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# **INEOS Enterprises Holdings Limited**

**Annual Report and Financial Statements**

**Registered number 09328837**

**Year ended – 31 December 2022**

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## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their Strategic Report of INEOS Enterprises Holdings Limited (the "Company") and its subsidiary undertakings (together the "Group" or "INEOS Enterprises Group") for the year ended December 31, 2022 and the comparative year ended December 31, 2021.

### Review of the business

The directors are satisfied with the overall performance of the INEOS Enterprises Group given the challenging market conditions, particularly those experienced in our European businesses throughout the year. During 2022, the Group focused on developing its portfolio of businesses and successfully completed the acquisition of ASHTA Chemicals Inc., (now INEOS KOH) based in Ashtabula, Ohio in the United States. This acquisition is an excellent strategic fit, not only for our INEOS Pigments business but for bringing another well-established and respected North American business into our expanding Group portfolio. We look forward to focusing on the integration of the business into the Group. In addition we remain committed to exploring further opportunities in the near future associated with growing and diversifying our existing Group of companies.

Revenues from continuing operations increased by €471.2 million, approximately 18%, to €3,105.8 million for the year ended December 31, 2022 as compared to €2,634.6 million in 2021. This increase is primarily driven by underlying raw material price increases but is also helped by strong domestic demand at Pigments and Composites in North America which successfully implemented price increases throughout the year. Gross profit margin for the year ended December 31, 2022 was 24.5% as compared to 25.3% for the same period in 2021, driven by lower sales volumes and higher raw material and energy prices across the portfolio.

Operating profit from continuing operations increased by €25.4 million, to €269.2 million for the year ended December 31, 2022 as compared to €243.8 million in 2021 representing the increased operating profit generated from the business portfolio and a reduction in the exceptional administrative expense. Administrative expenses before exceptional items as a proportion of revenue for the year ended December 31, 2022 was 10.6% as compared to 9.5% in 2021. The increase is largely an exchange rate impact where US Dollar denominated costs are higher in Euro terms relative to the prior year.

The Group recorded exceptional administrative gains of €3.4 million for the year ended December 31, 2022 as compared to €4.9 million for the same period in 2021. The gain in 2022 represents the final deferred contingent consideration received in relation to the disposal of the INEOS BaleyCourt and ChloroToluenes business to an external third party that occurred in 2018.

The Group incurred exceptional administrative expenses of €12.6 million for the year ended December 31, 2022 as compared to €37.0 million for the same period in 2021. During 2022, the majority of these costs relate to the continued Group-wide cost-saving and restructuring projects from integrating new businesses in addition to non-recurring administrative, legal and professional fees given the increased level of merger and acquisition and financing related activity undergone in the year.

Total administrative costs increased by €56.0 million, to €337.9 million for the year ended December 31, 2022 as compared to €281.9 million in 2021. Net finance costs decreased by €8.0 million, to €109.2 million for the year ended December 31, 2022 as compared to €117.2 million in 2021. The decrease is primarily due to lower exchange losses incurred during the year.

The Group is managed by reference to earnings before interest, tax, depreciation, amortisation, and exceptional items (EBITDA before exceptional items). The result of the Group for the year was an EBITDA before exceptional items from continuing operations of €459.0 million (2021: €444.5 million), see note 2. The INEOS Hygienics business continues to be in its start-up phase and included within the Group's result is its loss of €21.1 million (2021: €29.8 million), which if adjusted for would mean that EBITDA before exceptional items from continuing operations was €480.1 million (2021: €474.3 million). The overall result continues to demonstrate the inherent strength in diversity of the Group.

The Group has net assets of €553.6 million (2021: €339.4 million) and net current assets of €742.2 million (2021: €644.0 million). Throughout the year ended 31 December 2022 and the comparative year the Group consisted of the existing five operating segments, each containing various businesses which continue to all be managed by a single management team for growth and shareholder value.

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

### Review of the business (continued)

#### *INEOS Pigments*

The INEOS Pigments reporting segment comprises of two businesses: INEOS Pigments and since 1 December 2022, following the successful acquisition of ASHTA Chemicals Inc., also INEOS KOH. INEOS Pigments has two plants and INEOS KOH has one production facility all located and strategically positioned in Ashtabula, Ohio (United States). INEOS Pigments manufactures various high-quality premium grade titanium dioxide products, which are used in a wide range of consumer and industrial applications. INEOS KOH manufactures chlorine and a range of potassium-based chemicals, including potassium hydroxide (KOH), used in a variety of end use markets including liquid fertilizers, runway de-icers, food ingredients, pharmaceuticals, and agricultural applications. INEOS KOH is an excellent strategic fit for the long-term local supply of chlorine used at our INEOS Pigments business.

The Pigments business had a successful year, benefitting from strong demand in North America through the key application season which increased volumes versus 2021. The business was able to increase prices in excess of their higher material costs which resulted in further growth of EBITDA before exceptional items. The business also benefitted from a long-term chlorine price contract which resulted in discounted prices as market prices increased during the year. This agreement ended during 2022 but should be offset by the inclusion of INEOS KOH and its chlorine production. EBITDA before exceptional items of the segment for the year ended December 31, 2022 increased by €58.0 million to €184.2 million compared to €126.2 million in 2021. EBITDA before exceptional items of the INEOS KOH business included within this result for the one-month ending 31 December, 2022 was €2.4 million.

#### *INEOS Composites*

The Composites business manufactures and supplies a broad range of general-purpose and high-performance grades of unsaturated polyester resin, epoxy vinyl ester resin and gelcoats from our plants across the Americas, EMEA and Asia Pacific regions.

The Composites business has enjoyed another successful year in 2022 with sustained strong demand in North America which was partially offset by lower demand across Europe and India. Margins overall in the United States improved however margins in Europe have been impacted by market conditions as a result of significant energy and raw material price increases and some imports from outside of the region. Volumes moved market sectors throughout 2022 from more recreational and consumer-based products such as DIY applications, engineering stone and marine anti-corrosion to infrastructure and corrosion resistance products. Margin performance improved with continued successful price increases passed through and the continuation of cost savings initiatives delivered across global sites on non-manpower fixed costs. EBITDA before exceptional items of the segment for the year ended December 31, 2022 increased by €16.8 million to €185.7 million compared to €168.9 million in 2021.

#### *INEOS Solvents*

The INEOS Solvents segment comprises two distinct businesses being Oxy Solvents and BDO Solvents:

**Oxy Solvents** – The Oxy Solvents business manufactures and sells oxygenated solvents including iso-propyl alcohol, synthetic ethanol and methyl-ethyl ketone, to be used in a variety of end products from our facilities in Moers (Germany), Herne (Germany) and Grangemouth (Scotland).

**BDO Solvents** – The BDO Solvents business includes the production of butanediol (BDO) and tetrahydrofuran (THF) to be used in a variety of end products from the production facility in Marl, Germany which is integrated within the Evonik chemical park.

The Solvents business experienced a challenging year. While the first quarter of 2022 started strong, volume shortfalls due to a production outage in BDO in the second quarter followed by significant energy and raw material price increases in Germany driven by the European energy crisis negatively impacted margins and sales volumes for the remainder of the year. Volumes have been impacted by reduced demand and increased lower cost imports from Asia, South Africa and North America. In the fourth quarter of 2022, margins have remained stable albeit volumes remain depressed.

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

### Review of the business (continued)

#### *INEOS Solvents (continued)*

EBITDA before exceptional items of the segment for the year ended December 31, 2022 decreased by €85.1 million to €47.1 million compared to €132.2 million for the same period in 2021.

#### *Chemical Intermediates*

The Chemical Intermediates segment comprises several distinct businesses including:

INEOS Calabrian – The manufacture and supply of sulphur dioxide and sodium based SO<sub>2</sub> derivatives from production sites in Port Neches, Texas (United States) and Timmins, Ontario (Canada).

INEOS Joliet – The manufacture and supply of purified isophthalic acid (PIA), trimellitic anhydride (TMA) and maleic anhydride (MAN) at its production facility located near Chicago, Illinois (United States).

INEOS Compounds – The manufacture and supply of PVC compounds products from our plants in Newton Aycliffe (United Kingdom), Sins (Switzerland) and Helsingborg (Sweden).

INEOS Sulphur Chemicals – The manufacture and supply of sulphuric acid and sulphur derivatives from a manufacturing plant in Bilbao, Spain. On 30 July 2021, the Group disposed of its 100% shareholding in its subsidiary INEOS Sulphur Chemicals Spain SLU to an external third party - see note 9.

EBITDA before exceptional items of the segment overall for the year ended December 31, 2022 increased by €16.1 million to €63.1 million as compared to €47.0 million in 2021. Overall the Chemical Intermediates business performance has been strong throughout the year. The Joliet business in particular has benefitted from an exceptional year due to very strong margins resulting from price increases implemented following high demand in the US market for all three products. This was supported by stable performance in the Calabrian and Compounds business.

#### *INEOS Hygienics*

The INEOS Hygienics business remains largely in the start-up phase of development and continues to be dedicated to the manufacture and sale of high-quality ethanol-based sanitisation products for medical, industrial and retail consumption. During 2021, there was a reorganisation of the business operations whereby management performed a review of locations and determined that production capability should be concentrated to maximise efficiency resulting in a smaller asset footprint with manufacturing facilities now solely in the United Kingdom. Further strategic decisions were made in order to move away from manual bottling operations to a larger automated production plan. Throughout 2022 the Group has supported the growth plan and continued to invest in the long-term strategy of this business. INEOS Hygienics has successfully expanded its product portfolio and launched a variety of new product ranges of handwashes, soaps and wipes. EBITDA before exceptional items of the segment for the year ended December 31, 2022 was a loss of €21.1 million compared to a loss of €29.8 million in 2021. The directors expected this start-up phase to be loss making as the Group continues to invest in marketing and advertising campaigns to raise awareness of the brand and new products as well as other fixed costs to ensure we have production capability to meet our supply targets. Marketing spend in 2022 was €10.9 million (2021: €11.7 million) and is recorded in administrative costs.

#### *Business integration*

Integration remained a key priority of management in 2022, not only continuing the several initiatives to complete the successful integration of the businesses acquired in 2019 into the Group, but also to deliver successful integration of the newly acquired INEOS KOH business in the United States. There are further fixed cost saving initiatives planned in the businesses acquired in 2019 as well as initial plans in place in INEOS KOH to reduce the cost base over the coming years. Cost-saving initiatives include non-manpower reviews, the removal of spending authority, reduction in overtime levels and efficiency savings resulting from capital expenditure.

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

### Review of the business (continued)

#### *Financing*

The Group has outstanding borrowings under a senior credit facilities agreement (the “Senior Secured Term Loans” or “Term Loans”). On 1 December 2022, the Group entered into a new Senior Secured Term Loan in order to fund the acquisition of INEOS KOH, refinanced the existing Term Loan A that was due to expire in 2024 and pay related transaction fees. As at 31 December 2022, both the new Term Loan A and the existing Term Loan B are denominated in both Euros and US dollars and mature in 2026. The Term Loans are repaid in quarterly instalments, in varying amounts relative to the original principal amount of the Senior Secured Term Loans.

The Senior Secured Term Loans outstanding at 31 December 2022 before issue costs were €1,460.7 million (2021: €1,306.5 million). The outstanding Senior Secured Term Loans denominated in US dollars bear interest at a rate per annum equal to SOFR (subject to a floor of 1% per annum) plus the Applicable Margin. The Senior Secured Term Loans denominated in Euros bear interest at a rate per annum equal to EURIBOR (subject to a floor of 0.0% per annum for both the new Term Loan A and Term Loan B) plus the Applicable Margin. The Senior Secured Term Loans have numerous customary operating and financial incurrence covenants including covenants relating to, among other things, limitations on indebtedness, ability to give guarantees, creation of security interests, making acquisitions and investments, disposing of assets and paying dividends. The Term Loan A facilities have a consolidated net total leverage ratio financial maintenance covenant.

In December 2021 the Group renewed its trade receivables securitisation facilities agreement (“Receivables Securitisation Facility”) which was due to mature in August 2022. The renewed facility has a headline capacity of €250 million and is secured by pledges over the trade receivables sold into the programme. Interest is charged on the facility at a rate per annum of either SOFR, EURIBOR or short-term commercial paper rates plus a margin. The facility is due to expire in December 2024. As at 31 December, 2022 the amount drawn down on the Receivables Securitisation Facility was €71.9 million (2021: €nil).

The Group also entered into a loan with its shareholders in 2019 to facilitate various acquisitions. During June 2022, the Group repaid the shareholder loan outstanding capital amount of €367.4 million and accrued related interest of €27.8 million using funds provided by a new GBP denominated Subordinated Related Party Loan with a fellow INEOS Group undertaking. The loan is unsecured and ranks behind the interest of the holders of Senior Secured Term Loans. Interest accrues on this loan at an agreed rate but can only be paid subject to compliance with certain covenants. During September 2022 the Group made a voluntary repayment of €100.0 million on the subordinated related party loan to partially repay both capital and interest. As at December 31, 2022 the Subordinated Related Party Loan (2021: Shareholder Loan) outstanding totalled €295.7 million (2021: €327.1 million).

Total gross interest-bearing loans and borrowings as at December 31, 2022 were €1,830.6 million (2021: €1,636.1 million). The Group held net cash balances of €324.6 million (2021: €337.6 million) as at December 31, 2022 giving net debt of €1,506.0 million (2021: €1,298.5 million). After adjusting for the removal of the Subordinated Related Party Loan (2021: Shareholder Loan), which is unsecured, total gross interest-bearing loans and borrowings as at December 31, 2022 were €1,534.9 million (2021: €1,309.0 million), and adjusted net debt was €1,210.3 million (2021: €971.4 million).

#### **Strategy and future developments**

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 will also continue to focus on the integration of the newly acquired INEOS KOH business on 1 December 2022 and seek to develop its portfolio of businesses with further acquisitions that support the corporate strategy.

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

### 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:

1. 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.
2. 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.
3. 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.
4. 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.
5. Inability to maximize utilisation of assets — the Group may be adversely affected if it is unable to implement its strategy to maximize utilisation of assets.
6. 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.
7. 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.
8. Substantial debt — the Group's substantial debt could adversely affect its financial position and prevent it from fulfilling its debt obligations.
9. Cyber security — a cyber incident could occur and result in information theft, data corruption, operational disruption and/or financial loss.
10. 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.
11. Regulation — the Group is highly regulated and may have substantial obligations and liabilities arising from health, safety, security and environmental ("HSSSE") laws, regulations and permits applicable to our operations.
12. 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 minimise or mitigate customer credit risk. Our customers may experience financial difficulties, including bankruptcies, restructurings and liquidations.
13. 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.

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

### Section 172 (1) statement

The directors have the duty under section 172 to promote the success of the Company and the Group for the benefit of shareholders 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 as between members of the Company.

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 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 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 Company and its stakeholders.



## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

### Section 172(1) statement (continued)

#### *Stakeholder considerations (b – e) (continued)*

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.

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 leads by example and allocates 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*

Below outlines a principal decision made by the Board over the past year and explains how the directors have engaged with, or in relation to, the key shareholders and how stakeholder interests were considered in decision-making. The principal decisions are defined to be decisions taken in INEOS Enterprises Holdings Limited that are of a strategic nature and significant to any of the Group's key stakeholder groups.

- 1) On 1 December 2022, the Group completed the acquisition of ASHTA Chemicals Inc. (now INEOS KOH), from an external third party, for total consideration of €271.9 million. The acquisition was discussed and approved by the shareholders and board of directors as part of the strategic growth plan for the Group. The business will provide long-term chlorine supply, used at our INEOS Pigments business, to the Enterprises product portfolio. The Group also engaged with employees and various authority groups to discuss impact and consequences of the acquisition. The production facility is located in Ashtabula, Ohio, which is strategically positioned close to the INEOS Pigments operations. The results of INEOS KOH are reported as part of the INEOS Pigments operating segment.

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

### Key performance indicators

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 and exceptional items (EBITDA before exceptional items). EBITDA before exceptional items for the Group for the year ending 31 December 2022 was €459.0 million (2021: €444.5 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:



A Brown  
Director  
6 April 2023  
Registered number 09328837

## DIRECTORS' 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.

### Review of the business

Refer to the Strategic Report starting on page 4.

### Principal activities

The principal activity of the Group is the manufacture and sale of a range of chemical products used in various chemical applications.

### *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 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 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 Group 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 the International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom ("Adopted IFRSs") effective 31 December 2022 and with the Companies Act as applicable to companies using Adopted IFRSs.

The Group is compliant with its debt covenant as at 31 December 2022 and meets its day to day working capital requirements through its intercompany loan and external financing facilities, along with cash generated by its operations. The Group held cash balances of €324.6 million at 31 December 2022 (2021: €337.6 million) and interest-bearing loans and borrowings (net of debt issue costs) of €1,811.7 million at 31 December 2022 (2021: €1,616.7 million) of which €82.5 million is due to be repaid within 12 months of signing the financial statements. 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 before exceptional items, cash flow and debt. The stress tests show that the Group will be compliant with 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 €553.6 million as at December 31, 2022 (2021: €339.4 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.

