

Registration number: 11007244

INEOS Energy Trading Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022



INEOS Energy Trading Limited

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INEOS Energy Trading Limited

Company Information

Directors	Andrew Pizzey Diederick Tesselaar David Bucknall
Company secretary	Diane Devotta-Hill
Registered office	Hawkslease Chapel Lane Lyndhurst SO43 7FG
Solicitor	Slaughter and May 1 Bunhill Row London EC1Y 8YY
Banker	Barclays Bank PLC 1 Churchill Place London E14 5HP
Independent Auditor	Deloitte LLP Statutory Auditor 2 New Street Square London United Kingdom EC4A 3BZ

INEOS Energy Trading Limited

Strategic Report for the Year Ended 31 December 2022

The Directors present the strategic report of INEOS Energy Trading Limited ("the Company") for the year ended 31 December 2022.

Fair review of the business

INEOS Energy Trading Limited (the "Company") markets and aims to add value to the physical natural gas positions of the upstream INEOS Energy business in the UK through optimisation of its gas supply and capacity positions. The Company also provides other support services to the wider INEOS Group.

The Company improved profitably in 2022 due to selling the natural gas produced by the INEOS Energy business from its North Sea fields to customers in the United Kingdom and continental Europe and profiting from entrepreneurial trading positions thereon. Revenues were also earned from assisting other INEOS businesses with EU and UK Emissions Trading System (ETS) carbon procurement and supplying certain INEOS UK businesses with gas to meet their demand.

Gas price volatility that commenced in 2021 continued throughout 2022. The Company constantly evaluates market price movements and monitors the potential effect on operations, however the nature of the sale and purchase contracts the Company has in place restricts its exposure to market price movements. Market price volatility has presented opportunity for profitable entrepreneurial trading activities on which the gas trading team were able to capitalise.

On 1 December 2022 the Company announced through its subsidiary, INEOS Energy LNG Limited, the signature of a long term contract for the purchase of liquified natural gas (LNG) with Port Arthur LNG, LLC, a subsidiary of Semptra Infrastructure. A long term contract for regasification with German LNG Terminal GmbH was also announced at that time. Both contracts contain customary conditions to closing which were ongoing but incomplete at the year end. Work continues to finalise shipping contracts and discussions are ongoing to secure sales to European customers. Whilst these contracts will not become operational until 2026 or 2027 the development of the LNG business represents a major step in the growth of the business. The Company incorporated a subsidiary, INEOS Energy LNG Limited, on 4 October 2022 and is expanding resources to meet the requirements of this strategy.

In addition to the LNG strategy the Company will continue to procure gas from the INEOS Energy business, supply gas to INEOS and other businesses and assist in the procurement of EU and UK ETS carbon for the wider INEOS group. Opportunities to grow commodity trading activities into complimentary products will also be explored.

INEOS Energy Trading Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

As at 31 December 2022, the Company has net assets of £24,630,000 (2021: £4,987,000). Net trading income for the year ended 31 December 2022 was £28,071,000 (2021: £5,749,000) and profit for the year was £19,643,000 (2021: £2,553,000).

Key performance indicators

The performance of the Company is measured on the basis of both financial and non-financial measures. Non-financial measures include health, safety and environmental factors such as Occupational Safety and Health Administration ("OSHA") recordable incidents, reliability of operated facilities and management of licence interests. There have been no changes in non-financial measures used and the Company met its target on these measures in both 2021 and 2022.

The main financial measure used by management is Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation ("Adjusted EBITDA from continuing operations"), which excludes expenses such as one-off expenses incurred in establishing new business activities.

The Company's key financial and other performance indicators during the year were as follows:

	Unit	2022	2021
Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (Adjusted EBITDA)	£000	27,844	4,268
Profit for the financial year	£000	19,643	2,553

Adjusted EBITDA is a non-GAAP measure with a reconciliation to the GAAP measure below:

	2022 £ 000	2021 £ 000
Operating profit	23,858	4,161
Depreciation and amortisation charge for the year	80	107
EBITDA	23,938	4,268
One-off expenses (note 4)	3,906	-
Adjusted EBITDA	27,844	4,268

INEOS Energy Trading Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Section 172(1) statement

The Directors have the duty under section 172 to promote the success of the Company 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 Company 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 Company's employees;
- c. the need to foster the Company's business relationships with suppliers, customers and others;
- d. the impact of the Company's operations on the community and the environment;
- e. the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f. the need to act fairly between members of the Company.

The Company'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 Company's long-term success, which are discussed below.

