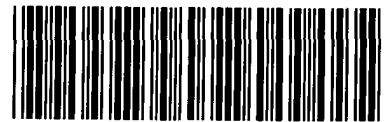


INEOS Sales (UK) Limited
Annual report and financial statements
Registered number 07445505
31 December 2021

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Strategic report for the year ended 31 December 2021

The directors present their Strategic report on the Company for the year ended 31 December 2021.

Review of business and future developments

INEOS Sales (UK) Limited ("the Company") is a Limited Risk Distributor (LRD) for petroleum products sold on behalf of other companies within the INEOS group for which it receives a small margin. The economic recovery which followed the COVID-19 crisis accelerated throughout 2021. Demand for olefins in the year was strong with demand for butadiene and benzene being particularly strong compared to the previous year. The polymers business experienced an increase in demand due to logistical challenges in the market which reduced the level of European imports, coupled with strong US and European demand in both the durables and consumables markets. The overall demand in the Oligomers business was strong across their product range as economies began to open up again from COVID-19 related disruptions. The Nitriles business demand was broadly in line with the previous year.

The Company also owns the chemical technology licence and patents. The business has continued with polyolefin catalyst activities and no longer enters into new external polyolefin licences. All existing licences continue until the end of their term.

The Company also provides support services to INEOS Europe AG and other companies within the INEOS group.

For 2022 and for future years it is the expectation that the Company will continue with its current principal activities.

The Company sells petrochemicals into a number of different European countries. The uncertainties related to BREXIT negotiations were carefully monitored by management and steps were taken to achieve a high level of preparedness. Since the beginning of 2021, the deliveries to European based customers have continued without interruption and the Company reconfigured its supply chain to minimise delays.

On 4 May 2021, the Company transferred its entire shareholding in INEOS Olefins Belgium N.V. (formerly INEOS Manufacturing Belgium II N.V.) to INEOS Olefins Belgium Holdings Limited, a fellow subsidiary company at par value.

Results and dividends

The profit for the financial year before taxation was €9,111,000 (2020: €6,677,000). The directors do not propose the payment of a dividend (2020: *€nil*).

Strategy

The longer term objective is to achieve sustained revenue growth for the Limited Risk Distribution activities at a rate consistent with the 2021 level and to generate profits by charging competitive distribution margins and service fees whilst maintaining rigid cost control.

Section 172(1) statement

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

Strategic report for the year ended 31 December 2021 (continued)

Section 172(1) statement (continued)

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

Long-term factors (a)

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

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

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

Stakeholder considerations (b – e)

Engaging stakeholders and developing meaningful partnerships is essential for long-term business success. The Company engages in regular, open, and proactive dialogue with all relevant stakeholders as this is needed to understand their perspectives, expectations, concerns, and needs. In this way, the Company is able to integrate stakeholder's considerations into business decision-making processes. Dialogue with stakeholders gives the Company the opportunity to explain its clear and committed approach to sustainability as well as the value of the Company's work, products and services for society.

Key stakeholders contribute to the Company's economic, social, and environmental performance. Stakeholders include customers, suppliers, employees, investors, financial experts and rating agencies, local communities, industry associations, NGOs, scientific institutions, universities, government, and value chain partners. The Company is very conscious of changing attitudes to climate change, and monitors its impact on the environment, including emissions arising from operation of its assets, use of power and feedstocks and the potential impacts of climate change on its business, whether arising from regulatory change, changing weather patterns or other factors. These matters are considered by the directors in making decisions and in assessing the long-term viability of the business.

Strategic report for the year ended 31 December 2021 (continued)

Section 172(1) statement (continued)

Stakeholder considerations (b – e)(continued)

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

The Company is committed to protecting and maintaining the quality of the environment and to promoting the health and safety of its employees, contractors, suppliers, customers, visitors, and the communities in which it operates. Compliance with all legislation intended to protect people, property and the environment is one of the Company's fundamental priorities and applies to its products as well as to its processes. Management lead by example and allocate the required resources to achieve excellence in SHE performance.

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

The Company 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

There were no principal decisions that management took in the year ending 31 December 2021.

Act fairly between members

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

COVID-19

The Company and its fellow subsidiaries 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 Company's plants.