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

### **Future developments**

Future developments are discussed in the Strategic Report on page 7.

### **Dividends**

The directors of the Company have not declared nor proposed a dividend during the year (2021: €nil).

### **Financial risk management**

The Group's operations expose it to a variety of financial risks that include the effects of changes in credit risk, currency fluctuation 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 manages its credit exposures with a set of policies for ongoing credit checks on potential and current customers or counterparties. The Group's exposure to market risk for changes in interest rates relates primarily to its term loan borrowings upon which interest is paid at variable rates and its cash resources which are invested at variable rates. Again, the cost of managing exposure to such risk exceeds any potential benefits. This policy is continually reviewed. The Group manages its foreign currency exposure by spot currency trading where necessary. See Note 24 of the financial statements for information on financial instruments, foreign currency risk and interest rate risk.

### **Research and development**

The Group's research and development team 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 plants, together with the maintenance and improvement in safety and environmental standards.

### **Political and charitable contributions**

The Group made no political contributions during the year (2021: €nil). The Group made no charitable donations during the year (2021: €nil).

### **Directors**

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

A Brown  
J Nicolson  
A Hogan (resigned on 25 October 2022)

### **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 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.

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

### Employees (continued)

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 exceptional items, 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.

### Sustainability

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

Our 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. We will do so whilst reducing the impact of our 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

Our efforts on sustainability, including our targets, our 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.

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

### Sustainability (continued)

#### CLIMATE CHANGE

Following the Paris Climate Agreement of 2015, most nation states have recognized 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 Enterprises is implementing 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 three 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 (see for example Chapter 3:

[https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC\\_AR6\\_WGIII\\_FullReport.pdf](https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_FullReport.pdf)). INEOS Enterprises is part of the INEOS-wide target that has been set to achieve 33% reduction in GHG emissions by 2030 (compared to 2019) and net zero emissions by 2050. These targets apply to all INEOS Enterprises businesses. In line with this, INEOS Enterprises businesses have developed roadmaps which outline plans and key actions required to deliver the 2030 target of 33% reduction.

Actions include the following:

- Continuous improvement of energy and process efficiency
  - We are working aggressively across all our business and sites to make important reductions in energy use and associated GHG emissions.
- Investment in blue hydrogen for use as a fuel on sites
- Increased purchase of renewable energy to substitute for fossil derived energy of renewable energy
  - We have benefitted from a certified power supply agreement of renewable energy to our plant in Joliet, Illinois, which has reduced our emissions by over 100,000 tons of CO<sub>2</sub> in comparison to our 2019 baseline.
- Investment in new assets and infrastructure to enable a step change in GHG emissions
  - For example, we are planning investments in new combined heat and power systems that will be capable of utilising green fuels, such as hydrogen, when they become available.
- Use of bio-based feedstocks to reduce dependency on fossil-based materials and deliver bio-based products
  - We have launched bio-based products, including our ENVIREZ<sup>®</sup> polyester resin that is manufactured using an innovative patented process that incorporates a variety of renewably sourced raw materials in the formulation, including renewable soya bean oil and bioethanol.
  - Furthermore, our Resysta<sup>™</sup> range of products sets new standards in terms of sustainability. The product is a weather and water-resistant material that is made from agricultural waste (rice husks) and is resistant to water, sun, wind and cold, as well as having resistance to insects, fungal decay and splinters - even after many years.
- At a wider INEOS group level, investment in carbon capture on selected assets and testing of carbon storage in the North Sea. Carbon di-oxide captured from an INEOS Group Holdings S.A. asset will be stored in the North Sea as part of project Greensands (<https://www.projectgreensand.com/>). This project is key to facilitating expansion of the use of this technology to potentially include INEOS Enterprises facilities.

#### PRODUCTS & THE CIRCULAR ECONOMY

INEOS Enterprises 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 emissions would increase by more than 50% (<https://denkstatt.eu/download/15971/>).

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

### Sustainability (continued)

#### PRODUCTS & THE CIRCULAR ECONOMY (continued)

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. Our commitment is exemplified by our Hygienics business which has the following packaging related targets and achievements:

- All Hygienics bottles are now 100% recyclable following redesign.
- All of our handwipes are now 100% fully biodegradable.
- We have a 2023 target for 30% recycled materials in our bottles.

#### SUSTAINABILITY GOVERNANCE

The Chief Executive of each Business Division 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 meetings with the shareholders at least six times per year.

In addition to the above, INEOS Enterprises is subject to INEOS wide targets set by the Shareholders for Safety, Health & Environment and Green House Gas reductions.

In addition to formal governance processes, INEOS Enterprises is part of the INEOS wide Climate and Energy Network (CEN) which helps ensure coordination across all INEOS businesses on carbon, energy and resource matters. Cross business 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, allowing INEOS Enterprises to benefit from learning and innovation throughout the INEOS Group.

#### 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"><li>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.</li><li>2. Management has identified new business opportunities, e.g. hydrogen, biobased products and recycled products.</li><li>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.</li><li>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.</li></ol>

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

### Sustainability (continued)

#### SUMMARY OF RISKS (continued)

PERCEIVED RISKS	ACTIONS
Policy and Legal transition risks	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> </ol>
Market transition risks e.g. changing consumer trends resulting in products and services becoming obsolete	<ol style="list-style-type: none"> <li>1. Management believes that its current 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.</li> <li>2. Management has set business wide targets consistent with legislation intended to drive the development of a circular economy.</li> <li>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.</li> <li>4. Management has a policy for sustainable procurement to ensure that it acquires feedstocks and other materials of increasingly lower carbon footprint.</li> <li>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.</li> </ol>
Financing risks	<ol style="list-style-type: none"> <li>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.</li> <li>2. Management has incorporated the forward cost of carbon in Europe and potentially elsewhere into its capital investment decision making.</li> <li>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.</li> <li>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 both Sustainalytics and ECOVADIS relative to peers.</li> </ol>
Acute physical risks e.g. extreme weather events causing damage to equipment and supply chain disruption	<ol style="list-style-type: none"> <li>1. Management is assessing risks to operations against three IPCC developed climate change scenarios – high, intermediate and low temperature rises.</li> <li>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.</li> <li>3. Management has developed multiple feedstock and sales options to provide resilience to supply chain disruptions.</li> </ol>



## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

### Sustainability (continued)

#### SUMMARY OF RISKS (continued)

PERCEIVED RISKS	ACTIONS
Reputation transition risks e.g. damage to reputation through failure to transition effectively to a lower-carbon economy	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>4. Management has established strong links with communities around INEOS Enterprises sites to communicate plans and progress against objectives and invite feedback.</li> <li>5. Management has submitted the business to detailed ESG assessments from both Sustainalytics and ECOVADIS. The former assesses INEOS Group Holdings S.A. group as low risk and in the top 3 of commodity chemical companies assessed. The latter issued a gold rating for the breadth of INEOS companies.</li> </ol>

### Energy and carbon reporting

The reporting boundary for this Energy and Carbon report is INEOS Enterprises Holdings Limited and all its United Kingdom based subsidiaries that are individually above the relevant de minimus reporting threshold as laid out in The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

	2022	2021
Total energy consumption used to calculate emissions in Kwh.....	19,035,453	20,872,207
Emissions from combustion of gas (tCO <sub>2</sub> e) - Scope 1 .....	163	204
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (tCO <sub>2</sub> e) - Scope 3 .....	20	7
Emissions from purchased electricity (tCO <sub>2</sub> e) - Scope 2 .....	3,508	4,608
Total gross CO <sub>2</sub> e based on the above (tCO <sub>2</sub> e) .....	3,691	4,819
tCO <sub>2</sub> e per €1 million of revenue .....	11.6	17.6 <sup>(a)</sup>

<sup>(a)</sup> The tCO<sub>2</sub>e per €1 million of revenue was incorrectly calculated in the prior year as a result this has now been corrected to provide a true year-on-year comparison.

We have followed the 2019 UK Government environmental reporting guidance in the production of these figures and have used the 2022 UK Government's Conversion Factors for Company Reporting for the calculation of emissions. The report covers scope 1, 2 and certain scope 3 emissions for each disclosed reporting year.

### Directors' responsibilities statement

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

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

### **Directors' responsibilities statement (continued)**

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required 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 Group and Company and of the profit or loss of the Group and Company for that period. In preparing these financial statements, the directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework 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 Group and 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 Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Disclosure of information to auditor**

Each of the persons who is a director at the date of approval of these financial statements confirms that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware.
- each director has taken all the steps that he ought to have taken in his duty as director in order to make himself 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 provisions of section 418 of the Companies Act 2006.

### **Independent auditors**

Deloitte LLP were first appointed as auditors for 2019 and have expressed their willingness to continue in office as auditor pursuant to Section 485-488 of the Companies Act 2006 and a resolution that they will be reappointed will be proposed at the annual general meeting.

### **Registered office**

Anchor House, 15-19 Britten Street, Chelsea, London, SW3 3TY, United Kingdom.

Approved and signed on behalf of the Board:



A Brown  
Director

6 April 2023

Registered number **09328837**

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## **Section 2 - Consolidated Financial Statements**

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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INEOS ENTERPRISES HOLDINGS LIMITED 2022**

Report on the audit of the financial statements

### **Opinion**

In our opinion:

- the financial statements of INEOS Enterprises Holdings 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 statement of accounting policies; and
- the related consolidated notes 1 to 29; and
- the related Parent company notes 1 to 16.

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.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INEOS ENTERPRISES HOLDINGS LIMITED 2022**

- We assessed the financing facilities including the nature of facilities, repayment terms and covenants;
- We assessed the assumptions used in the forecasts such as EBITDA growth as well as where relevant the impact of energy prices, climate change and volatility of commodity prices;
- We assessed the amount of headroom in the forecasts (liquidity and covenants);
- We performed sensitivity analysis;
- We assessed the integrity and mathematical accuracy of management's forecasting models;
- We have performed an assessment of the historical accuracy of forecasts prepared by management; and
- We evaluated the going concern disclosures.

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 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.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INEOS ENTERPRISES HOLDINGS LIMITED 2022

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

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

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

We considered the nature of the 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; 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 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 regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

- Occurrence of non-routine revenue transactions.

Our specific procedures performed to address the occurrence of non-routine revenue transactions include the following procedures:

- assessed the design and implementation of the key controls in place around the revenue recognition process;
- 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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INEOS ENTERPRISES  
HOLDINGS LIMITED 2022**

- 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 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.

**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.



Michael Jeffrey FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Newcastle  
6 April 2023

# **CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>€m</b>	
<b>Revenue</b> .....	2	<b>3,105.8</b>	2,634.6
Cost of sales before exceptional items .....		<b>(2,344.4)</b>	(1,969.3)
Exceptional cost of sales .....	4	<b>(0.2)</b>	-
Total cost of sales .....		<b>(2,344.6)</b>	(1,963.3)
<b>Gross profit</b> .....		<b>761.2</b>	665.3
Distribution costs .....		<b>(154.1)</b>	(139.6)
Administrative expenses before exceptional items.....		<b>(328.7)</b>	(249.8)
Exceptional administrative gains.....	4	<b>3.4</b>	4.9
Exceptional administrative expenses.....	4	<b>(12.6)</b>	(37.0)
Total administrative expenses .....		<b>(337.9)</b>	(281.9)
<b>Operating profit from continuing operations</b> .....	5	<b>269.2</b>	243.8
Share of profit of joint ventures using the equity accounting method .....		<b>1.2</b>	1.9
Profit on disposal of business.....	9	<b>-</b>	8.0
Loss on disposal of fixed assets .....		<b>(0.2)</b>	(1.0)
<b>Profit before net finance costs</b> .....		<b>270.2</b>	252.7
Finance income .....	7	<b>11.2</b>	20.4
Finance costs.....	7	<b>(120.4)</b>	(137.6)
<b>Profit before taxation</b> .....		<b>161.0</b>	135.5
Tax charge.....	8	<b>(32.4)</b>	(33.2)
<b>Profit for the year</b> .....		<b>128.6</b>	102.3

The notes on pages 30 to 86 are an integral part of these consolidated financial statements.



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

	<u>Note</u>	<u>2022</u>	<u>2021</u>
		<u>€m</u>	
<b>Profit for the year</b> .....		<b><u>128.6</u></b>	<b><u>102.3</u></b>
<b>Other comprehensive income:</b>			
<b>Items that will not be recycled to profit or loss:</b>			
Actuarial gain on post-employment benefit scheme, net of tax.....	8	<u>27.9</u>	<u>3.9</u>
<b>Items that may subsequently be recycled to profit or loss:</b>			
Foreign exchange translation differences.....		<u>57.7</u>	<u>87.0</u>
<b>Other comprehensive income for the year net of tax</b> .....		<b><u>85.6</u></b>	<b><u>90.9</u></b>
<b>Total comprehensive income for the year</b> .....		<b><u>214.2</u></b>	<b><u>193.2</u></b>

The notes on pages 30 to 86 are an integral part of these consolidated financial statements.

**CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2022**

	Note	2022	2021
<b>Non-current assets</b>			
		<b>€m</b>	
Property, plant and equipment.....	10	993.9	778.6
Intangible assets .....	11	887.5	792.6
Investments.....	12	13.8	13.1
Trade and other receivables.....	13	48.4	51.3
Deferred tax assets.....	14	27.3	19.4
		<u>1,970.9</u>	<u>1,655.0</u>
<b>Current assets</b>			
Inventories.....	15	476.0	330.3
Trade and other receivables.....	13	460.7	464.6
Corporation tax receivable.....		50.8	27.1
Cash and cash equivalents .....	16	324.6	337.6
		<u>1,312.1</u>	<u>1,159.6</u>
<b>Total assets</b>		<u>3,283.0</u>	<u>2,814.6</u>
<b>Equity attributable to owners of the parent</b>			
Share capital .....	22	-	-
Merger reserves .....		64.6	64.6
Retained earnings .....		489.0	274.8
<b>Total equity</b>		<u>553.6</u>	<u>339.4</u>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings.....	17	1,729.2	1,575.1
Lease liabilities.....	18	61.0	53.9
Employee benefits .....	20	104.3	136.5
Provisions .....	21	29.0	13.2
Deferred income .....		11.0	11.2
Trade and other payables.....	19	6.4	7.8
Deferred tax liabilities .....	14	218.6	161.9
		<u>2,159.5</u>	<u>1,959.6</u>
<b>Current liabilities</b>			
Interest bearing loans and borrowings.....	17	82.5	41.6
Lease liabilities.....	18	20.5	17.9
Provisions .....	21	17.7	6.8
Deferred income .....		5.5	5.6
Trade and other payables.....	19	428.8	423.4
Corporation tax payable.....		14.9	20.3
		<u>569.9</u>	<u>515.6</u>
<b>Total liabilities</b> .....		<u>2,729.4</u>	<u>2,475.2</u>
<b>Total equity and liabilities</b> .....		<u>3,283.0</u>	<u>2,814.6</u>

The notes on pages 30 to 86 are an integral part of these consolidated financial statements. The financial statements on pages 25 to 86 were approved by the Board of Directors on 6 April 2023 and signed on its behalf by:



A Brown  
Director  
Registered number: 09328837

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

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Merger Reserves</u>	<u>Total Equity</u>
		€m		
<b>Balance at 1 January 2021</b>	-	81.6	64.6	146.2
Profit for the year.....	-	102.3	-	102.3
<b>Other comprehensive income:</b>				
Foreign exchange translation differences .....	-	87.0	-	87.0
Actuarial gain on post-retirement benefit scheme.....	-	3.9	-	3.9
Total comprehensive income	-	193.2	-	193.2
<b>Balance at 31 December 2021</b>	-	274.8	64.6	339.4
Profit for the year.....	-	128.6	-	128.6
<b>Other comprehensive income:</b>				
Foreign exchange translation differences .....	-	57.7	-	57.7
Actuarial gain on post-retirement benefit scheme.....	-	27.9	-	27.9
Total comprehensive income	-	214.2	-	214.2
<b>Balance at 31 December 2022</b>	-	489.0	64.6	553.6

The notes on pages 30 to 86 are an integral part of these consolidated financial statements.