Long term factors (a)

The Company'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 Company has the following key strategies:

- a. Maintain health, safety, security, and environmental excellence;
- b. Maintain and grow the Company'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 Company 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 Company 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 Company's leading position in the market and also in a circular world. The Directors ensure that the Company has sufficient resources to support its long-term growth strategy and to fund its investments. An important element is the Company'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.

INEOS Energy Trading Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Stakeholder considerations (b - f)

Engaging stakeholders and developing meaningful partnerships is essential for long-term business success. The Company 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, the Company works with the North Sea Transition Authority (NSTA) to have open and constructive discussions. The Company also invests in training programmes to continue to develop employees at all levels of the organisation and business updates are held quarterly on a company-wide basis. In this way, the Company is able to integrate stakeholder's considerations into business decision-making processes. Dialogue with stakeholders gives the Company the opportunity to explain its clear and committed approach to sustainability as well as the value of the Company's work, products and services for society.

Key stakeholders contribute to the Company'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 Company is very conscious of having a sustainable business, INEOS produces an annual sustainability report which aligns with the Global Reporting Initiative (GRI) framework and focuses on the issues most material to the Company 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 Company is committed to maintaining a workplace that is safe, professional, and supportive of teamwork and trust. The Company 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 Company values diversity of its people and each of its employees is recognised as an important member of the team.

The Company 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. Compliance with all legislation intended to protect people, property and the environment is one of the Company's fundamental priorities and applies to its activities and processes. Management lead by example and allocate the required resources to achieve excellence in SHE performance.

INEOS Energy Trading Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Principal risks and uncertainties

The management of the business and the execution of the Company'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 Company. The key business risks affecting the Company which were identified within this risk assessment process are set out below:

Commodity prices

The Company is exposed to commodity price risk in its underlying activities which present opportunities for profitable trading. Exposures are managed through robust systems and processes which are designed to identify, measure, and report such risks. Limits are established to manage price risks and action taken when trading strategies result in enhanced exposures. Policies and processes are reviewed regularly in light of changes in commodity markets, appetite for price risk and available liquidity.

Climate change and transition to low carbon economy

The Company recognises the scientific consensus on climate change and will continue to play a vital role in delivering a low-carbon solution. The Company acknowledges the global trend to move toward net zero carbon emissions and the impact this may have on the Company's activities in marketing and trading natural gas, or other such commodities in future. Depending on the nature and speed of any such changes and the Company's response, this could adversely affect the Company's financial performance and competitiveness.

Cyber security

The Company is subject to cyber security risks. A cyber incident could result in information theft, data corruption, operational disruption and/or financial loss. Cyber security imposes an increasing risk on companies. With the growing volume and sophistication of cyber-attacks, the risk is that sensitive business and personal information is not well protected and assets and the Company's security are not safeguarded. The Company has resources dedicated to mitigate the risk of a cyber attack and to recover as soon as possible from any attack that might occur.

Ethical misconduct and non-compliance

Ethical misconduct or breaches of applicable laws by the Company's businesses or its employees could be damaging to its reputation, and could result in litigation, regulatory action and penalties. The Company is committed to operating in a responsible manner and to comply with all relevant local, national and international laws. To uphold this commitment a Code of Conduct is in place that defines and summarises what is expected of the business and our people.

Regulation

The Company operates in an industry which has well defined laws and regulations and changes thereto could cause business disruption. These may limit the Company's ability to pursue new opportunities, affect the value of its assets or cause it to incur additional costs. Changes to the regulatory environment or taxation, international trade disputes, international sanctions, expropriation or nationalisation of property, civil strife, strikes, insurrections, acts of terrorism, acts of war and public health situations (including the ongoing military actions in Ukraine and continued impact of the COVID-19 pandemic or a future epidemic or pandemic) may disrupt or curtail current or development activities. The Company liaises with various industry bodies to understand and prepare for compliance with new regulations on a timely and cost-effective basis. The Company is actively monitoring any factors and events that could cause adverse effects and mitigating measures are implemented where appropriate.

INEOS Energy Trading Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

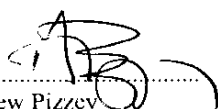
Reporting

Failure to accurately report the Company's data could lead to regulatory action, legal liability and reputational damage. The Company has internal controls and processes in place to ensure accurate reporting.

Financial risk

The financial risk management process, which the risk is considered as one of the principal risks and uncertainties of the Company, is discussed in the Directors' report.