The chemical industry is deemed as essential, critical infrastructure by governments across the world. Throughout the pandemic all of the Company and its fellow subsidiaries 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 Company and its fellow subsidiaries. All plants have sufficient resources and have implemented measures to ensure that this remains the case throughout the pandemic.

Whilst there is still uncertainty due to the COVID-19 pandemic the Directors have undertaken a rigorous assessment of the potential impact of COVID-19 on demand for the Company's products and services and the impact on margins for the next 12 months.

Strategic report for the year ended 31 December 2021 (continued)

Key performance indicators (KPIs)

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

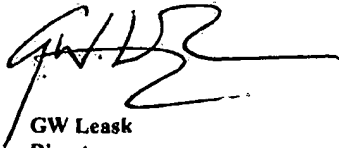
The main financial KPI for the business is earnings before interest, taxation, depreciation, amortisation and exceptional items ("EBITDA before exceptional items"). EBITDA before exceptional items for the Company for the year ending 31 December 2021 was €15,248,000 (2020: €11,890,000). The Company also closely monitors fixed costs against budget and prior year.

The Company 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 Company.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of INEOS Group Holdings S.A. which include those of the Company are discussed in the group's annual report.

Approved by the Board of Directors and signed on behalf of the Board of Directors.



GW Leask

Director

8 September 2022

Registration number 07445505

Directors' report for the year ended 31 December 2021

The directors present their report and audited financial statements of the Company for the year ended 31 December 2021.

Principal activities

The Company is a Limited Risk Distributor for petroleum products sold on behalf of other companies within the INEOS group for which it receives a small margin. The Company also owns the chemical technology licences and patents and provides support services to INEOS Europe AG and other companies within the INEOS group.

Results and dividends

Results and dividends are discussed in the Strategic report.

Future developments

Future developments are discussed in the Strategic report.

Post balance sheet events

There are no significant events following the balance sheet date.

Going concern

The directors have considered the Company's projected future cash flows and working capital requirements. As at 31 December 2021, the Company had net assets of €89,486,000 (2020: €63,835,000). The Company held cash of €11,820,000 (2020: €8,305,000). The profit for the year was €25,651,000 (2020: profit of €11,601,000). The directors have received confirmation that INEOS Holdings Limited, will continue to support the Company for at least 12 months from signing of these financial statements.

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

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company where appropriate. The Company is funded internally by the INEOS group and therefore has no direct exposure to liquidity or debt market risk. Interest rate exposures are managed on a group basis and are fully disclosed in the consolidated financial statements of INEOS Group Holdings S.A..

Directors' report for the year ended 31 December 2021 (continued)

Directors

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

J F Ginns

P Q Grant (Appointed 12 January 2021)

G W Leask

D Smeeton (Appointed 21 July 2021)

Streamlined Energy and Carbon Reporting (SECR)

The Company has no premises and is not providing any disclosures as it is able to obtain an exemption because it consumes less than 40,000KWh of energy.

Employees

The Company has developed voluntary practices and procedures for employee involvement appropriate to their own circumstances and needs. The Company encourages this approach to provide information and consultation and believes that this promotes a better understanding of the issues facing the individual business in which the employee works. The Company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Company by issuing communications on the company intranet, holding information meetings hosted by the Board and operating a bonus scheme linked to the business performance. The Company consults employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions that are likely to affect their interests.

The Company prohibits acts of discrimination whereby one individual is treated less favourably than another on grounds of age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity. The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Health & safety

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

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

Directors' report for the year ended 31 December 2021 (continued)

Business relationships

The business relationships with suppliers and customers are of strategic importance to the directors of the Company and their decision-making process. The business relationships of INEOS Sales (UK) Limited are described in the Section 172(1) statement in the Strategic report.

Statement of directors' responsibilities in respect of the financial statements

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

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

In preparing these financial statements, the directors are required to:

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

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

Directors' confirmations

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

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

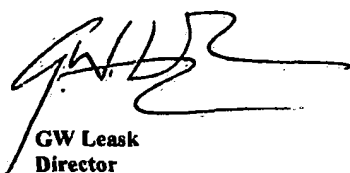
This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Directors' report for the year ended 31 December 2021 (continued)

Independent auditor

During the year Deloitte LLP were re-appointed as auditor of the Company and have expressed their willingness to continue in office as auditor pursuant to Section 485-488 of the Companies Act 2006. Appropriate arrangements have been put in place for them to be deemed re-appointed in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board of Directors.