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

	<u>Note</u>	<u>2022</u>	<u>2021</u>
		<u>€m</u>	
<b>Cash flows from operating activities</b>			
<i>Profit for the year from:</i>			
Continuing operations .....		<b>128.6</b>	102.3
<i>Adjustments for:</i>			
Depreciation and amortisation.....	10,11	<b>180.4</b>	168.6
Decrease/(increase) in trade and other receivables.....		<b>12.5</b>	(94.2)
Increase in inventories.....		<b>(130.2)</b>	(23.0)
Increase in trade and other payables.....		<b>55.2</b>	72.0
Increase in deferred income .....		<b>(0.5)</b>	(0.4)
Increase in provisions and employee benefits .....		<b>4.0</b>	6.2
Profit on disposal of business.....	9	-	(8.0)
Net finance expense .....	7	<b>109.2</b>	117.2
Share of profit from equity accounted investments.....	12	<b>(1.2)</b>	(1.9)
Loss on disposal of fixed assets .....		<b>0.2</b>	1.0
Tax charge.....	8	<b>32.4</b>	33.2
Tax paid .....		<b>(75.9)</b>	(47.0)
<b>Net cash from operating activities.....</b>		<b>314.7</b>	326.0
<b>Cash flows used in investing activities</b>			
Disposal of businesses, net of cash disposed.....	9	-	42.6
Acquisition of businesses, net of cash acquired .....	3	<b>(268.6)</b>	-
Acquisition of intangible assets.....		<b>(1.7)</b>	(2.3)
Acquisition of property, plant and equipment .....		<b>(105.5)</b>	(101.7)
Acquisition of other investments.....		<b>(0.4)</b>	-
Proceeds from sale of property, plant and equipment .....		<b>0.2</b>	0.4
Dividends received.....	12	<b>1.5</b>	0.8
<b>Net cash used in investing activities .....</b>		<b>(374.5)</b>	(60.2)
<b>Cash flows generated/(used) in financing activities</b>			
Proceeds of Senior Secured Term Loans.....		<b>359.3</b>	-
Repayment of Senior Secured Term Loans .....		<b>(211.3)</b>	(39.7)
Debt issue costs .....		<b>(6.8)</b>	-
Securitisation facility .....		<b>75.3</b>	-
Loan repayments to related parties .....		<b>(495.2)</b>	(93.0)
Loans received from related parties .....		<b>395.2</b>	-
Loan repayments of other loans .....		<b>(0.1)</b>	-
Net interest paid .....		<b>(51.6)</b>	(54.7)
Capital element of lease payment.....		<b>(20.2)</b>	(16.9)
<b>Net cash generated /(used) in financing activities .....</b>		<b>44.6</b>	(204.3)
Net (decrease)/increase in cash and cash equivalents.....		<b>(15.2)</b>	61.5
Translation exchange on cash and cash equivalents.....		<b>2.2</b>	14.6
Cash and cash equivalents brought forward .....		<b>337.6</b>	261.5
<b>Cash and cash equivalents at 31 December.....</b>	16	<b>324.6</b>	337.6

The notes on pages 30 to 86 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 Enterprises Holdings Limited (the "Company") is a private company limited by shares incorporated, registered and domiciled in England, UK. The registered office address is INEOS Enterprises Holdings Limited, Anchor House, 15-19 Britten Street, Chelsea, London, SW3 3TY, United Kingdom. The principal activity of the Group is the manufacture and sale of a range of chemical products used in various chemical applications.

### **Basis of accounting and going concern**

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") and equity account the Group's interest in associates and jointly controlled entities. 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 International Financial Reporting Standards (IFRSs) as in accordance with United Kingdom adopted international 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 8. 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 is compliant with its debt covenant as at 31 December 2022 and meets its day to day working capital requirements through its intercompany loan and external financing facilities, along with cash generated by its operations. The Group held cash balances of €324.6 million at 31 December 2022 (2021: €337.6 million) and interest-bearing loans and borrowings (net of debt issue costs) of €1,811.7 million at 31 December 2022 (2021: €1,616.7 million) of which €82.5 million is due to be repaid within 12 months of signing the financial statements. 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 before exceptional items, cash flow and debt. The stress tests show that the Group will be compliant with 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 €553.6 million as at December 31, 2022 (2021: €339.4 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 preparation of financial statements in conformity with Adopted IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 29. The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these Group financial statements.

### **Measurement convention**

The financial statements are prepared on the historical cost basis.

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

**I. ACCOUNTING POLICIES (continued)**

**Functional and presentation currency**

These Group financial statements are presented in euro. The functional currency of underlying operations is typically presented in the currency in which operations generally incur expenditure and have the majority of their assets and liabilities denominated. These are converted to the presentation currency at appropriate exchange rates. The exchange rate as at 31 December 2022 was \$1: €0.9375 (2021: \$1: €0.8825). All amounts in the financial statements have been rounded to the nearest €0.1 million.

**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, except acquisitions under common control which are outside the scope of IFRS 3. 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 in the profit or loss. 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.

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)**

**Basis of consolidation (continued)**

***Special purpose entities ("SPE")***

An 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 one SPE, INEOS Enterprises Finance (Ireland) Limited, for a trade debtor securitisation programme. The Group does not have any direct or indirect shareholdings in this SPE. The company is controlled by the Group as it was 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 and its assets.* INEOS Enterprises Finance (Ireland) Limited is therefore regarded as SPEs and has been consolidated in these financial statements.

***Joint arrangements***

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. 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 in 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 consolidated income statement except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation, 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.*

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

**1. ACCOUNTING POLICIES (continued)**

**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.

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



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

**1. ACCOUNTING POLICIES (continued)**

**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 obligation 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 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.

*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.

*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.

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

**1. ACCOUNTING POLICIES (continued)**

**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.

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 to 40 years
Plant and equipment and fixtures and fittings	-	2 to 20 years

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.

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 period 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. 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. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. 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 equity as a merger reserve. Any difference in the book value and consideration received for disposals of Businesses under common control is also recognised directly in equity.

*Goodwill*

Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures. 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. The cash generating units within the Group 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. Negative goodwill arising on acquisition is recognised immediately 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 stated at cost less accumulated amortisation and less accumulated impairment losses.

**Impairment of financial assets**

*Trade and other receivables*

The Group 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 Group 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 Group.

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.

**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.

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

**1. ACCOUNTING POLICIES (continued)**

**Impairment of non-financial assets excluding inventories and deferred tax assets (continued)**

*Reversals of impairment*

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. 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 method, 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 included expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing 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.

**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.

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

**1. ACCOUNTING POLICIES (continued)**

**Leases (continued)**

*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.

*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 provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit pension plans. Short-term employee benefits include wages, salaries and social security contributions; holiday pay and sick pay; profit-sharing and bonuses payable within 12 months of the end of the period; and non-monetary benefits. Non-monetary benefits include medical care, housing, cars and free or subsidised goods and services. Post-employment benefits include pensions, other retirement rights, life insurance and medical care after employment ceases.

*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.

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

**1. ACCOUNTING POLICIES (continued)**

**Employee benefits (continued)**

*Defined benefit plans*

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 remeasurements of post-employment benefit obligations.

The Group recognises actuarial gains and losses in the period they occur directly in equity through the statement of comprehensive income.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- (a) The increase in pension benefit liability arising from employee service during the period; and
- (b) The cost of plan introductions, benefit changes, curtailments and settlements.

*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 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.

*Severance and restructuring provisions*

Estimated costs to be incurred in connection with restructuring measures are provided for when the Group has a constructive obligation, which is generally the announcement date. The announcement date is the date at which the plan is announced in sufficient detail to enable employees to estimate the redundancy payments to which they are entitled.

**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.

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

**1. ACCOUNTING POLICIES (continued)**

**Revenue (continued)**

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.

**Government grants**

Government grants 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 expenses**

Interest income and interest expense are 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. Foreign exchange gains and losses are reported on a gross basis. Finance costs comprise interest payable, finance charges on leases, unwinding of the discount on provisions, net interest on employee benefit liabilities and foreign exchange losses that are recognised in the consolidated income statement (see foreign exchange accounting policy). Finance income comprises interest receivable on funds invested and from related party loans and foreign exchange gains.

**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.

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

**1. ACCOUNTING POLICIES (continued)**

**Segmental analysis (continued)**

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 segments. The business 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 other than as acquired through business combinations.

**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 intellectual property rights, customer relationships, non-compete agreements and license fees.

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 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 reliably.

*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:

- |                                |                       |
|--------------------------------|-----------------------|
| • Customer relationships       | 3 – 15 years          |
| • Intellectual property rights | 10 – 15 years         |
| • Non-compete agreements       | life of the agreement |
| • Licenses                     | up to 15 years        |

These intangible assets are tested for impairment 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 a prospective basis.

**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 acquisition of a business, disposal of businesses, the impairment of non-current assets, the cost of restructuring acquired 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.



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

**1. ACCOUNTING POLICIES (continued)**

**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 five (2021: five) reportable segments, as described below:

- **Pigments** – This reportable segment manufactures and sells titanium dioxide, a range of other titanium chemicals, chlorine and a range of potassium-based chemicals. On 1 December 2022, the Group acquired INEOS KOH (formerly ASHTA Chemicals Inc.) from an external third party and from the acquisition date the financial results of the business are reported within the Pigments operating segment.
- **Composites** – This reportable segment manufactures and sells a broad range of general-purpose and high-performance grades of unsaturated polyester and vinyl ester resins, gelcoats and low-profile additives for the plastics industry.
- **Solvents** – This reportable segment manufactures and sells oxygenated solvents as well as fine chemicals and plasticisers butanediol (BDO) and tetrahydrofuran (THF).
- **Chemical Intermediates** – 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 chemical intermediate businesses are exposed to similar key commodities. They produce a range of products including, but not exclusively, isophthalic acid (PIA), trimellitic anhydride (TMA), maleic anhydride (MAN) and a broad range of PVC compounds. The 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 customer base is similar in that the customers are generally manufacturers of consumer and industrial products in developed markets and mature industrial economies. On 30 July 2021, the Group disposed of its 100% shareholding in its subsidiary INEOS Sulphur Chemicals Spain SLU to an external third party, the business has historically been reported as part of the Chemical Intermediates operating segment.
- **Hygienics** – This reportable segment manufactures and sells ethanol-based sanitisation products for medical, industrial and retail consumption.

The accounting policies of all 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, amortisation, and exceptional items, measured under IFRS (EBITDA before exceptional items). A reconciliation to IFRS profit 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 Enterprises. 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 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**

	Reportable segments					Total of reportable segments	Adj's	Amounts in financial statements
	Pigments	Composites	Solvents	Chemical intermediates	Hygienics			
	€m							
Revenue	657.5	1,111.0	814.9	574.2	3.4	3,161.0	(55.2)	3,105.8
EBITDA before exceptional items..	184.2	185.7	47.1	63.1	(21.1)	459.0	-	459.0
Depreciation of property, plant and equipment and amortisation of intangible assets..	(67.2)	(53.3)	(26.7)	(29.8)	(3.4)	(180.4)	-	(180.4)
Exceptional items (note 4)								(9.4)
Loss on disposal of fixed assets								(0.2)
Share of profit of joint ventures using the equity accounting method								1.2
Net finance cost								(109.2)
Profit before tax from continuing operations								161.0
Payments for capital expenditure.....	20.8	12.0	32.9	31.5	8.3	105.5	-	105.5

Major items in the adjustments column are the elimination of inter-segmental revenues: 2022: €55.2 million (2021: €43.3 million).

**Segment information – 2021**

	Reportable segments					Total of reportable segments	Adj's	Amounts in financial statements
	Pigments	Composites	Solvents	Chemical intermediates	Hygienics			
	€m							
Revenue	531.3	898.4	759.8	483.0	5.4	2,677.9	(43.3)	2,634.6
EBITDA before exceptional items..	126.2	168.9	132.2	47.0	(29.8)	444.5	-	444.5
Depreciation of property, plant and equipment and amortisation of intangible assets..	(63.9)	(52.1)	(21.7)	(27.3)	(3.6)	(168.5)	-	(168.6)
Exceptional items (note 4)								(32.1)
Profit on disposal of business								8.0
Loss on disposal of fixed assets								(1.0)
Share of profit of joint ventures using the equity accounting method								1.9
Net finance cost								(117.2)
Profit before tax from continuing operations								135.5
Payments for capital expenditure.....	16.6	5.8	27.8	20.9	30.6	101.7	-	101.7

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

**2. OPERATING SEGMENTS (continued)**

**Geographic segments**

	<u>2022</u>	<u>2021</u>
	€m	
<b>Geographical information by location of customers:</b>		
Europe.....	1,380.5	1,290.1
Americas.....	1,343.1	1,077.3
Rest of World.....	382.2	267.2
<b>Total revenue.....</b>	<b><u>3,105.8</u></b>	<b><u>2,634.6</u></b>

In presenting information on the basis of geographic analysis, revenue is based on the geographical location of customers from which the Group derives revenues. All businesses within the Group typically sell individual cargos based on agreed price with delivery from the plant or at the customer premise. As such, the revenue is recognised as title passes, at a point in time, and there are no arrangements of significance which transfer goods or services over time. No significant contract balances arise. No costs to obtain or fulfil contracts are incurred, and therefore no related assets arise.

***Sale type analysis from continuing operations***

	<u>2022</u>	<u>2021</u>
	€m	
<b>Information by sale type by which the Group derives revenue:</b>		
Sale of goods.....	3,105.8	2,634.6
<b>Total revenue.....</b>	<b><u>3,105.8</u></b>	<b><u>2,634.6</u></b>

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

**3. BUSINESS COMBINATIONS**

**INEOS KOH**

***Business acquisition***

On 1 December 2022, the Group completed the acquisition of ASHTA Chemicals Inc. from Bigshire Mexico S de R.L. de C.V. for €271.9 million. The North American business, which includes one production facility in Ashtabula, Ohio (US) will become fully integrated within the Group, trading as INEOS KOH and the financial results are reported within the INEOS Pigments operating segment.

The fair values disclosed are provisional due to the proximity of the acquisition to the preparation of these financial statements and the finalisation of adjustments related to the purchase price. Further work will be required to confirm final fair values of the assets and liabilities acquired and will be completed within 12 months of the acquisition date.

The acquisition had the following provisional effect on the Group's assets and liabilities.

*Acquiree's provisional net assets on acquisition:*

	<b>2022</b>
	<b>€m</b>
Intangible assets .....	75.3
Property, plant and equipment.....	183.3
Inventories.....	14.0
Trade and other receivables.....	37.7
Deferred tax assets .....	13.0
Cash .....	3.3
Trade and other payables.....	(34.3)
Deferred tax liabilities.....	(52.4)
Provisions.....	(26.5)
Net identifiable assets and liabilities acquired .....	213.4
<b>Consideration paid:</b>	
Cash .....	271.9
<b>Difference between consideration paid and net assets acquired.....</b>	<b>58.5</b>

Provisional goodwill of €58.5 million has been recognised on acquisition. Management are still to finalise the fair value of assets and liabilities acquired under IFRS 3 (refer Note 11: Intangible assets).

From the acquisition date to 31 December 2022, the INEOS KOH business contributed revenue of €13.0 million and net profit of €1.4 million to the consolidated net profit for the period.

Insufficient information is available to provide an assessment of the financial consequence if the INEOS KOH business had been acquired on 1 January 2022.

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

**4. EXCEPTIONAL ITEMS**

	2022	2021
	€m	
<b>Exceptional gains recognised in administrative income:</b>		
Gain recognised on settlement of acquisition.....	-	4.9
Gain recognised on prior years business disposal .....	3.4	-
<b>Total exceptional administrative gains .....</b>	<b>3.4</b>	<b>4.9</b>
<b>Exceptional expenses recognised in cost of sales:</b>		
Lock closure costs .....	(0.2)	-
<b>Total exceptional expenses recognised in cost of sales .....</b>	<b>(0.2)</b>	<b>-</b>
<b>Exceptional expenses recognised in administrative expenses:</b>		
Hygienics reorganisation and restructuring .....	(1.1)	(30.0)
Business reorganisation.....	(5.8)	(3.8)
Administrative, legal and professional costs .....	(5.7)	(3.2)
<b>Total exceptional expenses recognised in administrative expenses .....</b>	<b>(12.6)</b>	<b>(37.0)</b>
<b>Total exceptional expenses.....</b>	<b>(12.8)</b>	<b>(37.0)</b>

**Gain recognised on prior years business disposal**

An exceptional gain of €3.4 million (2021: €nil) has been recognised in administrative income for contingent consideration received in relation to the disposal of the INEOS Baleycourt and ChloroToluenes business to an external third party that occurred in 2018.

**Gain recognised on settlement of acquisition**

As part of the settlement of the acquisition of the Composites and BDO Solvents businesses, a €4.9 million credit has been booked to exceptional gains recognised in administrative income. This credit represents the true up of consideration paid for the assets.

**Lock closure costs**

An exceptional expense of €0.2 million (2021: €nil) has been recognised in cost of sales in relation to demurrage costs in preparation for an extended closure and repair of locks on the Illinois waterway planned for Summer 2023 impacting the INEOS Joliet business and disrupting its supply chain process.

**Hygienics reorganisation and restructuring**

During 2022 an exceptional expense has been charged to the income statement for the reorganisation and restructuring of the INEOS Hygienics business operations of €1.1 million (2021: €30.0 million). The business remains largely in the start-up phase of development and investment continues in developing the production from several small manual bottling operations to larger more automated and efficient centres of excellence. Expenses have been incurred to recognise aborted projects and site closures which are considered to be non-core interests of the business model moving forward.

**Business reorganisation**

Business reorganisation costs of €5.8 million (2021: €3.8 million) relate to the continued Group-wide cost-saving and restructuring projects from integrating new businesses.

**Administrative, legal and professional costs**

Throughout 2022, the Group incurred several non-recurring administrative, legal and professional costs in relation to business acquisitions, restructuring and refinancing projects totalling €5.7 million (2021: €3.2 million).