Approved by the Board on 27 September 2023 and signed on its behalf by:


.....
Andrew Pizzey
Director

INEOS Energy Trading Limited

Directors' Report for the Year Ended 31 December 2022

The Directors present their report and the audited financial statements for the year ended 31 December 2022.

Directors' of the Company

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

Andrew Pizzey (appointed 21 February 2022)

Diederick Tesselaar

John Thompson (resigned 21 February 2022)

David Bucknall (appointed 13 May 2022)

Principal activities

The principal activity of the Company is to market and add value to the physical natural gas positions of the upstream INEOS Energy business in the UK through optimisation of its gas supply and capacity positions. The Company also provides other support services to the wider INEOS Group.

Dividends

The Directors do not propose the payment of a dividend (2021: £Nil).

Financial instruments

Objectives and policies

The Company's operations are exposed to a variety of financial risks that includes the effects of commodity price risk, credit risk, liquidity and cash flow risk, currency risk and interest rate risk. The Company has in place a risk management programme that seeks to limit any adverse effects on the financial performance of the Company where appropriate.

Price risk, credit risk, liquidity risk and cash flow risk

The main financial risks which could affect the Company are set out below:

(a) Commodity price risk: Gas is a traded commodity with an open market price. Exposures are managed through robust systems and processes which are designed to identify, measure, and report such risks. Limits are established to manage price risks and action taken when trading strategies result in enhanced exposures. Policies and processes are reviewed regularly in light of changes in commodity markets, appetite for price risk and available liquidity.

(b) Interest rate risk: All borrowings are intra-group and interest on intra-group loans and payables are at a fixed rate of 4.5%.

(c) Currency risk: The Company undertakes transactions in various currencies. Although the significant majority of transactions are denominated in Sterling (Company's functional currency) the Directors of the immediate parent INEOS Offshore BCS Limited review the cost/benefit of currency hedging.

(d) Credit risk: The Company has in place policies and procedures to mitigate the risk that customers default on amounts owed to the Company. Exposure to credit risk is further minimised by the nature of the customers with which the Company trades.

(e) Liquidity and cash flow risk: The Company's operating assets generate sufficient positive cash flows to cover the Company's costs and development activities and service the Company's own obligations. The Company has access to liquidity through participation in external financing facilities and support from its shareholder to manage such risks.

INEOS Energy Trading Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Energy and carbon reporting

The Streamlined Energy and Carbon Reporting (SECR) disclosures relating to the Company are included within the SECR disclosures made in the annual report of INEOS Industries Limited, the parent undertaking of the largest group of undertakings to consolidate these financial statements. The Company has taken advantage of the exemption from the requirement to make SECR disclosures in these financial statements.

Future developments

The Company's strategic aim is to maximise the long-term value of the natural gas production of the INEOS Energy business in the UK, develop long term LNG strategies and to expand into other commodity trading activities.

COVID-19 and the Ukraine conflict

The Company continues to implement contingency plans for the COVID-19 pandemic, with the primary objective of maintaining the safety of personnel and the ongoing operation of the Company's activities. Protecting employees and ensuring that they remain healthy has been the first priority of the Company.

The Company does not have operations in Belarus, Russia or Ukraine. During 2021 and 2022 there was no revenue generated in these countries. The Company is 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 Company'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 Company's ability to operate as a going concern.

Going concern

The directors have considered the Company's projected future cash flows and working capital requirements. As at 31 December 2022, the company had net assets of £24,630,000 (2021: £4,987,000). The company held cash of £33,737,000 (2021: £17,922,000) and loans and borrowings of £11,334,000 (2021: £10,623,000). The profit for the year was £19,643,000 (2021: £2,553,000). The directors have received confirmation that the parent, INEOS Industries Limited, will continue to support the company for at least the 12 months from signing of these financial statements.

After making enquiries, the directors have a reasonable expectation that the parent's going concern assessment confirms that there is sufficient forecast committed liquidity headroom for the parent to provide this support and the company will therefore have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing its financial statements.

Important non-adjusting events after the financial year

As noted in the Strategic report on 1 December 2022 the Company announced through its subsidiary, INEOS Energy LNG Limited, the signature of a long term contract for the purchase of liquified natural gas (LNG) with Port Arthur LNG, LLC, a subsidiary of Semptra Infrastructure. A long term contract for regasification with German LNG Terminal GmbH was also announced at that time. On 20 March 2023 the conditions for closing of the LNG purchase contract were satisfied and this contract came into force. On the same date the Company entered into a \$325m Facility for the provision of a standby letter of credit for the benefit of the LNG purchase contract counterparty.

Statement of Director's responsibilities in respect of the financial statements

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

INEOS Energy Trading Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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.