GW Leask
Director
8 September 2022
Registration number 07445505

Independent auditor's report to the members of INEOS Sales (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of INEOS Sales (UK) Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Independent auditor's report to the members of INEOS Sales (UK) Limited (continued)

Report on the audit of the financial statements (continued)

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report to the members of INEOS Sales (UK) Limited (*continued*)

Report on the audit of the financial statements (*continued*)

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

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

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and those charged with governance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company 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, Money Laundering regulations, Health and Safety at work legislation, Data Protection Act, Tax legislation and Bribery Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, pensions, IT and data analytics 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 within revenue recognition due to pressures to meet stakeholder expectations could provide incentives to record revenue where risk and reward has not been passed. Our specific procedures performed to address the risk are described below:

- revenue is generally a highly automated process with few complex revenue contracts, therefore we pinpointed our significant risk to manual revenue journals that are included outside of the automated postings and ultimately do not follow the expected 3 way match (revenue/debtor/cash postings). Existence of non-routine revenue transactions has been addressed by performing a three way match. Those items which did not follow the typical transaction process were investigated and agreed through to invoice, payment and an understanding of the transaction was obtained.

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, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

Independent auditor's report to the members of INEOS Sales (UK) Limited (*continued*)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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



Matthew Hughes BSc (Hons) ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
9 September 2022

Profit and Loss Account
for the year ended 31 December 2021

	<i>Note</i>	2021 €000	2020 €000
Turnover	2	2,108,546	1,541,879
Cost of sales		(2,075,333)	(1,513,294)
		<hr/>	<hr/>
Gross profit		33,213	28,585
Distribution costs		(43)	(75)
Administrative expenses		(17,935)	(16,623)
Other operating income	3	4	3
		<hr/>	<hr/>
Operating profit	4	15,239	11,890
Interest receivable and similar income	7	3,289	2,683
Interest payable and similar expenses	8	(9,417)	(7,896)
		<hr/>	<hr/>
Profit before taxation		9,111	6,677
Tax on profit	9	16,540	4,924
		<hr/>	<hr/>
Profit for the financial year		25,651	11,601
		<hr/>	<hr/>

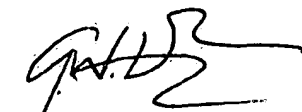
All activities of the Company relate to continuing operations.

The Company has no recognised other comprehensive income and therefore no separate statement of other comprehensive income has been presented.

Balance Sheet
as at 31 December 2021

	Note	2021 €000	2020 €000
Fixed assets			
Tangible assets	10	14	-
Investments	11	1	2
		<u>15</u>	<u>2</u>
Current assets			
Stocks	12	1,996	354
Debtors (including €37,249,000 (2020: €33,449,000) due after more than one year)	13	200,140	165,612
Deferred tax asset	14	76,604	59,807
Cash at bank and in hand		11,820	8,305
		<u>290,560</u>	<u>234,078</u>
Creditors: amounts falling due within one year	15	(201,006)	(170,169)
		<u>89,554</u>	<u>63,909</u>
Net current assets			
		<u>89,569</u>	<u>63,911</u>
Total assets less current liabilities			
		<u>89,569</u>	<u>63,911</u>
Creditors: amounts falling due after more than one year	16	(83)	(76)
		<u>89,486</u>	<u>63,835</u>
Net assets			
		<u>89,486</u>	<u>63,835</u>
Capital and reserves			
Called up share capital	19	-	-
Profit and loss account		89,486	63,835
		<u>89,486</u>	<u>63,835</u>
Total equity			
		<u>89,486</u>	<u>63,835</u>

These financial statements on pages 13 to 35 were approved by the Board of Directors on 8 September 2022 and were signed on its behalf by:


G W Leask
Director
Registered number 07445505

Statement of Changes in Equity

For the year ended 31 December 2021

	Called up share capital €000	Profit and loss account €000	Total equity €000
Balance at 1 January 2020	-	52,234	52,234
Total comprehensive income for the year, comprising:			
Profit for the financial year	-	11,601	11,601
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	11,601	11,601
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	-	63,835	63,835
	<hr/>	<hr/>	<hr/>

	Called up share capital €000	Profit and loss account €000	Total equity €000
Balance at 1 January 2021	-	63,835	63,835
Total comprehensive income for the year, comprising:			
Profit for the financial year	-	25,651	25,651
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	25,651	25,651
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2021	-	89,486	89,486
	<hr/>	<hr/>	<hr/>

Notes to the financial statements for the year ended 31 December 2021 (Forming part of the financial statements)

1 Accounting policies

INEOS Sales (UK) Limited (the "Company") is a private limited company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The registered office address is Hawkslease, Chapel Lane, Lyndhurst, Hampshire, England, SO43 7FG.

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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements are expressed in euros as the Company primarily generate income, incur expenditure and have the majority of its assets and liabilities denominated in euros. The exchange rate as at 31 December 2021 was €1.19104/£1 (2020: €1.10644/£1).

The Company's parent undertaking, INEOS Group Holdings S.A. includes the Company in its consolidated financial statements. INEOS Group Holdings S.A. is a company incorporated in Luxembourg. The consolidated financial statements of INEOS Group Holdings S.A. are available to the public and can be obtained from the Company Secretary, 62 Avenue de la Liberté L-1930, Luxembourg, Grand-Duchy of Luxembourg.

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

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

As the consolidated financial statements of INEOS Group Holdings S.A. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*;
- Certain disclosures required by IFRS 15 *Revenue from Contracts with Customers*; and
- Certain disclosures required by IFRS 16 *Leases* in respect of leases for which the Company is a lessee.

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

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 23.

Notes to the financial statements for the year ended 31 December 2021 (Forming part of the financial statements) (continued)

1 Accounting policies (continued)

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss or fair value through other comprehensive income.

1.2 Going concern

The directors have considered the Company's projected future cash flows and working capital requirements. As at 31 December 2021, the Company had net assets of €89,486,000 (2020: €63,835,000). The Company held cash of €11,820,000 (2020: €8,305,000). The profit for the year was €25,651,000 (2020: profit of €11,601,000). The directors have received confirmation that the INEOS Holdings Limited, will continue to support the Company for at least the 12 months from signing of these financial statements.

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

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency 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. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Non-derivative financial instruments

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

Trade and other debtors

Trade and other debtors 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 debtors 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 creditors

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

Notes to the financial statements for the year ended 31 December 2021 (Forming part of the financial statements) (continued)

1 Accounting policies (continued)

1.4 Non-derivative financial instruments (continued)

Investments in debt and equity securities

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash.

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, less any impairment losses.

1.5 Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on subsequent remeasurement to fair value is recognised immediately in profit or loss.

1.6 Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Depreciation commences from the date an asset is brought into service. The estimated useful lives are as follows:

- fixtures and fittings 5 years
- right of use assets 1-3 years

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

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Notes to the financial statements for the year ended 31 December 2021 (Forming part of the financial statements) (continued)

1 Accounting policies (continued)

1.9 Impairment of financial assets

Trade and other debtors

The Company applies the simplified approach when providing for expected credit losses prescribed by IFRS 9 for its trade debtors and contract assets. This approach requires the Company to recognise the lifetime expected loss provision for all trade debtors taking in consideration historical as well as forward-looking information.

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

An impairment loss in respect of a debt 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.

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

The carrying amounts of the Company'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.

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 profit and loss account.

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

Calculation of recoverable amount

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

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

Reversals of impairment

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 of amortisation, if no impairment loss had been recognised.

Notes to the financial statements for the year ended 31 December 2021 (Forming part of the financial statements) (continued)

1 Accounting policies (continued)

1.11 Post-employment benefits

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

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 Company 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.

1.12 Securitisation

The Company is party to a trade debtors securitisation programme in which various group subsidiaries sell trade debtors to INEOS Finance Ireland, a special purpose vehicle, for a discounted rate. INEOS Finance Ireland pledges the debtors as security for borrowings from a number of conduit lenders. The Company has retained no significant risks or rewards of ownership relating to the receivables sold to INEOS Finance Ireland and therefore no longer recognise those receivables from the date of sale. The cash due from the sale of debtors, less a financing cost, is lent to INEOS Holdings Limited. The financing cost is recognised in interest payable.