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

**4. EXCEPTIONAL ITEMS (continued)**

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:

	2022	2021
	<b>€m</b>	
Amortisation of intangible assets .....	73.2	70.7
Amortisation of government grants.....	(0.4)	(0.4)
Short-term leases recognised on a straight-line basis as expense .....	2.4	2.0
Income from sub-leasing right of use asset .....	(0.2)	(0.2)
<b>Depreciation and impairment of property, plant and equipment:</b>		
Owned assets.....	85.9	81.0
Right-of-use assets .....	21.3	16.9

**Auditors' remuneration**

	2022	2021
	<b>€m</b>	
Audit of these financial statements.....	0.9	0.5
<b>Amounts receivable by auditors and their associates in respect of:</b>		
Audit of financial statements of subsidiaries pursuant to legislation.....	1.9	0.9
	<b>2.8</b>	<b>1.4</b>

**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
Administration .....	464	467
Production, engineering and distribution.....	2,462	2,439
	<b>2,926</b>	<b>2,906</b>

The aggregate payroll costs of these persons were as follows:

	2022	2021
	<b>€m</b>	
Wages and salaries .....	258.9	236.6
Social security costs .....	24.9	24.1
Other pension costs .....	12.3	10.9
	<b>296.1</b>	<b>271.6</b>

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

**6.1 DIRECTORS' REMUNERATION**

	<u>2022</u>	<u>2021</u>
	<b>€m</b>	
Aggregate remuneration.....	<u>2.0</u>	2.0
	<u>2.0</u>	<u>2.0</u>

As at 31 December 2022 there were no (2021: €nil) liabilities arising from share based payment transactions or an employee share scheme.

**Highest paid director information:**

	<u>2022</u>	<u>2021</u>
	<b>€m</b>	
Aggregate remuneration.....	<u>1.2</u>	1.1
	<u>1.2</u>	<u>1.1</u>

As at 31 December 2022, there were no retirement benefits accruing for directors (2021: none) under a defined benefit pension scheme.

**7. FINANCE INCOME AND COSTS**

**Recognised in consolidated income statement**

	<u>2022</u>	<u>2021</u>
	<b>€m</b>	
Interest income from related parties.....	2.2	1.8
Other interest income.....	0.2	1.1
Exchange gains.....	<u>8.8</u>	17.5
<b>Finance income</b> .....	<u>11.2</u>	<u>20.4</u>
Interest payable on external loans.....	(50.4)	(46.4)
Interest payable on securitisation.....	(2.7)	(0.8)
Interest payable on loans from related parties.....	(25.7)	(27.7)
Interest payable on lease liabilities.....	(2.8)	(3.1)
Pension interest cost (note 20).....	(1.9)	(1.3)
Amortisation of debt issue costs.....	(7.6)	(5.7)
Other finance cost.....	(1.8)	(1.2)
Unwind of discount on provisions.....	(0.1)	(0.1)
Exchange losses.....	<u>(27.4)</u>	(51.3)
<b>Finance costs</b> .....	<u>(120.4)</u>	<u>(137.6)</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**8. TAX CHARGE**

**Taxation recognised in the consolidated income statement**

	2022	2021
	<u>€m</u>	
<b>Current tax credit</b>		
Current year.....	21.6	20.2
Adjustments in respect of prior years.....	(7.8)	(5.1)
<b>Total current tax credit.....</b>	<u>13.8</u>	<u>15.1</u>
<b>Foreign tax charge</b>		
Current year.....	(49.6)	(47.8)
Adjustments in respect of prior years.....	0.6	1.7
<b>Total foreign tax charge.....</b>	<u>(49.0)</u>	<u>(46.1)</u>
<b>Deferred tax credit/(charge)</b>		
Origination and reversal of temporary differences.....	(4.5)	(5.6)
Adjustments in respect of prior years.....	8.1	3.0
Effects of changes in tax rate.....	(0.8)	0.4
<b>Deferred tax credit/(charge) (see Note 14).....</b>	<u>2.8</u>	<u>(2.2)</u>
<b>Total tax charge.....</b>	<u>(32.4)</u>	<u>(33.2)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**8. TAX CHARGE (continued)**

**Reconciliation of effective tax rate**

The tax on the Group's profit before tax from continuing operations is higher (2021: higher) than the theoretical amount that would arise using the UK tax rate applicable to profits of the consolidated entities as follows:

	2022	2021
	€m	
Profit before tax from continuing operations.....	161.0	135.5
<b>Total profit before taxation</b> .....	<b>161.0</b>	<b>135.5</b>
Tax using the UK corporation tax rates of 19.00% (2021: 19.00%).....	30.6	25.7
Non-deductible expenditure .....	(5.2)	1.4
Non-taxable FX movements.....	(0.1)	-
Tax exempt revenue .....	(3.6)	(2.5)
Effect of tax rates in foreign jurisdictions .....	10.9	8.6
Effect of change in tax rates.....	0.8	(0.4)
Impact of deferred tax not recognised .....	(0.1)	-
Adjustments in respect of prior years.....	(0.9)	0.4
<b>Total tax charge</b> .....	<b>32.4</b>	<b>33.2</b>

The Finance Act 2021 included legislation to increase the main rate of UK corporation tax from 19% to 25% with effect from 1 April 2023. For IFRS purposes, this rate was enacted when the Finance Bill 2021 passed by the House of Commons in May 2021. Management has therefore remeasured the deferred tax assets and liabilities at this higher rate of tax where these are expected to be realised or settled on or after 1 April 2023.

**Taxation recognised in other comprehensive income/(expenses)**

	2022			2021		
	Gross	Tax	Net	Gross	Tax	Net
Foreign exchange translation differences.....	66.3	(8.6)	57.7	94.6	(7.6)	87.0
Remeasurement of post-employment benefit obligations.....	37.8	(9.9)	27.9	5.8	(1.9)	3.9
<b>Total</b> .....	<b>104.1</b>	<b>(18.5)</b>	<b>85.6</b>	<b>100.4</b>	<b>(9.5)</b>	<b>90.9</b>

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

**9. DISPOSAL OF BUSINESS**

On 30 July 2021 the Group disposed of its shareholding in its trading entity, INEOS Sulphur Chemicals Spain SLU to a third party. This entity previously formed part of the Chemical Intermediates business segment.

Effect of the disposal on individual assets and liabilities:

	<u>2021</u>
	<u>€m</u>
Property plant and equipment.....	29.9
Inventory.....	3.4
Trade and other receivables.....	9.2
Cash and cash equivalents.....	1.1
Trade and other payables.....	(10.8)
<b>Net identifiable assets and liabilities disposed.....</b>	<b>32.8</b>
<b>Consideration received:</b>	
Cash and settlement of related party loans.....	43.7
<b>Difference between consideration received and net assets disposed.....</b>	<b>10.9</b>
Costs of disposal.....	(2.9)
<b>Difference between consideration received and net assets disposed after costs of disposal .....</b>	<b>8.0</b>

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

**10. PROPERTY, PLANT AND EQUIPMENT**

	<b>Land and buildings</b>	<b>Plant &amp; equipment</b>	<b>Under construction</b>	<b>Total</b>
<b>Cost</b>			<b>€m</b>	
<b>Balance at 1 January 2021</b> .....	139.4	677.8	75.9	893.1
Additions.....	10.6	46.4	67.8	124.8
Disposals.....	(2.2)	(13.4)	-	(15.6)
Business disposal (note 9).....	(4.7)	(35.3)	-	(40.0)
Exceptional charge (note 4).....	-	(5.8)	(1.9)	(7.7)
Transfers .....	1.4	42.8	(44.2)	-
Effect of movements in foreign exchange.....	14.1	57.1	2.5	73.7
<b>Balance at 31 December 2021</b> .....	158.6	769.6	100.1	1,028.3
Additions.....	10.6	33.4	73.6	117.6
Business acquisitions (note 3).....	32.8	150.5	-	183.3
Disposals.....	(1.3)	(3.6)	-	(4.9)
Transfers .....	11.5	57.8	(69.7)	(0.4)
Effect of movements in foreign exchange.....	7.3	36.2	(0.2)	43.3
<b>Balance at 31 December 2022</b> .....	<b>219.5</b>	<b>1,043.9</b>	<b>103.8</b>	<b>1,367.2</b>
<b>Accumulated depreciation</b>				
<b>Balance at 1 January 2021</b> .....	(10.8)	(133.7)	-	(144.5)
Depreciation charge for the year .....	(13.1)	(84.8)	-	(97.9)
Disposals.....	1.9	11.2	-	13.1
Business disposal (note 9).....	-	10.1	-	10.1
Effect of movements in foreign exchange.....	(4.3)	(26.2)	-	(30.5)
<b>Balance at 31 December 2021</b> .....	(26.3)	(223.4)	-	(249.7)
Depreciation charge for the year .....	(12.9)	(94.3)	-	(107.2)
Disposals.....	1.2	3.3	-	4.5
Transfers .....	0.2	1.8	-	2.0
Effect of movements in foreign exchange.....	(3.3)	(19.6)	-	(22.9)
<b>Balance at 31 December 2022</b> .....	<b>(41.1)</b>	<b>(332.2)</b>	<b>-</b>	<b>(373.3)</b>
<b>Net book value:</b>				
At 31 December 2021 .....	132.3	546.2	100.1	778.6
<b>At 31 December 2022</b> .....	<b>178.4</b>	<b>711.7</b>	<b>103.8</b>	<b>993.9</b>

Depreciation expense has been charged to the consolidated income statement within operating expenses.

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

**10. PROPERTY, PLANT AND EQUIPMENT (continued)**

***Leased plant and machinery***

The Group leases many assets including land and buildings, storage and transportation infrastructure, machinery and IT equipment which are classified as right-of-use assets. The Group had no assets held under hire purchase and finance leases.

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

**Right-of-use (ROU) assets**

	<b>Land and buildings</b>	<b>Plant &amp; equipment Fixtures and fittings</b>	<b>ROU Total</b>
<b>Cost.....</b>			
Balance at 1 January 2021.....	19.2	66.3	85.5
Additions.....	9.3	13.6	22.9
Disposals.....	(1.6)	(4.8)	(6.4)
Business disposal (note 9).....	(4.7)	-	(4.7)
Effect of movements in foreign exchange.....	1.3	5.1	6.4
<b>Balance at 31 December 2021.....</b>	<b>23.5</b>	<b>80.2</b>	<b>103.7</b>
Additions.....	4.4	8.8	13.2
Business acquisitions (note 3).....	-	9.7	9.7
Disposals.....	-	(0.6)	(0.6)
Reclassifications.....	0.3	(1.1)	(0.8)
Effect of movements in foreign exchange.....	1.3	3.4	4.7
<b>Balance at 31 December 2022.....</b>	<b>29.5</b>	<b>100.4</b>	<b>129.9</b>
<b>Accumulated depreciation</b>			
Balance at 1 January 2021.....	(4.1)	(20.8)	(24.9)
Depreciation charge for the year.....	(2.9)	(14.0)	(16.9)
Disposals.....	1.6	4.8	6.4
Business disposal (note 9).....	0.6	-	0.6
Effect of movements in foreign exchange.....	(0.3)	(1.1)	(1.4)
<b>Balance at 31 December 2021.....</b>	<b>(5.1)</b>	<b>(31.1)</b>	<b>(36.2)</b>
Depreciation charge for the year.....	(4.7)	(16.6)	(21.3)
Disposals.....	-	0.6	0.6
Business acquisitions (note 3).....	0.2	2.5	2.7
Effect of movements in foreign exchange.....	(0.1)	(0.8)	(0.9)
<b>Balance at 31 December 2022.....</b>	<b>(9.7)</b>	<b>(45.4)</b>	<b>(55.1)</b>
<b>Net book value</b>			
At 31 December 2021.....	18.4	49.1	67.5
<b>At 31 December 2022.....</b>	<b>19.8</b>	<b>55.0</b>	<b>74.8</b>

See note 18 for the leased obligations on right-of-use assets.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**11. INTANGIBLE ASSETS**

	<u>Goodwill</u>	<u>Intellectual property</u>	<u>Other intangibles</u>	<u>Total</u>
	€m			
<b>Cost</b>				
<b>Balance at 1 January 2021</b> .....	224.5	165.8	555.8	946.1
Additions.....	-	1.6	0.7	2.3
Exceptional charge (note 4).....	-	(3.4)	-	(3.4)
Business disposal (note 9).....	-	-	(0.6)	(0.6)
Translation exchange .....	11.2	14.3	28.9	54.4
<b>Balance at 31 December 2021</b> .....	235.7	178.3	584.8	998.8
Business acquisitions (note 3).....	58.5	-	75.3	133.8
Additions.....	-	0.5	1.2	1.7
Translation exchange .....	7.2	11.3	24.5	43.0
<b>Balance at 31 December 2022</b> .....	<u>301.4</u>	<u>190.1</u>	<u>685.8</u>	<u>1,177.3</u>
<b>Accumulated amortisation</b>				
<b>Balance at 1 January 2021</b> .....	-	(56.1)	(76.0)	(132.1)
Amortisation charge for the year.....	-	(21.4)	(49.3)	(70.7)
Business disposal (note 9).....	-	-	0.6	0.6
Translation exchange .....	-	(1.6)	(2.4)	(4.0)
<b>Balance at 31 December 2021</b> .....	-	(79.1)	(127.1)	(206.2)
Amortisation charge for the year.....	-	(17.8)	(55.4)	(73.2)
Translation exchange .....	-	(5.2)	(5.2)	(10.4)
<b>Balance at 31 December 2022</b> .....	<u>-</u>	<u>(102.1)</u>	<u>(187.7)</u>	<u>(289.8)</u>
<b>Net book value</b>				
At 31 December 2021 .....	235.7	99.2	457.7	792.6
<b>At 31 December 2022</b> .....	<u>301.4</u>	<u>88.0</u>	<u>498.1</u>	<u>887.5</u>

Amortisation expense has been charged to the consolidated income statement within administration expenses.

As at 31 December 2022, goodwill relates to the INEOS Calabrian, INEOS Composites, INEOS Solvents BDO, INEOS Pigments and the recently acquired INEOS KOH businesses. Management have reviewed goodwill balances and found no indication of impairment. No impairment charge has been recorded in these financial statements as a result of the annual impairment review.

The Group determined the recoverable amount based on value in use. The recoverable amount is calculated on a long-term business plan for the respective businesses with a detailed planning period of five years and a consistent terminal growth rate for each unit for the period thereafter. A key assumption on which management based its cash flow projection is the EBITDA before exceptional items over the five-year 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 assumption is based on detailed project plans to increase revenues and profitability. The main assumptions for the preparation of the five-year-business plan are the economic growth developments in the main customer regions and industries of the Group. The growth rate selected is consistent with the long-term average growth rate for the businesses and takes into account inflation.

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. Management expects growth to continue in the respective businesses and does not expect future profitability and cash flows to be materially affected by movements in exchange rates.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**11. INTANGIBLE ASSETS (continued)**

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

	<u>2022</u>	<u>2021</u>
	<b>€m</b>	
INEOS Composites Americas .....	50.3	47.4
INEOS Composites EMEA .....	59.7	59.7
INEOS Composites Asia Pacific .....	7.4	7.0
INEOS Solvents BDO .....	36.6	36.6
INEOS Pigments .....	2.3	2.2
INEOS KOH .....	57.2	-
INEOS Calabrian .....	87.8	82.8
<b>Total Goodwill .....</b>	<b><u>301.4</u></b>	<b><u>235.7</u></b>

The key assumptions underlying the value in use calculation are shown below:

	<u>2022</u>	<u>2021</u>
Period on which management approved forecasts are based .....	<b>5 years</b>	5 years
Long term growth rate .....	<b>1.8%-3.5%</b>	1.1%-3.5%
Discount rate .....	<b>8.1%</b>	8.0%

When determining the discount rate the pre-tax weighted average cost of capital of the Group is considered at each respective period end.

The long-term growth rate used includes inflationary growth across our various markets.

The estimated recoverable amount exceeded the carrying amount for all cash generating units.

Sensitivity analysis on the recoverable amount was performed based on a 1% change in the discount rate and a 1% change in the long-term growth rate, both of which are considered reasonable. Neither of these changes resulted in the recoverable amount being lower than the carrying amount. After applying the combined sensitivities, the business unit with the least amount of headroom is the Solvents BDO business, which has an excess recoverable amount of €21.8 million (2021: €25.5 million) over the carrying amount.