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.

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


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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Deloitte LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 27 September 2023 and signed on its behalf by:


.....
Andrew Pizzey
Director

INEOS Energy Trading Limited

Independent Auditor's Report to the Members of INEOS Energy Trading Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of INEOS Energy Trading Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 21.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

INEOS Energy Trading Limited

Independent Auditor's Report to the Members of INEOS Energy Trading Limited (continued)

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to 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 statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

INEOS Energy Trading Limited

Independent Auditor's Report to the Members of INEOS Energy Trading Limited (continued)

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included the Company's operating licences and environmental regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in recognition of revenue pinpointed to cut off in the income statement, and our procedures performed to address it are to test a sample of revenue transaction incurred around year end and assess each sample for appropriateness of recording the revenue, and whether it is recorded in the correct period.

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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

INEOS Energy Trading Limited

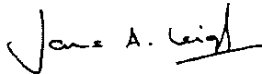
Independent Auditor's Report to the Members of INEOS Energy Trading Limited (continued)

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

We have nothing to report in respect of these matters.

Use of our report

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



.....
James A Leigh FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

27 September 2023

INEOS Energy Trading Limited

Income Statement for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 restated* £ 000
Net trading income		28,071	5,749
Administrative expenses		<u>(4,213)</u>	<u>(1,588)</u>
Operating profit	4	<u>23,858</u>	<u>4,161</u>
Finance income	7	1,347	3
Finance costs	8	<u>(1,020)</u>	<u>(970)</u>
Net financing income/(costs)		<u>327</u>	<u>(967)</u>
Profit before tax		24,185	3,194
Tax	9	<u>(4,542)</u>	<u>(641)</u>
Profit for the financial year attributable to owners of the Company		<u>19,643</u>	<u>2,553</u>

The above results were derived from continuing operations. There are no other items of comprehensive income and therefore no statement of comprehensive income is provided.

* Refer to note 3 for explanation of restatement.

INEOS Energy Trading Limited

(Registration number: 11007244)
Balance Sheet as at 31 December 2022

	Note	31 December 2022 £ 000	31 December 2021 £ 000
Non-current assets			
Intangible assets	10	131	110
Investments	11	1	-
Deferred tax assets	12	68	-
Trade and other receivables	13	27,777	13,829
		<u>27,977</u>	<u>13,939</u>
Current assets			
Trade and other receivables	13	124,938	190,568
Derivatives financial instruments	14	9,029	168,530
Cash and bank balances	15	33,737	17,922
		<u>167,704</u>	<u>377,020</u>
Total assets		<u>195,681</u>	<u>390,959</u>
Current liabilities			
Trade and other payables	16	(131,664)	(298,365)
Loans and borrowings	17	(11,334)	-
Income tax liability	9	(5,832)	(1,222)
Derivatives financial instruments	14	(13,696)	(75,762)
		<u>(162,526)</u>	<u>(375,349)</u>
Net current assets		<u>5,178</u>	<u>1,671</u>
Total assets less current liabilities		<u>33,155</u>	<u>15,610</u>
Non-current liabilities			
Loans and borrowings	17	-	(10,623)
Other non-current financial liabilities		(8,525)	-
		<u>(8,525)</u>	<u>(10,623)</u>
Total liabilities		<u>(171,051)</u>	<u>(385,972)</u>
Net assets		<u>24,630</u>	<u>4,987</u>
Equity			
Share capital	18	1	1
Retained earnings		24,629	4,986
Equity attributable to owners of the Company		<u>24,630</u>	<u>4,987</u>

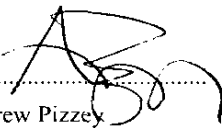
The notes on pages 19 to 35 form an integral part of these financial statements.

INEOS Energy Trading Limited

(Registration number: 11007244)

Balance Sheet as at 31 December 2022 (continued)

The financial statements on pages 15 to 35 were approved by the Board of Directors and authorised for issue on 27 September 2023. They were signed on its behalf by:


.....

Andrew Pizzey

Director

The notes on pages 19 to 35 form an integral part of these financial statements.

INEOS Energy Trading Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2022	1	4,986	4,987
Profit for the year	-	19,643	19,643
Total comprehensive income	-	19,643	19,643
At 31 December 2022	1	24,629	24,630

	Share capital £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2021	1	2,433	2,434
Profit for the year	-	2,553	2,553
Total comprehensive income	-	2,553	2,553
At 31 December 2021	1	4,986	4,987

The notes on pages 19 to 35 form an integral part of these financial statements.