1.13 Provisions

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

1.14 Turnover

Turnover 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. Turnover is recognised when (or as) the performance obligations are satisfied by transferring a promised good or service to a customer.

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). Turnover 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.

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

Notes to the financial statements for the year ended 31 December 2021

(Forming part of the financial statements) (continued)

1 Accounting policies (continued)

1.15 Interest receivable and interest payable

Interest payable includes interest payable, finance charges on shares classified as liabilities and leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.16 Taxation

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

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

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

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

1.17 Exceptional items

The presentation of the Company's results separately identifies the effect of profits and losses on the disposal of businesses, the impairment and the reversal of impairment of non-current assets, the cost of restructuring acquired businesses and the impact of one off events such as legal settlements as exceptional items. Results excluding disposals, impairments, restructuring costs and one off items are used by management and are presented in order to provide readers with a clear and consistent presentation of the underlying operating performance of the Company's ongoing business.

Notes to the financial statements for the year ended 31 December 2021 (forming part of the financial statements) (continued)

1 Accounting Policies (continued)

1.18 IFRS 16 Leases

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

Company as a lessee

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised 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 Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities

At the commencement date of the lease, the Company 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 Company'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 Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are expensed in the period 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 Company 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 Company'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 Company applies the short-term lease recognition exemption to all leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Company also applies the lease of low-value assets recognition exemption to leases of assets that are valued below £10,000. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Notes to the financial statements for the year ended 31 December 2021 (Forming part of the financial statements) (continued)

1 Accounting Policies (continued)

1.19 Impact of new standards and interpretations

There are no amendments to accounting standards that are effective for the year ended 31 December 2021 which have had a material impact on the Company.

2 Turnover

	2021 €000	2020 €000
Sale of goods	2,100,947	1,538,440
Rendering of services	7,599	3,439
	<hr/>	<hr/>
Total turnover	2,108,546	1,541,879
	<hr/>	<hr/>

	2021 €000	2020 €000
By activity		
O&P Europe	1,774,314	1,259,787
Chemicals Intermediates	334,232	282,092
	<hr/>	<hr/>
	2,108,546	1,541,879
	<hr/>	<hr/>

By geographical market		
UK	335,462	292,185
Rest of Europe	1,364,524	906,285
The Americas	200,201	153,587
Rest of World	208,359	189,822
	<hr/>	<hr/>
	2,108,546	1,541,879
	<hr/>	<hr/>

In presenting information on the basis of geographic analysis of segments, segment revenue is based on the geographical location of customers and geographical locations from which the Company derives revenues.

Revenues from external customers for each product and service or each group of similar products and services and a geographic analysis of segment assets are not presented as the necessary information is not available and the directors are of the opinion that the cost to develop it would be excessive. The timing of revenue recognition of the Company's sale transactions is at a point in time. Revenues for goods or services transferred over time are immaterial.

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

No assets related to costs to obtain or fulfil a contract have been recognised.

Notes to the financial statements for the year ended 31 December 2021
(Forming part of the financial statements) (continued)

3 Other operating income

	2021	2020
	€000	€000
Other income	<u>4</u>	<u>3</u>

4 Operating profit

Included in operating profit are the following:

	2021	2020
	€000	€000
Exchange loss/(gain)	1,809	(1,639)
Depreciation of right-of-use tangible fixed assets (Note 10)	9	-

Auditor's remuneration:

	2021	2020
	€000	€000
Audit of these financial statements	115	105

Notes to the financial statements for the year ended 31 December 2021

(Forming part of the financial statements) (continued)

5 Staff numbers and costs

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

	Number of employees	
	2021	2020
Sales and marketing	7	2
Administration	146	222
	<u>153</u>	<u>224</u>

The aggregate payroll costs of these persons were as follows:

	2021	2020
	€000	€000
Wages and salaries	25,706	32,339
Social security costs	2,918	3,943
Other pension costs (Note 18)	972	1,334
	<u>29,596</u>	<u>37,616</u>

6 Directors' remuneration

No directors received any fees or remuneration for services as a director of the Company during the financial year (2020: none). The directors are remunerated for their qualifying services by another group company for contributions to the group as a whole and it is not possible to apportion this to the Company.