**Other intangibles**

Other intangibles consist of customer relationships which have a net book value of €466.9 million (2021: €428.0 million), IT and other licences which have a net book value of €30.5 million (2021: €29.4 million) and other capitalised agreements which have a net book value of €0.7 million (2021: €0.3 million).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**12. INVESTMENTS**

**12.1 Investments in Equity-Accounted Investees**

Details of the associated undertaking are set out below:

	<b>Country of incorporation</b>	<b>Class of shares held</b>	<b>Ownership 2022</b>	<b>2021</b>
Industrial Resins Co Ltd.....	Saudi Arabia	Registered JV (no shares issued)	33%	33%

*Registered address:* Saudi Industrial Resins Limited, Office # 201, Jameel Square, Second Floor, Tahlia Street, Jeddah

	<b>Joint ventures</b>
	<b>€m</b>
At 1 January 2021 .....	10.9
Equity accounted profit post acquisition .....	1.9
Dividends received.....	(0.8)
Effect of movements in foreign exchange.....	1.1
At 31 December 2021 .....	13.1
Equity accounted profit post acquisition .....	1.2
Dividends received.....	(1.5)
Effect of movements in foreign exchange.....	1.0
At 31 December 2022 .....	13.8

The associated undertaking has a December year end. Summary aggregated financial information on associated undertakings:

	<b>2022</b>	<b>2021</b>
	<b>€m</b>	
Assets	24.6	76.0
Liabilities	3.6	19.7
Revenue	32.3	84.0
Profit for the year	1.6	7.3



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

**12.2 Investments in subsidiary undertakings**

The directors believe the carrying value of the investments is supported by the underlying net assets of the subsidiaries and their future earning potential. The following information relates to the subsidiary undertakings of the Company.

Company	Class of shares held	Registered address	Percentage held 2022	Percentage held 2021	Principal activities
*INEOS Enterprises Holdings II Limited	Ordinary	Footnote 36	100%	100%	Holding
INEOS Enterprises Holdings III Limited	Ordinary	Footnote 36	100%	-	Holding
*INEOS Solvents Holdings S.A.	Ordinary	Footnote 5	100%	100%	Holding
INEOS Solvents S.A.	Ordinary	Footnote 6	100%	100%	Chemicals
INEOS Solvents Germany GmbH	Ordinary	Footnote 4	100%	100%	Chemicals
INEOS Solvents UK Limited	Ordinary	Footnote 36	100%	100%	Chemicals
INEOS Solvents Belgium S.A.	Ordinary	Footnote 8	100%	100%	Chemicals
INEOS Solvents Ethanol Limited	Ordinary	Footnote 36	100%	100%	Chemicals
INEOS Compounds Holdings Limited	Ordinary	Footnote 9	100%	100%	Holding
INEOS Compounds Aycliffe Limited	Ordinary	Footnote 9	100%	100%	PVC supply
INEOS Compounds Sweden AB	Ordinary	Footnote 10	100%	100%	PVC supply
INEOS Compounds Switzerland AG	Ordinary	Footnote 11	100%	100%	PVC supply
INEOS Enterprises Holdings Finco Limited <sup>(a)</sup>	Ordinary	Footnote 1	100%	100%	Financial intermediary
INEOS Enterprises Holdings Finco II Limited	Ordinary	Footnote 36	100%	100%	Financial intermediary
*INEOS Melamines Holdings UK Limited <sup>(a)</sup>	Ordinary	Footnote 36	100%	100%	Holding
*INEOS Paraform Holdings Limited <sup>(a)</sup>	Ordinary	Footnote 1	100%	100%	Holding
INEOS Paraform Limited <sup>(a)</sup>	Ordinary	Footnote 1	100%	100%	Chemicals
INEOS Calabrian Holdings Limited	Ordinary	Footnote 36	100%	100%	Holding
INEOS Calabrian Canada Holdings Limited	Ordinary	Footnote 36	100%	100%	Holding
INEOS Calabrian Corporation Canada Inc	Ordinary	Footnote 34	100%	100%	Chemicals
INEOS Calabrian Holdings Corporation	Ordinary	Footnote 14	100%	100%	Holding
INEOS Calabrian Corporation	Ordinary	Footnote 14	100%	100%	Chemicals
INEOS Enterprises US Holdco LLC	Ordinary	Footnote 19	100%	100%	Holding
INEOS Joliet LLC	Ordinary	Footnote 19	100%	100%	Chemicals
INEOS Joliet Europe SARL	Ordinary	Footnote 28	100%	100%	Chemicals
INEOS Joliet Asia Limited	Ordinary	Footnote 22	100%	100%	Chemicals
INEOS Composites do Brasil S.A.	Ordinary	Footnote 23	100%	100%	Chemicals
INEOS (Changzhou) Composites Co Ltd	Ordinary	Footnote 24	100%	100%	Chemicals
INEOS (Changzhou) Specialty Materials Co Ltd	Ordinary	Footnote 25	100%	100%	Chemicals
INEOS Composites Canada Corp	Ordinary	Footnote 26	100%	100%	Chemicals
INEOS Composites Canada Holdings B.V.	Ordinary	Footnote 27	100%	100%	Holding
INEOS Composites Europe Holding Sàrl (formerly INEOS Composites Europe GmbH)	Ordinary	Footnote 28	100%	100%	Chemicals
INEOS Composites Finland OY	Ordinary	Footnote 29	100%	100%	Chemicals
INEOS Composites France SAS	Ordinary	Footnote 30	100%	100%	Chemicals
INEOS Composites Germany GmbH	Ordinary	Footnote 31	100%	100%	Chemicals

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

**12.2 Investments in subsidiary undertakings (continued)**

Company	Class of shares held	Registered address	Percentage held 2022	Percentage held 2021	Principal activities
INEOS Composites Hispania S.L.U.	Ordinary	Footnote 32	100%	100%	Chemicals
INEOS Composites Holdings Company (UK) Limited	Ordinary	Footnote 36	100%	100%	Holding
INEOS Composites India Partner Limited	Ordinary	Footnote 36	100%	100%	Chemicals
INEOS Composites India LLP	Ordinary	Footnote 33	100%	100%	Chemicals
INEOS Composites International Holdings LLC	Ordinary	Footnote 35	100%	100%	Holding
INEOS Composites IP LLC	Ordinary	Footnote 19	100%	100%	Chemicals
INEOS Composites Limited	Ordinary	Footnote 36	100%	100%	Chemicals
INEOS Composites Malaysia Sdn Bhd	Ordinary	Footnote 3	100%	100%	Chemicals
INEOS Composites ME Holdings Inc	Ordinary	Footnote 35	100%	100%	Chemicals
INEOS Composites Poland Sp ZOO	Ordinary	Footnote 21	100%	100%	Chemicals
Taiwan INEOS Composites Co Ltd	Ordinary	Footnote 20	100%	100%	Chemicals
INEOS Composites US LLC	Ordinary	Footnote 19	100%	100%	Chemicals
Shanghai INEOS Composites Co Ltd	Ordinary	Footnote 18	100%	100%	Chemicals
INEOS Korea REACH Limited	Ordinary	Footnote 17	100%	100%	Chemicals
INEOS Pigments ASU LLC	Ordinary	Footnote 16	100%	100%	Chemicals
INEOS Pigments Europe Sales S.A.	Ordinary	Footnote 15	100%	100%	Chemicals
INEOS Pigments Holdings Inc	Ordinary	Footnote 16	100%	100%	Holding
INEOS Pigments USA Inc	Ordinary	Footnote 16	100%	100%	Chemicals
ASHCO, Inc.	Ordinary	Footnote 16	100%	100%	Chemicals
INEOS KOH Inc.	Ordinary	Footnote 19	100%	-	Chemicals
INEOS KOH Technologies	Ordinary	Footnote 19	100%	-	Holding
INEOS KOH International Sales Corporation	Ordinary	Footnote 19	100%	-	Holding
INEOS Enterprises Holdings Newco Limited	Ordinary	Footnote 36	100%	100%	Holding
INEOS Enterprises International Sales Corporation	Ordinary	Footnote 14	100%	100%	Chemicals
INEOS Enterprises Holdings US Finco LLC	Ordinary	Footnote 14	100%	100%	Financial intermediary
INEOS Enterprises US Intermediate Finance LLC	Ordinary	Footnote 14	100%	100%	Financial intermediary
INEOS Hygienics Limited	Ordinary	Footnote 9	100%	100%	Chemicals
INEOS Hygienics Manufacturing UK Limited	Ordinary	Footnote 9	100%	100%	Chemicals
INEOS Hygienics LLC <sup>(a)</sup>	Ordinary	Footnote 14	100%	100%	Chemicals
INEOS Hygienics Manufacturing France SAS <sup>(a)</sup>	Ordinary	Footnote 7	100%	100%	Chemicals
INEOS Hygienics Manufacturing Germany GmbH	Ordinary	Footnote 12	100%	100%	Chemicals
INEOS Hygienics Manufacturing US LLC <sup>(a)</sup>	Ordinary	Footnote 14	100%	100%	Chemicals
INEOS Solvents Holding GmbH	Ordinary	Footnote 4	100%	100%	Holding
INEOS Solvents Marl GmbH	Ordinary	Footnote 13	100%	100%	Chemicals
INEOS Solvents Sales Italia Srl	Ordinary	Footnote 2	100%	100%	Chemicals
INEOS Solvents Sales US Corp <sup>(a)</sup>	Ordinary	Footnote 35	100%	100%	Chemicals

\* held directly

(a) In the process of being liquidated

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

**12.2 Investments in subsidiary undertakings (continued)**

- Footnote 1 – 10 Fleet Place, London, EC4M 7QM, United Kingdom  
 Footnote 2 – Viale Andrea 48/A, Milano (MI) CAP 20124 Italy, Italy  
 Footnote 3 – Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar, Danansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia  
 Footnote 4 – Römerstrasse 733, 47443, Moers, Germany  
 Footnote 5 – c/o FKP, 62 Avenue de la Liberte, Luxembourg, L-1930, Luxembourg  
 Footnote 6 – 3 Avenue des Uttins, CH-1180, Rolle, Vaud, Switzerland  
 Footnote 7 – 8 Rue des Fontagues, Zone Industrielle Nord, 55400, Etain, France  
 Footnote 8 – Ransbeekstraat 310, B-1120 Needer-over-Heembeek, Belgium  
 Footnote 9 – School Aycliffe Lane, Newton Aycliffe, County Durham, DL5 6EA, United Kingdom  
 Footnote 10 – Gevarsgatan 4, 254 66 Helsingborg, Sweden  
 Footnote 11 – Postfach 32, CH-5643 Sins, Switzerland  
 Footnote 12 – Shamrockstrasse 88, 44623, Heme, North Rhine-Westphalia, Germany  
 Footnote 13 – Paul-Baumann-Str. 1, 45772 Marl, Germany  
 Footnote 14 – The Corporation Trust Center, 1209 N Orange St, Wilmington, DE 19801, United States  
 Footnote 15 – Rue de Ransbeek 310, B-1120 Brussels, Belgium  
 Footnote 16 – 6752 Baymeadow Drive, Glen Burnie MD 21060, United States  
 Footnote 17 – 23F 17 Jongno 3-gil (D-Tower D2, Cheongjin-dong), Jongno-gu, Seoul, Republic of Korea  
 Footnote 18 – Minhang District, Shanghai Building 31, 525 Yuanjing Road, 200241 Shanghai, China  
 Footnote 19 – 2600 South Shore Boulevard, Suite 250, League City, Texas 77573, United States  
 Footnote 20 – 11F, No. 35, Section 3, , Mingquan East Road,, Zhongshan District, Taipei City, Taiwan  
 Footnote 21 – Miszewo, ul. Gdynska 40, 80-297 Banino, Poland  
 Footnote 22 – 11/F, One Pacific Place, 88 Queensway, Hong Kong  
 Footnote 23 – Rua Arthur Cesar 200—Bairro da Ronda, Araçariquama, São Paulo Brazil CEP 18147-000, Brazil  
 Footnote 24 – No. 15 Huashan Road, New District Changzhou, Jiangsu Province, China 213022, China  
 Footnote 25 – No. 4 Huanghai Road, Changzhou, Jiangsu Chemical Park, New District, China 213034, China  
 Footnote 26 – 600 – 1741 Lower Water Street, Halifax , Nova Scotia B3J 0J2, Canada  
 Footnote 27 – Parkstraat 83, p/a Regus, 2514 JG Den Haag, The Netherlands, Netherlands  
 Footnote 28 – Avenue des Uttins 3, c/o INEOS Solvents SA, 1180, Rolle, Switzerland  
 Footnote 29 – Muovintie 35, 06850 Kullo, Porvoo, Finland  
 Footnote 30 – Zone Industrielle Nord 55400, Etain, Grand Est, France  
 Footnote 31 – Hauptstraße 1, Kehl, 77694 Germany  
 Footnote 32 – Partida Povet 37, Benicarlo, Spain. 12580, Spain  
 Footnote 33 – 20<sup>th</sup> Floor, Fairmount Plot No. 4-6; Sector 17, Off Palm Beach Road, Sanpada, Navi Mumbai – 400 705 India  
 Footnote 34 – DLA Piper, 100 King St. W, Suite 6000, Toronto, ON M5X 1E2, Canada  
 Footnote 35 – 5220 Blazer Park Way, Dublin, Ohio OH 43017, United States  
 Footnote 36 – Anchor House, 15-19 Britten Street, Chelsea, London, SW3 3TY, United Kingdom

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

**12.3 Audit exemption**

The subsidiary undertakings also consolidated at 31 December 2022, all of which were indirectly and wholly owned, unless otherwise stated, and claimed exemption from audit under section 479A Companies Act 2006, were as follows:

<b>Company</b>	<b>Company number</b>	<b>Incorporated</b>	<b>Principal activities</b>
INEOS Calabrian Canada Holdings Limited <sup>(a)</sup>	10654440	England & Wales	Holding
INEOS Calabrian Holdings Limited <sup>(a)</sup>	10651224	England & Wales	Holding
INEOS Composites Holdings Company (UK) Limited <sup>(a)</sup>	11815817	England & Wales	Holding
INEOS Composites Limited <sup>(a)</sup>	11506805	England & Wales	Chemicals
INEOS Composites India Partner Limited <sup>(a)</sup>	11843867	England & Wales	Chemicals
INEOS Enterprises Holdings Finco II Limited <sup>(a)</sup>	11264542	England & Wales	Financial intermediary
INEOS Enterprises Holdings III Limited <sup>(a)</sup>	14164876	England & Wales	Holding
INEOS Enterprises Holdings Newco Limited <sup>(a)</sup>	10117998	England & Wales	Holding
INEOS Hygienics Limited <sup>(b)</sup>	12572591	England & Wales	Chemicals
INEOS Hygienics Manufacturing UK Limited <sup>(b)</sup>	12676471	England & Wales	Chemicals
INEOS Solvents Ethanol Limited <sup>(a)</sup>	09728620	England & Wales	Chemicals

(a) All these subsidiaries have the registered office: Anchor House, 15-19 Britten Street, Chelsea, London, SW3 3TY, United Kingdom.

(b) All these subsidiaries have the registered office: School Aycliffe Lane, Newton Aycliffe, County Durham, DL5 6EA, United Kingdom.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**13. TRADE AND OTHER RECEIVABLES**

	2022	2021
	€m	
<b>Non-Current</b>		
Amounts due from related parties .....	41.7	43.9
Other receivables.....	6.7	7.4
<b>Total non-current trade and other receivables .....</b>	<b>48.4</b>	<b>51.3</b>
<b>Current</b>		
Trade receivables .....	392.6	394.3
Amounts due from related parties .....	26.7	25.9
Other receivables.....	41.4	44.4
<b>Total current trade and other receivables .....</b>	<b>460.7</b>	<b>464.6</b>
<b>Total trade and other receivables .....</b>	<b>509.1</b>	<b>515.9</b>

**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:

	Non-current					
	Amounts due from related parties			Other receivables		
	Gross	Impairment	ECLR	Gross	Impairment	ECLR
	2022	2022	2022	2022	2022	2022
	€m					
Not past due	41.7	-	-	6.7	-	-
Past due 0-30 days	-	-	-	-	-	-
Past due 31-90 days	-	-	-	-	-	-
More than 90 days	-	-	-	-	-	-
	<u>41.7</u>	<u>-</u>	<u>-</u>	<u>6.7</u>	<u>-</u>	<u>-</u>
	Amounts due from related parties			Other receivables		
	Gross	Impairment	ECLR	Gross	Impairment	ECLR
	2021	2021	2021	2021	2021	2021
Not past due	43.9	-	-	7.4	-	-
Past due 0-30 days	-	-	-	-	-	-
Past due 31-90 days	-	-	-	-	-	-
More than 90 days	-	-	-	-	-	-
	<u>43.9</u>	<u>-</u>	<u>-</u>	<u>7.4</u>	<u>-</u>	<u>-</u>

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

**Credit quality of financial assets and impairment losses (continued)**

	Current								
	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								
Not past due	348.9	-	-	26.7	-	-	41.4	-	-
Past due 0-30 days	31.1	(0.1)	0.3%	-	-	-	-	-	-
Past due 31-90 days	12.0	-	-	-	-	-	-	-	-
More than 90 days	2.5	(1.8)	72.0%	-	-	-	-	-	-
	<u>394.5</u>	<u>(1.9)</u>	<u>0.5%</u>	<u>26.7</u>	<u>-</u>	<u>-</u>	<u>41.4</u>	<u>-</u>	<u>-</u>

  

	Current								
	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								
Not past due	344.9	-	-	25.9	-	-	44.4	-	-
Past due 0-30 days	44.4	(0.1)	0.0%	-	-	-	-	-	-
Past due 31-90 days	3.9	-	-	-	-	-	-	-	-
More than 90 days	2.2	(1.0)	45.5%	-	-	-	-	-	-
	<u>395.4</u>	<u>(1.1)</u>	<u>0.3%</u>	<u>25.9</u>	<u>-</u>	<u>-</u>	<u>44.4</u>	<u>-</u>	<u>-</u>

The accounts receivable past due after impairment losses as of the end of the 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). Non-current amounts due from related parties represent loans receivable from affiliated parties. The amounts are recorded at amortised cost and management do not view them as impaired.