INEOS Energy Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1A General information

The Company is a private company limited by share capital incorporated and domiciled in the United Kingdom and registered in England and Wales.

The address of its registered office is:

Hawkslease
Chapel Lane
Lyndhurst
SO43 7FG
United Kingdom

These financial statements were authorised for issue by the Board on 27 September 2023. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

2A Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and in accordance with the Companies Act 2006.

The financial statements are prepared on the historical cost basis.

The Company's financial statements are presented in British pound sterling (£), which is also the Company's functional currency. All the amounts in the financial statements have been rounded to the nearest £'000.

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

The impact of their adoption is being assessed and is not expected to have a material impact on the Company'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).

Summary of disclosure exemptions

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

The notes on pages 19 to 35 form an integral part of these financial statements.

INEOS Energy Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

- IFRS 7 - 'Financial instruments: Disclosures'.

The relevant disclosures have been made in the consolidated financial statements of the most senior parent company, INEOS Industries Limited.

- Paragraphs 91 to 99 of IFRS 13 - 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1 - 'Presentation of financial statements' (comparative information requirements in respect of):
 - paragraph 79(a)(iv) of IAS 1 (reconciliation of number of shares at the beginning and end of the period)
 - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1 - 'Presentation of financial statements' (removing the requirement to present):
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (cash flow statement information);
 - 134-136 (capital management disclosures)
- IAS 7 - 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24 - 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' (to disclose related party transactions entered into between two or more members of a group).

Going concern

The directors have considered the Company's projected future cash flows and working capital requirements. As at 31 December 2022, the company had net assets of £24,630,000 (2021: £4,987,000). The company held cash of £33,737,000 (2021: £17,922,000) and loans and borrowings of £11,334,000 (2021: £10,623,000). The profit for the year was £19,643,000 (2021: £2,553,000). The directors have received confirmation that the parent, INEOS Industries Limited, will continue to support the company for at least the 12 months from signing of these financial statements.

After making enquiries, the directors have a reasonable expectation that the parent's going concern assessment confirms that there is sufficient forecast committed liquidity headroom for the parent to provide this support and the company will therefore have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing its financial statements.

The notes on pages 19 to 35 form an integral part of these financial statements.

INEOS Energy Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Changes in significant accounting policy

New standards, interpretations and amendments effective

The Company financial statements have been prepared using accounting policies that are consistent with those of the previous financial year. The Company 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 Company's financial statements:

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.

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.

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

Finance income and costs

Finance costs comprise interest payable and other finance charges, unwinding of the discount on provisions, and net foreign exchange losses. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Finance income includes interest receivable on funds invested and net foreign exchange gains.

Finance income and costs are recognised in the statement of comprehensive income as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency of the Company at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

The notes on pages 19 to 35 form an integral part of these financial statements.

INEOS Energy Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Tax

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The 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 period end date.

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

Intangible assets

Licence that are acquired by the Company are stated at cost less accumulated amortisation and accumulated impairment losses. These intangible assets primarily represent software licence fees that are not an integral part of the related hardware.

Amortisation

Amortisation is charged on a straight line basis over the estimated useful life from the date the asset is available to use. Intangible assets are tested for impairments at the end of the reporting period 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 prospective basis.

Asset class

Licence fees

Amortisation method and rate

5 years

Investments

Investments in securities are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised in income.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

INEOS Energy Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due *according to the original terms of the receivables*.

Trade payables

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

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

Borrowings

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

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

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

INEOS Energy Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if 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.

Share capital

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

Net trading income

Net trading income represents the consolidated value of all transactions realised and unrealised as at the period end attributable to the purchase and sale of both physical and derivative energy products. To determine trading income, the Company uses the net gains and losses generated from financial instruments classified as held for trading per IFRS 9 Financial Instruments. Net trading income is attributable to the Company's principal activity. The Company has changed the presentation of trading income in the current year to reflect the increase in focus on entrepreneurial trading activities in addition to marketing of physical natural gas from the upstream INEOS Energy business. Presenting net Trading Income better reflects the manner in which the performance of the business is monitored and reported.

Financial instruments

Classification and measurement

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.

INEOS Energy Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2A Accounting policies (continued)

Financial assets at amortised cost

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 and loss.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, but exclude any restricted cash. Restricted cash is not available for use by the Company and therefore is not considered highly liquid, it is disclosed within other receivables in the statement of financial position. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Financial liabilities at amortised cost

Trade and other payables

Trade payables are obligations to pay for products or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not they are presented as amounts falling due after more than one year.