7 Interest receivable and similar income

	2021	2020
	€000	€000
Interest income on financial assets measured at amortised cost	2,786	2,683
Net foreign exchange gain	503	-
	<u>3,289</u>	<u>2,683</u>

Interest receivable and similar income includes interest receivable from group undertakings of €2,775,000 (2020: €2,677,000).

Notes to the financial statements for the year ended 31 December 2021

(Forming part of the financial statements) (continued)

8 Interest payable and similar expenses

	2021 €000	2020 €000
Interest expense on financial liabilities measured at amortised costs	9,416	7,259
Interest on lease liabilities	1	-
Net foreign exchange loss	-	637
	<hr/>	<hr/>
Total interest payable and similar expenses	9,417	7,896
	<hr/>	<hr/>

Interest payable and similar expenses include interest payable to group undertakings of €9,149,000 (2020: €6,938,000).

9 Tax on profit

Recognised in the profit and loss account

	2021 €000	2020 €000
<i>UK corporation tax</i>		
Tax on profit for the year	139	719
Adjustments in respect of prior years	118	(771)
Double tax relief	(939)	-
	<hr/>	<hr/>
	(682)	(52)
<i>Foreign tax</i>		
Current tax on income for the year	939	912
	<hr/>	<hr/>
Total current tax	257	860
	<hr/>	<hr/>
<i>Deferred tax (Note 14)</i>		
Origination and reversal of temporary differences	2,097	565
Impact of rate change	(18,887)	-
Adjustments in respect of prior years	(7)	(6,349)
	<hr/>	<hr/>
Total deferred tax credit	(16,797)	(5,784)
	<hr/>	<hr/>
Tax credit on profit	(16,540)	(4,924)
	<hr/>	<hr/>

Notes to the financial statements for the year ended 31 December 2021 (Forming part of the financial statements) (continued)

9 Tax on profit (continued)

Reconciliation of effective tax rate

	2021 €000	2020 €000
Tax on profit	(16,540)	(4,924)
Profit before taxation	9,111	6,677
Profit before taxation multiplied by the standard rate of tax in the UK of 19% (2020: 19%)	1,731	1,269
Non-deductible expenses	2	15
Adjustments in respect of prior years	111	(7,120)
Increase in tax rate on deferred tax balances	(18,384)	-
Overseas tax	-	912
Total tax credit	(16,540)	(4,924)

Legislation was introduced in the Finance Bill 2020 to repeal the previously enacted reduction to the main rate of corporation tax, introduced in Finance Act 2016, to 17%, thereby maintaining the current main rate of corporation tax at 19%. In the March 2021 Budget, it was announced that a new corporation tax rate of 25% would apply from 1 April 2023. This change was substantively enacted as part of Finance Act 2021 on 24 May 2021. The Company has reviewed the impact of the change in rate and remeasured the deferred tax position accordingly.

10 Tangible assets

	Fixtures and fittings €000	Right-of-use assets €000	Total €000
Cost			
Balance at 1 January 2021	19	-	19
Additions	-	23	23
Balance as at 31 December 2021	19	23	42
Accumulated depreciation			
Balance at 1 January 2021	(19)	-	(19)
Depreciation charge	-	(9)	(9)
Balance as at 31 December 2021	-	(9)	(28)
Net book value			
At 31 December 2020	-	-	-
At 31 December 2021	-	14	14

Notes to the financial statements for the year ended 31 December 2021

(Forming part of the financial statements) (continued)

10 Tangible assets (continued)

Right-of-use assets

The Company leases transportation assets which are classified as right-of-use assets.

	Transportation €000	Right-of-use assets total €000
Cost		
Balance at 1 January 2021	-	-
Additions	23	23
	<hr/>	<hr/>
Balance as at 31 December 2021	23	23
	<hr/>	<hr/>
Accumulated depreciation		
Balance at 1 January 2021	-	-
Depreciation charge	(9)	(9)
	<hr/>	<hr/>
Balance as at 31 December 2021	14	14
	<hr/>	<hr/>
Net book value		
At 31 December 2020	-	-
	<hr/>	<hr/>
At 31 December 2021	14	14
	<hr/>	<hr/>

See Note 17 for the lease obligations related to right-of-use assets.