Due to the global activities and diversified customer structure of the Group, there is no significant concentration of credit risk (2021: none). During 2021 and 2022 there were no significant trade, related party or other receivable balances that were subject to renegotiation of terms. There are no credit enhancements held in respect of trade and other receivables in the form of assets pledged as security against amounts owed to the Group in respect of amounts falling overdue.

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

**Credit quality of financial assets and impairment losses (continued)**

Trade receivable balances totalling €217.3 million (2021: €nil) have been pledged as security against amounts drawn down under the Receivables Securitisation Facility, described in note 17, totalling €71.9 million (2021: €nil). In accordance with IFRS 9 'Financial Instruments' the trade receivable balances pledged as security do not qualify for derecognition and are included within the trade receivable balances above.

Movement in the allowance for impairment:

	2022	2021
	€m	
Balance at 1 January.....	(1.1)	(1.6)
Utilised.....	-	0.2
Impairment loss (charged)/released.....	(1.3)	0.4
Other .....	0.4	-
Foreign exchange .....	0.1	(0.1)
Balance at 31 December.....	<u>(1.9)</u>	<u>(1.1)</u>

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly. Impairment losses are released into operating expenses in the income statement. There were no allowances made against amounts due from related parties during the year ended 31 December 2022 (2021: €nil).

**Amounts due from related parties**

Amounts due from related parties include fellow Group undertakings and comprise of trading balances and intercompany loans. Intercompany loans are denominated in Euros and interest is charged at in line with the Groups' loan policy. Current amounts are expected to be settled in less than 12 months, whereas non-current amounts are expected to be settled beyond 12 months.

**14. DEFERRED TAX ASSETS AND LIABILITIES**

**Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

	Assets	2022 Liabilities	Total
	€m		
Property, plant and equipment.....	2.5	(147.1)	(144.6)
Employee benefits and provisions.....	34.7	-	34.7
Intangibles.....	13.5	(124.8)	(111.3)
Tax losses.....	10.5	-	10.5
Other .....	24.5	(5.1)	19.4
	<u>85.7</u>	<u>(277.0)</u>	<u>(191.3)</u>
Set off tax.....	(58.4)	58.4	-
Tax assets/(liabilities) .....	<u>27.3</u>	<u>(218.6)</u>	<u>(191.3)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**14. DEFERRED TAX ASSETS AND LIABILITIES (continued)**

	Assets	2021 Liabilities	Total
	€m		
Property, plant and equipment.....	1.7	(106.1)	(104.4)
Employee benefits and provisions.....	39.2	(0.8)	38.4
Intangibles.....	8.9	(113.9)	(105.0)
Tax losses.....	16.6	-	16.6
Other .....	20.6	(8.7)	11.9
	87.0	(229.5)	(142.5)
Set off tax.....	(67.6)	67.6	-
Tax assets/(liabilities) .....	19.4	(161.9)	(142.5)

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 unused gross tax losses, deductible temporary differences and unused tax credits. Net tax losses for which no deferred tax asset is recognised at 31 December 2022 are €4.8 million with no expiry (2021: €4.8 million). 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.

**Movement in deferred tax during the year**

	Property, plant and equipment	Employee benefits and provisions	Intangibles	Tax losses	Other	Total
	€m					
At 1 January 2021.....	(102.2)	40.2	(109.5)	25.9	18.3	(127.3)
Recognised in income statement.....	4.3	(0.8)	10.0	(8.4)	(7.3)	(2.2)
Recognised in other comprehensive income.....	-	(1.9)	-	-	-	(1.9)
Disposal.....	-	-	-	(2.5)	(0.2)	(2.7)
Foreign exchange.....	(6.5)	0.9	(5.5)	1.6	1.1	(8.4)
At 31 December 2021.....	(104.4)	38.4	(105.0)	16.6	11.9	(142.5)
Recognised in income statement.....	(2.5)	2.8	10.4	(11.6)	3.7	2.8
Recognised in other comprehensive income.....	-	(9.9)	-	-	-	(9.9)
Acquisitions (note 3).....	(33.9)	2.7	(15.8)	4.2	3.4	(39.4)
Disposal.....	-	-	2.6	-	-	2.6
Foreign exchange.....	(3.8)	0.7	(3.5)	1.3	0.4	(4.9)
At 31 December 2022.....	(144.6)	34.7	(111.3)	10.5	19.4	(191.3)



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**15. INVENTORIES**

	<u>2022</u>	<u>2021</u>
	<b>€m</b>	
Raw materials.....	221.2	140.5
Work in progress.....	88.7	78.2
Finished goods .....	166.1	111.6
	<u>476.0</u>	<u>330.3</u>

Raw materials, work in progress and finished goods recognised as cost of sales in the year amounted to €1,290.6 million (2021: €1,363.1 million). The write-down of slow-moving inventories to net realisable value amounted to €4.4 million (2021: €3.6 million) before the reversal of previous write downs of €4.7 million (2021: €4.2 million).

**16. CASH AND CASH EQUIVALENTS**

	<u>2022</u>	<u>2021</u>
	<b>€m</b>	
Cash on hand.....	318.3	334.0
Cash equivalents.....	6.3	3.6
	<u>324.6</u>	<u>337.6</u>

The Group has committed guarantees over cash and cash equivalents totalling €8.6 million as at 31 December 2022 (2021: €8.0 million).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**17. INTEREST-BEARING LOANS AND BORROWINGS**

This note provides information about the contractual terms of the Group's interest-bearing 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 24e.

	2022	2021
	€m	
<b>Current liabilities</b>		
Current portion of Senior Term Loans due 2024 .....	-	42.4
Current portion of Senior Term Loans due 2026 .....	10.6	(0.1)
Securitisation Facility .....	71.9	(0.7)
	<u>82.5</u>	<u>41.6</u>
<b>Non-current liabilities</b>		
Senior Secured Term Loans due 2024 .....	-	159.4
Senior Secured Term Loans due 2026 .....	1,431.2	1,086.1
Subordinated Related Party Loan (2021: Shareholder Loan) .....	295.7	327.1
Other loans .....	2.3	2.5
	<u>1,729.2</u>	<u>1,575.1</u>

	Gross loans and borrowings	Issue costs	Net loans and borrowings
		2022	
		€m	
<b>Gross debt and issue costs</b>			
Euro Senior Secured Term Loan A due 2026 .....	150.0	(2.8)	147.2
Euro Senior Secured Term Loans due 2026 .....	780.0	(8.7)	771.3
US Dollar Senior Secured Term Loan A due 2026 .....	195.2	(3.7)	191.5
US Dollar Senior Secured Term Loans due 2026 .....	335.5	(3.7)	331.8
Securitisation Facility .....	71.9	-	71.9
Subordinated Related Party Loan (2021: Shareholder Loan) .....	295.7	-	295.7
Other .....	2.3	-	2.3
<b>Total</b> .....	<u>1,830.6</u>	<u>(18.9)</u>	<u>1,811.7</u>

	Gross loans and borrowings	Issue costs	Net loans and borrowings
		2021	
		€m	
<b>Gross debt and issue costs</b>			
Euro Senior Secured Term Loans due 2024 .....	207.5	(5.7)	201.8
Euro Senior Secured Term Loans due 2026 .....	780.0	(9.2)	770.8
US Dollar Senior Secured Term Loans due 2026 .....	319.0	(3.8)	315.2
Securitisation Facility .....	-	(0.7)	(0.7)
Shareholder Loan .....	327.1	-	327.1
Other .....	2.5	-	2.5
<b>Total</b> .....	<u>1,636.1</u>	<u>(19.4)</u>	<u>1,616.7</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**17. INTEREST-BEARING LOANS AND BORROWINGS (continued)**

**Senior Secured Term Loans**

The Group has outstanding borrowings under a senior credit facilities agreement (the “Senior Secured Term Loans” or “Term Loans”). On 1 December 2022, the Group entered into a new Senior Secured Term Loan A in order to fund the acquisition of INEOS KOH, refinanced the existing Senior Secured Term Loan that was due to expire in 2024 and pay related transaction fees. As at 31 December 2022, both the new Term Loan A and the existing Term Loan B are denominated in both Euros and US dollars and mature in 2026. The Term Loans are repaid in quarterly instalments, in varying amounts relative to the original principal amount of the Senior Secured Term Loans.

The Senior Secured Term Loans outstanding at 31 December 2022 before issue costs were €1,460.7 million (31 December 2021: €1,306.5 million) of which before debt issue costs, €16.1 million (31 December 2021: €46.9 million) is due within one year. The outstanding Term Loans denominated in US dollars bear interest at a rate per annum equal to USD SOFR (subject to a floor of 1% per annum) plus the Applicable Margin. The Term Loans denominated in Euros bear interest at a rate per annum equal to EURIBOR (subject to a floor of 0.0% per annum for both the new Term Loan A and the Term Loan B) plus the Applicable Margin. As at December 31, 2022 the Applicable Margin for the Euro denominated Term Loans was 3.3-3.5% and the US dollar denominated Term Loans was 3.5%.

The Term Loans have numerous customary operating and financial incurrence covenants including covenants relating to, among other things, limitations on indebtedness, ability to give guarantees, creation of security interests, making acquisitions and investments, disposing of assets and paying dividends. The Term Loan A facilities have a consolidated net total leverage ratio financial maintenance covenant.

The Senior Secured Term Loans are stated net of debt issue costs of €18.9 million (31 December 2021: €18.7 million). These costs are allocated to the profit and loss account over the term of the Term Loans in accordance with IFRS 9 – Financial Instruments.

**Receivables Securitisation Facility**

In December 2021 the Group renewed its trade receivables securitisation facilities agreement (“Receivables Securitisation Facility”) which now matures in December 2024. The facility has a headline capacity of €250 million and is secured by pledges over the trade receivables sold into the programme. Interest is charged on the facility at a rate per annum of either SOFR, EURIBOR or short-term commercial paper rates plus a margin. As at 31 December, 2022 the total amount outstanding before issue costs was €71.9 million (2021: €nil). The Receivables Securitisation Facility is stated net of debt issue costs of €nil (2021: €0.7 million).

**Shareholder Loan & Subordinated Related Party Loan**

The Group entered into a loan with its shareholders in 2019 to facilitate various acquisitions. During June 2022, the Group repaid the shareholder loan outstanding capital amount of €367.4 million and accrued related interest of €27.8 million using funds provided by a new GBP denominated Subordinated Related Party Loan with a fellow INEOS Group undertaking. The loan is unsecured and ranks behind the interest of the holders of Senior Secured Term Loans. Interest accrues on this loan at an agreed rate but can only be paid subject to compliance with certain covenants.

During September 2022 the Group made a voluntary repayment of €100.0 million on the subordinated related party loan to partially repay both capital and interest. As at December 31, 2022 the Subordinated Related Party Loan (2021: Shareholder Loan) outstanding totalled €295.7 million (2021: €327.1 million).

**Other loans**

Other loans include a Swiss government backed loan and loans payable to group undertakings.

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**17. INTEREST-BEARING LOANS AND BORROWINGS (continued)**

**Swiss government backed loan**

During the second quarter of 2020 a 0% interest rate loan of €0.5 million was drawn down. The loan expires in 2025 with no covenants attached.

	<b>Currency</b>	<b>Nominal interest rate</b>	<b>Period of maturity</b>
Swiss government .....	CHF	0%	2025

**18. LEASE OBLIGATIONS**

*Analysed as:*

	<b>2022</b>	<b>2021</b>
	€m	
Current lease liabilities .....	20.5	17.9
Non-current lease liabilities .....	61.0	53.9
	<b>81.5</b>	<b>71.8</b>

*Maturity analysis – contractual undiscounted cash flows:*

	<b>2022</b>	<b>2021</b>
	€m	
Less than one year .....	21.5	17.9
Between one and five years .....	49.8	44.0
More than five years .....	32.0	30.3
<b>Total undiscounted lease liabilities at 31 December .....</b>	<b>103.3</b>	<b>92.2</b>

*Amounts recognised in the statement of cash flows:*

	<b>2022</b>	<b>2021</b>
	€m	
<b>Total cash outflow for leases .....</b>	<b>21.9</b>	<b>16.9</b>

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.

**19. TRADE AND OTHER PAYABLES**

	<b>2022</b>	<b>2021</b>
	€m	
<b>Non-current</b>		
Accruals .....	2.2	3.3
Other payables .....	4.2	4.5
<b>Total non-current trade and other payables .....</b>	<b>6.4</b>	<b>7.8</b>
<b>Current</b>		
Trade payables .....	254.3	247.9
Accrued interest payable on external loans .....	8.2	4.0
Accrued interest payable to related party .....	-	36.0
Amounts due to related parties .....	45.2	25.3
Other payables .....	8.3	4.6
Accruals .....	112.8	105.6
<b>Total current trade and other payables .....</b>	<b>428.8</b>	<b>423.4</b>
<b>Total trade and other payables .....</b>	<b>435.2</b>	<b>431.2</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**19. TRADE AND OTHER PAYABLES (continued)**

**Amounts due to related parties**

Amounts due to related parties include subsidiary and fellow Group undertakings and comprises of trading balances under typical operating terms.

**20. EMPLOYEE BENEFITS**

**Pension plans**

The Group operates a number of Pension 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 plans included in the IAS 19 global consolidated disclosures are in the United States, Germany and Finland.

Plan	Country	Valuation date	Status
US Pigments Hourly Employees Retirement Plan	USA	1 January 2022	Funded
US Pigments Retirees Welfare Plan	USA	1 January 2022	Unfunded
US INEOS Calabrian Corporation Retirement Plan	USA	1 January 2022	Funded
Germany INEOS Solvents GmbH Jubilee Plan	Germany	31 December 2022	Unfunded
Germany INEOS Solvents GmbH Pension Plans	Germany	31 December 2022	Funded
Germany INEOS Solvents Marl GmbH Jubilee Plan	Germany	31 December 2022	Unfunded
Germany ISP Marl (ISP Marl GmbH) Pension Plan	Germany	31 December 2022	Funded
Germany Composites GmbH Pension Plan	Germany	31 December 2022	Unfunded
Finland Voluntary Insurance Plan	Finland	31 December 2021	Funded
Finland Jubilee Plan	Finland	31 December 2021	Unfunded

There are also a number of smaller defined benefit plans in the Czech Republic, France, Italy, India, Germany and Spain. These are incorporated into the consolidated disclosures based on local reporting.

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

The valuation of the principal schemes used the projected unit credit method and was carried out by, professionally qualified actuaries, Mercer and Willis Towers Watson (WTW) in Germany, WTW and Principal in the United States and Porasto in Finland.

The North American pension arrangements consist of two funded plans, the Pigments plan which is closed to new entrants and the Calabrian plan which is closed to new entrants and future accrual. Both plans' liabilities are valued regularly in line with US statutory funding requirements.

The European pension arrangements are primarily final salary in nature, the majority of which remain open to new entrants except the main pension plan in Finland and the Composites GmbH Pension Plan in Germany. The Finland pension plan benefits are insured, there are also insurance assets, a Contractual Trust Agreement and a receivable from Evonik Freistellungsforderung in Germany. There are no legal minimum funding requirements in Germany.