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing loans/borrowings

Interest-bearing loans/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. They are included in current assets/liabilities, except for maturities greater than 12 months after the end of the reporting period.

Impairment of financial assets

Measurement of Expected Credit Losses

The expected credit loss model is applied for recognition and measurement of impairments in financial assets measured at amortised cost. The Company applies the simplified approach when providing for expected credit losses prescribed by IFRS 9 for its trade receivables and contract assets. This approach requires the Company to recognise the lifetime expected loss provision for all trade receivables taking in consideration historical as well as forward looking information.

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

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.

The notes on pages 19 to 35 form an integral part of these financial statements.

INEOS Energy Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

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

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

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

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

The expected loss rates are based on historical experience of credit losses or through analysis of the probability of default based upon counterparty credit risks. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company identifies various factors that may have a direct impact and accordingly adjusts the historical loss rates based on expected changes in these factors.

Derivative financial instruments

All derivatives are recognised at fair value on the date on which the derivative is entered into and are re-measured to fair value at each reporting date. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative assets and derivative liabilities are offset and presented on a net basis only when both a legal right of set-off exists and the intention to net settle the derivative contracts is present.

Gains or losses arising from changes in fair value are taken directly to the income statement and are included within realised and unrealised net gains and losses from trading in energy contracts.

3 Critical accounting judgements and key sources of estimation uncertainty

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 accounting policies, and the reported amount 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.

The following areas are considered to involve a significant degree of judgement or estimation:

The notes on pages 19 to 35 form an integral part of these financial statements.

INEOS Energy Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Determination of fair values - energy derivatives (key source of estimation uncertainty)

Fair values of energy derivatives are estimated by reference in part to published price quotations in active markets and in part by using valuation techniques. Quoted market prices considered for valuation purposes are the bid price for assets held and/or liabilities to be issued, or the offer price for assets to be acquired and/or liabilities held, although the mid-market price or another pricing convention may be used as a practical expedient (where typically used by other market participants). The judgements and the assumptions underpinning these judgements are considered to be appropriate.

Disclosure of net trading income (key judgement)

The principle activities of the company fall within the scope of IFRS 9 – Financial Instruments. IFRS 9 provides for certain exemptions with regards to the treatment of transactions as financial instruments. Net trading income represents the consolidated value of all transactions realised and unrealised as at the period end attributable to the purchase and sale of both physical and derivative energy products. To determine trading income, the Company uses the net gains and losses generated from financial instruments classified as held for trading per IFRS 9. The Company has changed the presentation of trading income in the current year to reflect the increase in focus on entrepreneurial trading activities in addition to marketing of physical natural gas from the upstream INEOS Energy business. Presenting net trading income better reflects the manner in which the performance of the business is monitored and reported. Details of the restatement are as follows:

	2021
	£ 000
As reported:	
Turnover	822,422
Cost of sales	(823,738)
Realised and unrealised net gains and (losses) from trading in energy contracts	<u>7,065</u>
Gross profit	<u><u>5,749</u></u>
As restated:	
Net trading income	<u><u>5,749</u></u>

The notes on pages 19 to 35 form an integral part of these financial statements.

INEOS Energy Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

4 Operating profit

Arrived at after charging/(crediting)

	2022 £ 000	2021 £ 000
Amortisation expense (note 10)	80	107
Foreign exchange (gains)/losses	(2,267)	206
One-off expenses incurred in establishing new business activities	<u>3,906</u>	<u>-</u>

One-off expenses relate to legal and professional expenditure incurred on establishing the LNG business as described in the Strategic Report.

5 Auditor's remuneration

	2022 £ 000	2021 £ 000
Audit of the financial statements	<u>111</u>	<u>58</u>

6 Directors and employees

The Company has no employees during the year (2021: Nil). No Directors received any fees or remuneration in respect of their services as a Director of the Company during the financial year (2021: Nil). The Directors are remunerated for their qualifying services by another group company for contributions to the group as a whole and it is not possible to apportion this to the Company.

7 Finance income

	2022 £ 000	2021 £ 000
Interest income on bank deposits	5	3
Other finance income	668	-
Foreign exchange gains	<u>674</u>	<u>-</u>
	<u>1,347</u>	<u>3</u>

The notes on pages 19 to 35 form an integral part of these financial statements.

