cash flows:</i>		
Less than one year	5.9	6.2
Between one and five years	23.5	24.7
More than five years	15.1	22.1
Total undiscounted lease liabilities at 31 December	44.5	53.0

**NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. RELATED PARTIES

Related parties comprise of entities controlled by the shareholders of INEOS Limited, the ultimate parent company of INEOS Industries Limited.

Outstanding balances

At the year end, the Company had the following balances with related parties:

	Amounts owed to related parties	
	2022	2021
	€m	€m
INEOS Intermediate ChlorVinyls Limited	3,446.3	3,428.8
INEOS Industries Holdings Limited	8.1	9.2
INEOS Industries Newco Limited	-	11.7
	3,454.4	3,449.7

Amounts owed to INEOS Intermediate ChlorVinyls Limited of €3,446.3 million (2021: €3,428.8 million) are unsecured and have interest applied at 0.5% per annum. The loan agreement matures in April 2026.

None of the related party balances are secured and no guarantees have been given.

14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking at 31 December 2022 was INEOS Limited, a company registered in the Isle of Man. The immediate parent undertaking at 31 December 2022 was INEOS Holdings AG, a company registered in Switzerland.

The Directors regard Mr J A Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in INEOS Limited.

The only group in which the results of the Company are consolidated is that headed by the Company.

15. ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company prepares its financial statements in accordance with FRS 101, which requires management to make judgements, estimates and assumptions which affect the application of the accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates change and in any future periods. There is no area within the financial statements that involve a significant degree of judgement or estimation.

16. SUBSEQUENT EVENTS

There are no subsequent events following the balance sheet date.



INEOS Industries Limited

Hawkslease
Chapel Lane
Lyndhurst
Hampshire
SO43 7FG

Notice of revision to accounts by supplementary note

Notice is hereby given of a revision to the original accounts of INEOS Industries Limited for the year ending 31 December 2022. This supplementary note revises in certain respects the original accounts of the company and is to be treated as forming part of those accounts.

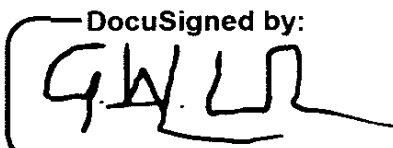
The accounts have been revised as at the date of the original accounts and not as at the date of revision and accordingly do not deal with events between those dates.

The required revision is as follows:

In relation to page 82, note 12c (Audit exempt subsidiaries), the company number of INEOS Upstream Holdings Limited will now read as 10645161.

No other revisions of the financial statements or related annual report are required.

Approved and signed on behalf of the Board:

DocuSigned by:

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G Leask
Director
24 October 2023
Registered number 06959146



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04/11/2023
COMPANIES HOUSE

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INEOS Industries Limited

Hawkslease
Chapel Lane
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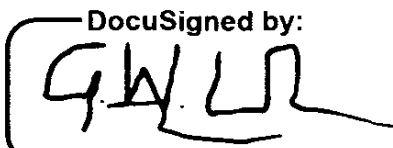
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DocuSigned by:

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G Leask
Director
24 October 2023
Registered number 06959146



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04/11/2023
COMPANIES HOUSE

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