**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		North America	
	2022	2021	2022	2021
<b>Major assumptions</b>				
Rate of general increase in salaries .....	3.3%	2.8%	-	-
Rate of increase to pensions in payment.....	2.5-2.7%	2.0-2.2%	-	-
Discount rate for scheme liabilities .....	3.7%	1.3%	5.4%	2.8%
Inflation.....	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		North America	
	2022	2021	2022	2021
Longevity at age 65 for current pensioners .....	20.7-25.4	20.4-25.4	19.2-21.3	19.1-21.2

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

	European		North America	
	2022	2021	2022	2021
	%		%	
Discount rate 1.0% decrease.....	14.5-19.9	18.2 - 24.8	11.4	14.7
Rate of inflation 0.5% increase .....	9.3-9.8	8.4 - 12.7	N/a	N/a
1 year increase in longevity for a member aged 65 .....	3.9-4.4	2.8 - 4.9	2.3	2.6

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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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 .....	(145.6)	(196.1)
Fair value of plan assets .....	41.3	59.6
<b>Deficit</b> .....	<b>(104.3)</b>	<b>(136.5)</b>

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

	2022	2021
	€m	
<b>Obligations in respect of pension plans:</b>		
European .....	(96.5)	(127.8)
North America .....	(7.7)	(8.6)
Rest of world .....	(0.1)	(0.1)
<b>Recognised liability for defined benefit obligations</b> .....	<b>(104.3)</b>	<b>(136.5)</b>

**Consolidated income statement**

	European	North America	Total
	€m		
<b>Year ended 31 December 2022</b>			
Current service cost .....	3.4	1.2	4.6
Past service cost .....	~	0.6	0.6
Interest cost on defined benefit obligation .....	1.8	1.7	3.5
Interest income on assets .....	(0.2)	(1.4)	(1.6)
	<b>5.0</b>	<b>2.1</b>	<b>7.1</b>

	European	North America	Total
	€m		
<b>Year ended 31 December 2021</b>			
Current service cost .....	3.6	1.5	5.1
Past service cost .....	0.5	-	0.5
Interest cost on defined benefit obligation .....	1.1	1.2	2.3
Interest income on assets .....	(0.1)	(0.9)	(1.0)
	<b>5.1</b>	<b>1.8</b>	<b>6.9</b>

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**20. EMPLOYEE BENEFITS (continued)**

**History of plans (continued)**

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

	2022	2021
	€m	
Cost of sales, distribution and administrative expenses.....	5.2	5.6
Net finance cost.....	1.9	1.3
<b>Total expense .....</b>	<b>7.1</b>	<b>6.9</b>

Movements in present value of defined benefit obligation:

	European	North America	Rest of the world	Total
	€m			
<b>Balance at 1 January 2021.....</b>	145.5	47.0	0.4	192.9
Current service cost .....	3.6	1.5	-	5.1
Interest cost on the defined benefit obligation ..	1.1	1.2	-	2.3
Disbursements from plan assets .....	(0.2)	(3.3)	-	(3.5)
Disbursements directly paid by the employer ...	(1.4)	(0.1)	-	(1.5)
Acquisition / divestiture .....	(0.5)	-	-	(0.5)
Service cost plan amendments .....	0.7	-	-	0.7
Service cost curtailments.....	(0.1)	-	-	(0.1)
Foreign exchange movements .....	-	3.9	(0.3)	3.6
<b>Remeasurements:</b>				
Actuarial loss - experience .....	3.0	0.3	-	3.3
Actuarial loss – demographic assumptions.....	-	0.2	-	0.2
Actuarial gain – financial assumptions .....	(4.8)	(1.6)	-	(6.4)
<b>Balance at 31 December 2021 .....</b>	146.9	49.1	0.1	196.1
Current service cost .....	3.4	1.2	-	4.6
Interest cost on the defined benefit obligation ..	1.8	1.7	-	3.5
Disbursements from plan assets .....	(0.2)	(5.7)	-	(5.9)
Disbursements directly paid by the employer ...	(1.5)	(0.5)	-	(2.0)
Service cost plan amendments .....	-	0.6	-	0.6
Foreign exchange movements .....	-	3.1	-	3.1
<b>Remeasurements:</b>				
Actuarial gain - experience .....	2.0	(2.1)	-	(0.1)
Actuarial loss – demographic assumptions .....	-	0.1	-	0.1
Actuarial gain – financial assumptions .....	(41.8)	(12.6)	-	(54.4)
<b>Balance at 31 December 2022.....</b>	<b>110.6</b>	<b>34.9</b>	<b>0.1</b>	<b>145.6</b>



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

**20. EMPLOYEE BENEFITS (continued)**

**History of plans (continued)**

Movements in fair value of plan assets:

	<u>European</u>	<u>North America</u>	<u>Rest of the world</u>	<u>Total</u>
	€m			
<b>Balance at 1 January 2021</b> .....	5.9	36.3	-	42.2
Interest income on plan assets .....	0.1	0.9	-	1.0
Return on plan assets greater than discount rate .....	(0.5)	3.4	-	2.9
Employer contributions .....	3.6	0.1	-	3.7
Disbursements .....	(1.6)	(3.4)	-	(5.0)
Other .....	11.6	-	-	11.6
Foreign exchange movements .....	-	3.2	-	3.2
<b>Balance at 31 December 2021</b> .....	19.1	40.5	-	59.6
Interest income on plan assets .....	0.2	1.4	-	1.6
Return on plan assets less than discount rate .....	(5.0)	(11.6)	-	(16.6)
Employer contributions .....	1.5	0.6	-	2.1
Disbursements .....	(1.7)	(6.3)	-	(8.0)
Other .....	-	-	-	-
Foreign exchange movements .....	-	2.6	-	2.6
<b>Balance at 31 December 2022</b> .....	14.1	27.2	-	41.3

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 value of the plan assets were as follows:

	<u>European</u>	<u>North America</u>	<u>Total</u>
	€m		
<b>At 31 December 2022</b>			
Equities .....	1.3	15.5	16.8
Corporate bonds .....	0.1	1.1	1.2
Other .....	12.7	10.6	23.3
<b>Total plan assets</b> .....	14.1	27.2	41.3
	<u>European</u>	<u>North America</u>	<u>Total</u>
<b>At 31 December 2021</b>			
Equities .....	-	23.3	23.3
Corporate bonds .....	-	1.5	1.5
Other .....	19.1	15.7	34.8
<b>Total plan assets</b> .....	19.1	40.5	59.6

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**21. PROVISIONS**

	Severance and restructuring costs	Remediation	Other	Total
	€m			
<b>Balance at 1 January 2021</b> .....	10.5	14.1	0.6	25.2
Unwinding of discount .....	-	0.1	-	0.1
Allowance made in the year .....	4.0	1.0	0.9	5.9
Utilised during the year .....	(8.6)	(0.7)	-	(9.3)
Translation exchange .....	-	(1.9)	-	(1.9)
<b>Balance at 31 December 2021</b> .....	5.9	12.6	1.5	20.0
Business acquisitions (Note 3) .....	-	12.2	14.3	26.5
Unwinding of discount .....	-	0.1	-	0.1
Allowance made in the year .....	0.3	0.8	0.9	2.0
Utilised during the year .....	(0.2)	(0.4)	(0.8)	(1.4)
Translation exchange .....	-	(0.1)	(0.4)	(0.5)
<b>Balance at 31 December 2022</b> .....	<u>6.0</u>	<u>25.2</u>	<u>15.5</u>	<u>46.7</u>
Current provisions .....	6.0	11.5	0.2	17.7
Non-current provisions .....	-	13.7	15.3	29.0
<b>Balance at 31 December 2022</b> .....	<u>6.0</u>	<u>25.2</u>	<u>15.5</u>	<u>46.7</u>

**Severance and restructuring cost**

As part of the integration of the acquired businesses in 2019 management have made progress on several cost saving initiatives. Allowances to cover restructuring associated with these cost saving initiatives totalling €2.1 million remain outstanding as at 31 December 2022. There are also several costs associated with the ongoing reorganisation of the INEOS Hygienics business that have been provided for in full, totalling €3.9 million, where work remains outstanding for the closure of the German site as well as committed contract spend.

**Remediation**

Remediation work is required at the Moers and Heme sites in Germany. This work is to restore several separate items to a higher standard with work expected to be completed in 2023. The cost of this work has been provided for in full and the work remains mainly outstanding as at 31 December 2022. Remediation work is also required within the Pigments businesses to restore separate items including landfill operations to a higher standard upon exiting the site as well as decommissioning of specialised old redundant equipment and machinery used in the previous mercury cell rooms, totalling €12.2 million at the recently acquired INEOS KOH site. The cost of these works has been provided for in full and the work remains outstanding.

**Other**

The majority of this balance relates to an unfavourable contract acquired in the INEOS KOH business where its sales of Chlorine are at discounted prices versus a current market price. Costs associated with the contract have been provided for in full, totalling €14.3 million and are expected to be incurred by 31 December 2024. In addition, there is a separate provision recognised for the cost of other post-retirement benefits and long service payments relating to various schemes and rewards for employees across the portfolio.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**22. SHARE CAPITAL**

	2022	2021
	€	
<b>Fully paid</b>		
Allotted 1 share of £1.00 each.....	1	1

The holders of the Ordinary share shall be entitled to receive dividends as determined by the Company out of the profits of the Company. The holders of the Ordinary share are entitled to one vote per share at meetings of the Company.

**23. DIVIDENDS**

No dividends were recognised during the year:

	2022	2021
	€m	
Dividends declared.....	-	-

No dividends were declared during 2022 (2021: €nil) payable to the immediate parent company INEOS AG. In addition, €nil (2021: €nil) was paid to the holders of equity settled share instruments settled in cash.

**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.

***Interest-bearing borrowings***

Fair value 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 net of debt issue costs. The fair value of lease liabilities is determined by reference to market rates for similar lease agreements. The fair value of the related party loans is the same as the carrying value. The fair value of securitisation facilities is the same as the carrying value.

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

**24a. Fair values of financial instruments (continued)**

*Fair values*

The fair values for each class of financial assets and financial liabilities together with their carrying amounts shown in the consolidated balance sheet are as follows:

	Carrying amount	Fair value	Carrying amount	Fair value
	2022		2021	
	€m			
<b>Financial assets carried at amortised cost:</b>				
Trade receivables .....	392.6	392.6	394.3	394.3
Amounts due from related parties .....	68.4	68.4	69.8	69.8
Other receivables .....	48.1	48.1	51.8	51.8
<b>Total loans and receivables .....</b>	<b>509.1</b>	<b>509.1</b>	<b>515.9</b>	<b>515.9</b>
Cash and cash equivalents .....	324.6	324.6	337.6	337.6
<b>Total financial assets .....</b>	<b>833.7</b>	<b>833.7</b>	<b>853.5</b>	<b>853.5</b>

  

	Carrying amount	Fair value	Carrying amount	Fair value
	2022		2021	
	€m			
<b>Financial liabilities carried at amortised cost:</b>				
Loans and borrowings .....	1,514.0	1,486.4	1,289.6	1,308.1
Trade and other payables .....	275.0	275.0	261.0	261.0
Lease liability .....	81.5	81.5	71.8	71.8
Amounts due to related parties .....	342.9	342.9	388.4	388.4
<b>Total loans and payables .....</b>	<b>2,213.4</b>	<b>2,185.8</b>	<b>2,010.8</b>	<b>2,029.3</b>
<b>Total financial liabilities .....</b>	<b>2,213.4</b>	<b>2,185.8</b>	<b>2,010.8</b>	<b>2,029.3</b>

There are no financial instruments carried at fair value through profit or loss.

**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.

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

**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 minimise 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.

***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.

***Guarantees***

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. The Group has committed guarantees over cash and cash equivalents totalling €8.6 million as at 31 December 2022 (2021: €8.0 million). At 31 December 2022 no (2021: no) guarantees were outstanding in the ordinary course of business.

***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 borrowings from the Group's lenders. The Group has an accounts receivables asset backed securitisation facility with a maximum drawdown of €250.0 million. As at 31 December 2022 €71.9 million (2021: €nil) was repayable on the facility.

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

**24d. Liquidity risk (continued)**

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

		2022				
	Carrying amount	Contractual cash flows	1 year or less	1 to<2 years	2 to<5 years	5 years and over
€m						
<b>Non-derivative financial liabilities</b>						
Loans and borrowings.....	1,514.0	1,552.7	159.5	87.6	1,305.6	-
Trade and other payables.....	275.0	275.0	266.7	8.3	-	-
Lease liability.....	81.5	103.3	21.5	12.5	37.3	32.0
Amounts due to related parties....	342.9	385.2	166.5	114.1	102.6	2.0
	<u>2,213.4</u>	<u>2,316.2</u>	<u>614.2</u>	<u>222.5</u>	<u>1,445.5</u>	<u>34.0</u>
		2021				
	Carrying amount	Contractual cash flows	1 year or less	1 to<2 years	2 to<5 years	5 years and over
€m						
<b>Non-derivative financial liabilities</b>						
Loans and borrowings.....	1,289.6	1,443.5	93.4	95.9	1,254.2	-
Trade and other payables.....	261.0	261.0	256.5	4.5	-	-
Lease liability.....	71.8	92.2	17.9	11.0	33.0	30.3
Amounts due to related parties....	388.4	400.6	87.2	27.9	83.7	201.8
	<u>2,010.8</u>	<u>2,197.3</u>	<u>455.0</u>	<u>139.3</u>	<u>1,370.9</u>	<u>232.1</u>

**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 Euro and the US Dollar.

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

Foreign exchange risk arises from net investments in foreign operations, future commercial transactions, and recognised assets and liabilities.

A substantial portion of the Group's revenue is generated in, or linked to, the Euro and the US dollar. Product prices, certain feedstock costs and most other costs are denominated in Sterling, Euro or US dollar.

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.

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

**24e. Market risk (continued)**

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	
Euros .....	(3.0)	(1.7)
USD .....	(15.6)	(32.5)
<b>Net result</b> .....	<b>(18.6)</b>	<b>(34.2)</b>

*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.

Interest accruing on amounts due to related parties can only be paid in accordance with the Senior Term Loan covenants, see note 17.

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

	Equity	Profit or loss	
	2022	2021	
	€m		
USD .....	(226.3)	(121.6)	(8.9)
	<b>(226.3)</b>	<b>(121.6)</b>	<b>(8.9)</b>

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 – Commodity price risk**

This Group does not have any exposure to commodity contracts which are not covered under the own use exemption and are recognised as derivative instruments.

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

**24e. Market risk (continued)**

**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	
<b>Carrying amount of financial assets and liabilities</b>		
<b>Fixed rate instruments</b>		
Financial assets .....	41.7	43.9
Financial liabilities .....	(377.2)	(397.9)
	<u>(335.5)</u>	<u>(354.0)</u>
	2022	2021
	€m	
<b>Variable rate instruments</b>		
Financial assets .....	324.6	337.6
Financial liabilities .....	(1,532.6)	(1,309.0)
	<u>(1,208.0)</u>	<u>(971.4)</u>

**Sensitivity analysis**

A change of 1% in interest rates at the balance sheet date would have increased/(decreased) 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, financial instrument at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps. The analysis is performed on the same basis for comparative period.

	2022	2021
	€m	
<b>Profit or loss</b>		
Loss on change in interest rate by 1% .....	<u>(15.3)</u>	<u>(4.7)</u>

**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 €553.6 million as of 31 December 2022 (2021: €339.4 million) as total equity.

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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**25. CAPITAL COMMITMENTS**

Outstanding capital expenditure authorised by management and for which contracts had been placed as at 31 December 2022 by the Group amounted to approximately €21.9 million (2021: €24.4 million) all of which relates to the acquisition and construction of property, plant and equipment.

**26. RELATED PARTIES**

**Related party transactions**

Related parties comprise:

- Parent entities and their subsidiaries not included within the INEOS Enterprises Holdings Limited Group;
- Entities controlled by the shareholders of INEOS Limited, the ultimate parent company of INEOS Enterprises Holdings 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 AG, a subsidiary of INEOS Limited provides operational management services to the Group through a management services agreement. *INEOS Limited management fees of €16.3 million (2021: €15.2 million) were charged to the income statement during the year ended 31 December 2022.*

INEOS AG owns and controls a number of subsidiaries that are not included in the consolidated financial statements of INEOS Enterprises Holdings Limited for the relevant time periods of ownership.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**26. RELATED PARTIES (continued)**

**Related party transactions (continued)**

**Trading transactions**

During the year, the Company entered into the following trading transactions with related parties:

	<u>Sale of goods and services</u>	<u>Purchase of goods and services</u>	<u>Trade balance owed to/(by) the Group</u>
	€m		
<b>Related party</b>			
<b>2022</b>			
<b>Current</b>			
INEOS Limited .....	-	(17.6)	2.8
INEOS Group Holdings S.A. and subsidiaries .....	30.0	(78.4)	11.0
INEOS Industries Holdings Limited and subsidiaries .....	1.5	(85.5)	(32.3)
<b>2021</b>			
<b>Current:</b>			
INEOS Limited .....	-	(15.2)	(1.4)
INEOS Group Holdings S.A. and subsidiaries .....	30.7	(66.5)	12.8
INEOS Industries Holdings Limited and subsidiaries .....	8.3	(89.5)	(10.8)
<b>Non-current</b>			
INEOS Limited .....	-	-	4.1

**Outstanding balances**

At the year end, the Company had the following balances with related parties:

	<u>Interest received/ (charged)</u>	<u>Net loan balances owed to/(by) the Group</u>
	€m	
<b>Related party</b>		
<b>2022</b>		
Shareholder loan .....	(13.3)	-
INEOS AG .....	(12.1)	(295.7)
INEOS Group Holdings S.A. and subsidiaries .....	-	(2.0)
INEOS Industries Limited and subsidiaries .....	1.8	41.7
<b>2021</b>		
Shareholder loan .....	(27.5)	(327.1)
INEOS AG .....	(0.2)	-
INEOS Group Holdings S.A. and subsidiaries .....	-	(2.0)
INEOS Industries Limited and subsidiaries .....	1.8	39.8

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

**26. RELATED PARTIES (continued)**

**Related party transactions (continued)**

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.

Refer to Note 17 for further details regarding the Shareholder loan.

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 31 December 2022 (2021: €nil).