INEOS Energy Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

8 Finance costs

	2022 £ 000	2021 £ 000
Interest on bank overdrafts and borrowings	35	28
Interest paid to Group undertakings	911	632
Foreign exchange losses	-	265
Other finance costs	74	45
	<u>1,020</u>	<u>970</u>

9 Tax

Tax charged in the income statement

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	4,595	607
UK corporation tax adjustment to prior periods	15	34
	<u>4,610</u>	<u>641</u>

Deferred taxation

Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods

	<u>(68)</u>	<u>-</u>
Tax charge in the income statement	<u>4,542</u>	<u>641</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021: the same as the standard rate of corporation tax in the UK) of 19% (2021: 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	<u>24,185</u>	<u>3,194</u>
Corporation tax at standard rate	4,595	607
(Decrease)/increase in current tax from adjustment for prior periods	<u>(53)</u>	<u>34</u>
Total tax charge	<u>4,542</u>	<u>641</u>

The standard rate of corporation tax is 19%. Changes to the UK corporation tax rates were enacted as part of Finance Act 2016. In the 2021 Budget, the Government announced that the main rate of corporation tax will increase to 25% from 1 April 2023.

The notes on pages 19 to 35 form an integral part of these financial statements.

INEOS Energy Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

10 Intangible assets

	Licence fees £ 000
Cost	
At 1 January 2022	441
Additions	101
At 31 December 2022	542
Accumulated amortisation and impairment	
At 1 January 2022	331
Amortisation charge	80
At 31 December 2022	411
Carrying amount	
At 31 December 2022	131
At 31 December 2021	110

11 Investments

The Company incorporated a subsidiary, INEOS Energy LNG Limited, on 4 October 2022 for a share value of £1,000.

Details of the subsidiary as at 31 December 2022:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2022	2021
INEOS Energy LNG Limited	Market and add value to physical LNG positions	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG United Kingdom	100%	0%

12 Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes.

Deferred tax assets and liabilities (at standard rate of 25%):

The notes on pages 19 to 35 form an integral part of these financial statements.

INEOS Energy Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Deferred tax (continued)

	Asset £ 000	Liability £ 000	Net deferred tax £ 000
2022			
Accruals	68	-	68
	<u>68</u>	<u>-</u>	<u>68</u>

Deferred tax movement during the year:

	At 1 January 2022 £ 000	Recognised in income £ 000	At 31 December 2022 £ 000
Accruals	-	68	68
	<u>-</u>	<u>68</u>	<u>68</u>

The Company has recognised a net deferred tax asset of £68,000 (2021: £Nil). The company has recognised a deferred tax asset on net deductible temporary differences on the basis that they will be available to be offset against future trading profits.

13 Trade and other receivables

	31 December 2022 £ 000	31 December 2021 £ 000
Trade receivables	60,196	13,898
Amounts owed by Group undertakings	39,026	23,305
Prepayments	9,620	98
Other receivables	43,873	167,096
	<u>152,715</u>	<u>204,397</u>
Less non-current portion	(27,777)	(13,829)
Total current trade and other receivables	<u>124,938</u>	<u>190,568</u>

The amounts not yet due after impairment losses as of the end of the reporting period 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. At 31 December 2022 there were no significant trade, related party or other debtor balances not past due that were subsequently impaired.

Amounts owed by Group undertakings due within one year are unsecured, attract interest at commercial rates, have no fixed date of repayment and are repayable on demand.

Other receivables are margining accounts to minimise counterparty credit risk.

The notes on pages 19 to 35 form an integral part of these financial statements.

INEOS Energy Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

14 Derivatives financial instruments

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurements

Financial assets and financial liabilities measured and held at fair value are classified into one of three categories, known as hierarchy levels, which are defined according to the inputs used to measure fair value as follows:

- Level 1: Fair value is determined using observable inputs that reflect unadjusted quoted market prices for identical assets and liabilities.
- Level 2: Fair value is determined using significant inputs that may be directly observable inputs or unobservable inputs that are corroborated by market data.
- Level 3: Fair value is determined using significant unobservable inputs that are not corroborated by market data and may be used with internally developed methodologies that result in managements' best estimate of fair value.

All derivative commodity contracts are Level 2.

Categories of financial instruments held at fair value

	Fair value 31 December 2021 £ 000	Carrying amount 31 December 2021 £ 000	Fair value 31 December 2022 £ 000	Carrying amount 31 December 2022 £ 000
Financial assets held at fair value through profit and loss:				
Derivative commodity contracts	168,530	168,530	9,029	9,029

	Fair value 31 December 2021 £ 000	Carrying amount 31 December 2021 £ 000	Fair value 31 December 2022 £ 000	Carrying amount 31 December 2022 £ 000
Financial liabilities held at fair value through profit and loss:				
Derivative commodity contracts	(75,762)	(75,762)	(13,696)	(13,696)

Methods and assumptions

The notes on pages 19 to 35 form an integral part of these financial statements.

INEOS Energy Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

14 Derivatives financial instruments (continued)

There were no material transfers during the financial year between Level 1 and 2 and there were no material transfers during the financial year between Level 2 and 3. There were no Level 1 trades during the year and at the end of the year.

Transfers between fair value hierarchy levels are based on the values of the relevant assets and liabilities at the beginning of the reporting period.

Assessing the significance of a particular input requires judgement. For the purposes of the fair value hierarchy, the Directors have determined Level 2 as the appropriate hierarchy level for all valuations generated from the Company's trading system given that all financial assets and financial liabilities measured and held at fair value mature within the active period.

Level 2 energy derivatives are fair valued by comparing and discounting the difference between the expected contractual cash flows for the relevant commodities and the quoted prices for those commodities in an active market.

Offsetting and netting arrangements

The Company enters into master netting agreements with its counterparties to give the Company the right to net a counterparty's rights and obligations under the agreement. In the balance sheet, financial assets and financial liabilities are only offset and presented on a net basis where there is a legal enforceable right to offset and the intention to settle on a net basis. The following table presents the gross and net amounts for balances which are presented on a net basis in the balance sheet.

	Gross amounts £ 000	Offset amounts £ 000	Net amounts £ 000
2022			
Derivative financial assets	25,153	(16,124)	9,029
Derivative financial liabilities	29,820	(16,124)	13,696

	Gross amounts £ 000	Offset amounts £ 000	Net amounts £ 000
2021			
Derivative financial assets	183,164	(14,634)	168,530
Derivative financial liabilities	90,396	(14,634)	75,762

15 Cash and bank balances

	31 December 2022 £ 000	31 December 2021 £ 000
Cash at bank	<u>33,737</u>	<u>17,922</u>

The notes on pages 19 to 35 form an integral part of these financial statements.

INEOS Energy Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Trade and other payables

	31 December 2022 £ 000	31 December 2021 £ 000
Trade Payables	50	1
Accrued expenses	63,389	72,022
Amounts due to Group undertakings	66,854	217,404
Social security and other taxes	1,371	8,938
	<u>131,664</u>	<u>298,365</u>

17 Loans and borrowings

	31 December 2022 £ 000	31 December 2021 £ 000
Non-current loans and borrowings		
Amounts due to Group undertakings	-	10,623
	<u>31 December 2022 £ 000</u>	<u>31 December 2021 £ 000</u>
Current loans and borrowings		
Amounts due to Group undertakings	11,334	-

Borrowings

The Company has an outstanding loan balance with INEOS Industries Holdings Limited of £11,334,000 (2021: £10,623,000) with an interest rate of 4.5% and is repayable on 31 March 2023. Interest is payable on a quarterly basis or is accrued into the principal amount if unpaid. The loan was extended on 14 March 2023 with a new maturity of 31 March 2028. All other terms of the loan remain unchanged.

18 Share capital

Allotted, called up and fully paid shares

	31 December 2022		31 December 2021	
	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

The notes on pages 19 to 35 form an integral part of these financial statements.

INEOS Energy Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

19A Related party transactions

During the year the Company entered into transactions, in the ordinary courses of business, with related parties. The nature and terms of the transactions have been disclosed in notes 8, 13, 16 and 17. The Company has also taken advantage of the exemption under paragraph 8 of Financial Reporting Standard 101 not to disclose transactions with the fellow subsidiaries under common ownership.

20A Non-adjusting events after the financial period

As noted in the Strategic report on 1 December 2022 the Company announced through its subsidiary, INEOS Energy LNG Limited, the signature of a long term contract for the purchase of liquified natural gas (LNG) with Port Arthur LNG, LLC, a subsidiary of Semptra Infrastructure. A long term contract for regasification with German LNG Terminal GmbH was also announced at that time. On 20 March 2023 the conditions for closing of the LNG purchase contract were satisfied and this contract came into force. On the same date the Company entered into a \$325m Facility for the provision of a standby letter of credit for the benefit of the LNG purchase contract counterparty.

21A Parent and ultimate parent undertaking

The Company's immediate parent is INEOS Offshore BCS Limited.

The ultimate parent is INEOS Limited, a company incorporated in the Isle of Man.

The most senior parent entity producing publicly available financial statements is INEOS Industries Limited. These financial statements are available upon request from Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

The ultimate controlling party is Mr J A Ratcliffe.