**Transactions with key management personnel (including directors)**

The Group defines key management as the directors of the Company. Details of directors' remuneration are given in Note 6.1.

**27. 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 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.

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

**28. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2022	2021
	€m	
(Decrease)/ increase in cash and cash equivalents in the year.....	(15.2)	61.5
Cash (inflow)/ outflow from change in debt financing.....	(96.2)	149.6
<b>Change in net debt resulting from cash flows.....</b>	<b>(111.4)</b>	<b>211.1</b>
Debt disposed of from disposal of business .....	-	1.5
Debt acquired with acquisition of business .....	(9.4)	-
Other net non-cash transactions .....	(96.9)	(90.9)
<b>Movement in net debt in year.....</b>	<b>(217.7)</b>	<b>121.7</b>

Other non-cash transactions primarily relate to foreign exchange translation differences.

	1 Jan 2022	Cash flow	Acquisitions*	Other non-cash changes	31 Dec 2022
	€m				
Cash at bank and in hand.....	337.6	(15.2)	-	2.2	324.6
Debt due within one year .....	(41.6)	(75.3)	-	34.4	(82.5)
Debt due after more than one year .....	(1,575.1)	(41.1)	-	(113.0)	(1,729.2)
Lease liability.....	(71.8)	20.2	(9.4)	(20.5)	(81.5)
Net debt after issue costs.....	(1,350.9)	(111.4)	(9.4)	(96.9)	(1,568.6)

\*Excludes cash

	1 Jan 2021	Cash flow	Other non-cash changes	31 Dec 2021
	€m			
Cash at bank and in hand.....	261.5	61.5	14.6	337.6
Debt due within one year .....	(37.7)	39.7	(43.6)	(41.6)
Debt due after more than one year .....	(1,633.4)	93.0	(34.7)	(1,575.1)
Lease liability.....	(63.0)	16.9	(25.7)	(71.8)
Net debt after issue costs.....	(1,472.6)	211.1	(89.4)	(1,350.9)

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

**29. 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 judgements in applying the Group's accounting policies**

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

**Fair value measurement on business combination**

The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets and liabilities acquired. The determination of the fair value of the acquired assets and liabilities is to a considerable extent based upon management's judgement, and estimates and assumptions made.

Allocation of the purchase price affects the results of the Group as intangible assets are amortised over their estimated useful lives, whereas goodwill, is not amortised. This could lead to differing amortisation charges based on the allocation to indefinite and finite lived intangible assets.

On acquisition of a business, the identifiable intangible assets may include customer contracts, customer relationships and preferential supply contracts. The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset. The use of different estimates and assumptions for the expectations of future cash flows and the discount rate would change the valuation of these intangible assets.

The carrying amount of intangibles is disclosed in Note 11.

**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.

**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; and
- Expected rates of return on the scheme assets.

Details of post-retirement benefits including the major actuarial assumptions and the sensitivity of the post-retirement benefits to the assumptions are set out in Note 20: pension plan assumptions.

# COMPANY BALANCE SHEET AS AT 31 DECEMBER 2022

	Note	2022	2021
		€m	
<b>Non-current assets</b>			
Intangible assets .....	4	1.5	-
Property, plant and equipment .....	5	-	0.5
Investments .....	6	253.1	21.9
Trade and other receivables .....	7	271.0	487.5
Deferred tax asset .....	8	-	3.4
		<u>525.6</u>	<u>513.3</u>
<b>Current assets</b>			
Trade and other receivables .....	9	14.2	46.7
Cash and cash equivalents .....	10	4.7	25.3
		<u>18.9</u>	<u>72.0</u>
<b>Total assets .....</b>		<u><b>544.5</b></u>	<u><b>585.3</b></u>
<b>Equity attributable to owners of the parent</b>			
Called up share capital .....	11	-	-
Retained earnings .....		233.0	151.6
<b>Total equity .....</b>		<u><b>233.0</b></u>	<u><b>151.6</b></u>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings .....	13	295.7	388.3
		<u>295.7</u>	<u>388.3</u>
<b>Current liabilities</b>			
Trade and other payables .....	12	15.8	47.0
Interest-bearing loans and borrowings .....	13	-	(1.6)
		<u>15.8</u>	<u>45.4</u>
<b>Total liabilities .....</b>		<u><b>311.5</b></u>	<u><b>433.7</b></u>
<b>Total equity and liabilities .....</b>		<u><b>544.5</b></u>	<u><b>585.3</b></u>

The Company has applied the exemption under s.408 of Companies Act 2006 and is exempt from the requirements to present a profit and loss account.

The Company's net profit for the year ending 31 December 2022 was €81.4 million (2021: €29.1 million).

The notes on pages 90 to 98 are an integral part of the Company financial statements.

These financial statements on pages 88 to 98 were approved and authorised for issue by the Board of Directors on 6 April 2023 and signed on its behalf by:



A Brown  
Director  
Registered number 09328837

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

	<b><u>Called up share capital</u></b>	<b><u>Retained earnings</u></b>	<b><u>Total equity</u></b>
		€m	
<b>Balance at 1 January 2021</b> .....	-	122.5	122.5
Profit for the year and total comprehensive income .....	-	29.1	29.1
<b>Balance at 31 December 2021</b> .....	-	<b>151.6</b>	<b>151.6</b>
Profit for the year and total comprehensive income .....	-	81.4	81.4
<b>Balance at 31 December 2022</b> .....	-	<b>233.0</b>	<b>233.0</b>

The notes on pages 90 to 98 are an integral part of the Company financial statements.

## **NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

### **1. ACCOUNTING POLICIES**

#### **Overview**

INEOS Enterprises Holdings Limited (the "Company") is a private company limited by shares under the Companies Act 2006, incorporated and registered in United Kingdom. The nature of the operations and principal activities of the Company is to act as a holding company which invests into its operating subsidiaries. The Company's registered address is INEOS Enterprises Holdings Limited, Anchor House, 15-19 Britten Street, Chelsea, London, SW3 3TY, United Kingdom.

#### **Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards, on a going concern basis and under the historical cost accounting rules. There have been no significant judgements applied by management and directors in the preparation of the Company financial information due to the simple nature of the Company.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

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

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.

#### **Going concern**

The Company financial statements have been prepared on a going concern basis and approved by the Board of Directors in accordance with the United Kingdom Accounting Standards, including FRS 101 and the Companies Act 2006.

The Company is compliant with its debt covenant as at 31 December 2022 and meets its day to day working capital requirements through its intercompany loan, along with cash generated by its subsidiaries and operations. The Company held cash balances of €4.7 million at 31 December 2022 (2021: €25.3 million) and interest-bearing loans and borrowings (net of debt issue costs) of €295.7 million at 31 December 2022 (2021: €386.7 million) of which £nil is due to be repaid within 12 months of signing the financial statements. 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 before exceptional items, cash flow and debt.



## **NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

### **1. ACCOUNTING POLICIES (continued)**

#### **Going concern (continued)**

The stress tests show that the Company will be compliant with 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 €233.0 million as at December 31, 2022 (2021: €151.6 million) and the Company's ability to meet working capital requirements through its intercompany financing facilities, along with access to cash generated by its subsidiaries, the directors have concluded that the Company 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.

#### **Impact of new standards and interpretations**

There are no amendments to accounting standards that are effective for the year ended 31 December 2022 which have had a material impact on the Company.

#### **Measurement convention**

The financial statements are prepared on the historical cost basis. No assets or liabilities are stated at fair value.

#### **Functional and presentation currency**

These Company financial statements are presented in Euros, which is the functional currency of the Company. The Company primarily generates income, incurs expenditure and has the majority of its assets and liabilities denominated in euros. All amounts in the financial statements have been rounded to the nearest €0.1 million unless otherwise stated.

#### **Intangible assets**

Intangible assets acquired by the Company are stated at cost less accumulated amortisation and accumulated impairment losses. These intangible assets principally comprise of license fees and software.

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 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 reliably.

#### **Amortisation**

Amortisation is charged to the 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:

- Licenses and Software                      5 years

These intangible assets are tested for impairment 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 a prospective basis.

**NOTES TO THE COMPANY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1. ACCOUNTING POLICIES (continued)**

**Property, plant and equipment**

*Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment loss.*

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.

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.

Depreciation is charged to the 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:

- Fixtures, fittings and equipment                      5 to 10 years

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 Company 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.

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 income statement in the period in which the item is derecognised.

**Investments**

Investments, including investments in subsidiaries are stated in the balance sheet at cost less any provisions for impairment.

The carrying amounts of investments are assessed at the end of the reporting period to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount exceeds its recoverable amount. *Impairment losses are recognised in the income statement.*

**Non-derivative financial instruments**

Non-derivative financial instruments comprise trade and other receivables, 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 meet the cash flow characteristics and business model tests 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.

**NOTES TO THE COMPANY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1. ACCOUNTING POLICIES (continued)**

**Non-derivative financial instruments (continued)**

*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.

*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.

**Cash at bank and in hand**

Cash and cash equivalents comprise cash balances and call deposits.

**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.

**Deferred tax**

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.

**NOTES TO THE COMPANY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**2. STAFF NUMBERS AND COSTS**

The average number of persons employed by the Company (including directors) during the year is four (2021: four). All employees are within an administrative function.

The aggregate payroll costs of these persons were as follows:

	<u>2022</u>	<u>2021</u>
	<b>€m</b>	
Wages and salaries .....	<b>2.9</b>	2.1
Social security contributions .....	<b>0.3</b>	0.3
Expenses related to defined contribution pension plans .....	<b>0.1</b>	0.1
<b>Total Employee Costs.....</b>	<b><u>3.3</u></b>	<b><u>2.5</u></b>

**3. DIRECTORS' REMUNERATION**

	<u>2022</u>	<u>2021</u>
	<b>€m</b>	
Aggregate remuneration.....	<b>2.0</b>	1.7
	<b><u>2.0</u></b>	<b><u>1.7</u></b>

No directors have retirement benefits accruing under a defined benefit pension scheme (2021: none).

**4. INTANGIBLE ASSETS**

	<b>Licence Fees &amp; Software</b>
	<b>€m</b>
<b>Cost</b>	
<b>Balance at 1 January 2022.....</b>	-
Additions.....	1.2
Transfers .....	0.5
<b>Balance at 31 December 2022.....</b>	<b><u>1.7</u></b>
<b>Accumulated depreciation</b>	
<b>Balance at 1 January 2022.....</b>	-
Amortisation charge for the year .....	(0.1)
Transfers .....	(0.1)
<b>Balance at 31 December 2022.....</b>	<b><u>(0.2)</u></b>
<b>Net book value</b>	
At 31 December 2021 .....	-
<b>At 31 December 2022 .....</b>	<b><u>1.5</u></b>

**NOTES TO THE COMPANY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**5. PROPERTY, PLANT AND EQUIPMENT**

	<b>Fixtures, fittings &amp; equipment</b>
	<b>€m</b>
<b>Cost</b>	
<b>Balance at 1 January 2021</b> .....	1.3
Additions .....	0.1
Disposals .....	(0.8)
<b>Balance at 31 December 2021</b> .....	0.6
Disposals .....	(0.1)
Transfers .....	(0.5)
<b>Balance at 31 December 2022</b> .....	-
<b>Accumulated depreciation</b>	
<b>Balance at 1 January 2021</b> .....	(0.1)
Depreciation charge for the year .....	(0.1)
Disposals .....	0.1
<b>Balance at 31 December 2021</b> .....	(0.1)
Depreciation charge for the year .....	-
Transfers .....	0.1
<b>Balance at 31 December 2022</b> .....	-
<b>Net book value</b>	
At 31 December 2021 .....	0.5
At 31 December 2022 .....	-

**6. INVESTMENTS**

On 30 June 2022, the Company subscribed to 1 newly issued share for €131.2 million in INEOS Enterprises Holdings II Limited, a further subscription of 10,000,180,799 newly issued shares for €100.0 million was made on 30 September 2022.

	<b>2022</b>	<b>2021</b>
	<b>€m</b>	
Balance at start of year .....	21.9	21.9
Additions .....	231.2	-
Balance at end of year .....	253.1	21.9

The directors believe the carrying value of the investments is supported by the underlying net assets of the subsidiaries and their future earning potential.

Information regarding the subsidiary undertaking of the Company have been included within note 12.2 of Section 2 – Consolidated Financial Statements of this report.

**NOTES TO THE COMPANY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**7. TRADE AND OTHER RECEIVABLES: AMOUNTS FALLING DUE AFTER ONE YEAR**

	<u>2022</u>	<u>2021</u>
	<u>€m</u>	
<b>Non-Current</b>		
Amounts due from group undertakings .....	<u>271.0</u>	<u>487.5</u>
	<u>271.0</u>	<u>487.5</u>

Amounts due from group undertakings comprise of intercompany loans. The interest rate applied to the intercompany loans range from 3.75-5.75% and is denominated in sterling and euros and has no fixed repayment schedule.

**8. DEFERRED TAX ASSETS**

**Recognised deferred tax assets**

Deferred tax assets are attributable to the following:

	<u>Deferred Tax Assets</u>
	<u>€m</u>
Balance at 1 January 2022 and 31 December 2021 .....	3.4
Deferred tax on interest deductible in future periods .....	(3.4)
Balance at 31 December 2022 .....	<u>-</u>

All deferred tax assets relates to interest expense deductible in future periods. 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 unused gross tax losses, deductible temporary differences and unused tax credits.

**9. TRADE AND OTHER RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>2022</u>	<u>2021</u>
	<u>€m</u>	
<b>Current</b>		
Other receivables.....	2.4	2.1
Amounts due from related parties .....	<u>11.8</u>	<u>44.6</u>
	<u>14.2</u>	<u>46.7</u>

Amounts due from related parties is comprised of intercompany operating and interest receivable balances. As at the balance sheet date, the directors consider that whilst a €41.7 million loan due from group undertakings has a repayable on demand clause, it is unlikely to be repaid within twelve months after the reporting period. As a result, it has been reclassified to Trade and other receivables: amounts falling due after one year (see note 7 of Section 3 – Company Financial Statements of this report).

**NOTES TO THE COMPANY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**10. CASH AND CASH EQUIVALENTS**

	<u>2022</u>	<u>2021</u>
	<b>€m</b>	
Cash on hand.....	<u>4.7</u>	<u>25.3</u>
	<b>4.7</b>	<b>25.3</b>

**11. CALLED UP SHARE CAPITAL**

	<u>2022</u>	<u>2021</u>
	<b>€</b>	
Allotted 1 (2021: 1) shares of £1.00 each.....	<u>1</u>	<u>1</u>

**12. TRADE AND OTHER PAYABLES**

	<u>2022</u>	<u>2021</u>
	<b>€m</b>	
Trade creditors .....	0.6	1.0
Amounts due to related parties .....	2.5	38.1
Accruals .....	7.1	3.0
Corporation tax creditor .....	5.0	4.9
Other creditors.....	<u>0.6</u>	<u>-</u>
	<b>15.8</b>	<b>47.0</b>

Amounts due to related parties is predominantly comprised of intercompany operating and interest balances.

**13. INTEREST BEARING LOANS**

	<u>2022</u>	<u>2021</u>
<b>Non-current liabilities</b>	<b>€m</b>	
Shareholder loan.....	-	327.1
Bank loan debt issue costs.....	-	(4.7)
Subordinated related party loan.....	295.7	-
Other amounts due to related parties .....	<u>-</u>	<u>65.9</u>
	<b>295.7</b>	<b>388.3</b>
<b>Current liabilities</b>		
Bank loan debt issue costs.....	<u>-</u>	<u>(1.6)</u>
	<u>-</u>	<u>(1.6)</u>
Balance at 31 December.....	<b>295.7</b>	<b>386.7</b>

**Shareholder loan**

During June 2022, the Company fully repaid the shareholder loan.

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**NOTES TO THE COMPANY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**13. INTEREST BEARING LOANS (continued)**

**Subordinated Related Party Loan**

During June 2022, the Company entered into a new GBP denominated Subordinated Related Party Loan with a fellow INEOS Group undertaking. The loan is unsecured and ranks behind the interest of the holders of Senior Secured Term Loans. Interest accrues on this loan at an agreed rate but can only be paid subject to compliance with certain covenants. The loan is due to be fully repaid July 2027, being one year after the latest maturity of the Senior Secured Term Loans Arrangement.

During September 2022, the Company made a voluntary repayment of €100.0 million on the Subordinated Related Party Loan to partially repay both capital and interest.

Further information regarding the Shareholder Loan and the Subordinated Related Party Loan have been included within note 17 of Section 2 – Consolidated Financial Statements of this report.

**14. RELATED PARTIES**

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow subsidiaries under common ownership. During the year the Company has not entered into any transactions outside of the exemption.

**15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The Company's immediate parent company is INEOS AG, a company registered in Switzerland. The Company's ultimate parent company is INEOS Limited, a company registered in Isle of Man. The directors regard Mr. J A Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in INEOS Limited.

The only set of financial statements in which the results of the Company are consolidated is that headed by INEOS Enterprises Holdings Limited.

**16. 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.