11 Investments

	Shares in Group Undertakings 2021 €000	Shares in Group Undertakings 2020 €000
Cost		
Balance at 1 January	2	2
Disposal	(1)	-
	<hr/>	<hr/>
Balance as at 31 December	1	2
	<hr/>	<hr/>

Notes to the financial statements for the year ended 31 December 2021

(Forming part of the financial statements) (continued)

11 Investments (continued)

The Company holds minority shareholdings in the following companies:

Name	Address of the registered office	Class of shares held	Ownership	
			2021	2020
INEOS Manufacturing Belgium NV	Scheldelaan 482, B-2040 Antwerpen, Belgium	Ordinary	0.0005%	0.0005%
INEOS Sales Belgium S.A.	Ransbeekstraat 310, B-1120 Needer-over-Heembeek, Belgium	Ordinary	1.0000%	1.0000%
INEOS Services Belgium S.A.	Ransbeekstraat 310, B-1120 Needer-over-Heembeek, Belgium	Ordinary	0.0062%	0.0062%
INEOS Olefins Belgium NV (formerly INEOS Manufacturing Belgium II NV) *	Scheldelaan 482, B-2040 Antwerpen, Belgium	Ordinary	-	1.0000%

The remaining shareholdings in each company are held by INEOS European Holdings Limited.

* On 4 May 2021, the shares held in INEOS Olefins Belgium NV (formerly INEOS Manufacturing Belgium II NV) were transferred to INEOS Olefins Belgium Holdings Limited, a fellow subsidiary company for par value.

12 Stocks

	2021 €000	2020 €000
Finished goods	1,996	354

Changes in finished goods recognised as cost of sales in the year amounted to €2,068,896,000 (2020: €1,497,807,000). The write-down of stocks to net realisable value amounted to €nil (2020: €nil).

Notes to the financial statements for the year ended 31 December 2021

(Forming part of the financial statements) (continued)

13 Debtors

	2021 €000	2020 €000
Trade debtors	58,944	46,736
Amounts owed by group undertakings	134,180	114,446
Other debtors	165	-
Prepayments	195	114
Accrued income	975	1,090
Taxation and social security	5,681	3,226
	<u>200,140</u>	<u>165,612</u>
Due within one year	162,891	132,163
Due after more than one year	37,249	33,449

The amounts not yet due after impairment losses as of the end of the reporting period are deemed to be collectible on the basis of established credit management processes such as regular analyses of the credit worthiness of our customers and external credit checks where appropriate for new customers. At 31 December 2020 and 2021 there were no significant trade, group undertakings or other debtor balances not past due that were subsequently impaired.

Amounts owed by group undertakings attract interest at commercial rates that are either subject to standard trading terms or are repayable on demand.

The allowance account for trade debtors is used to record any impairment unless the Company is satisfied that no recovery of the amount owing is probable; at the point the amounts considered irrecoverable are written off against the trade debtors directly. The Company applies the forward-looking 'expected credit loss' (ECL) model in line with IFRS 9 in assessing the recoverability of trade receivables. The ECL is calculated considering past experiences and management's estimate of future developments. Management expects no considerable change in the future market situation. Consequently, the future credit losses in the ECL model are in the same range as the credit losses experienced in the past years. This is regarded as the future expectation of the inherent credit risk of the not impaired trade and other receivables outstanding. The Company reviews the assumptions of the ECL model on a yearly basis.

Credit risk of trade debtors

	2021 €000	2020 €000
Low	57,810	45,610
Medium	808	575
High	910	2,970
Impairment Allowance	(584)	(2,419)
	<u>58,944</u>	<u>46,736</u>

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

There were allowances of €238,000 made against amounts due from trade debtors during the year (2020: €2,348,000).

There were no allowances made against amounts owed by group undertakings during the year (2020: €nil).

Notes to the financial statements for the year ended 31 December 2021 (Forming part of the financial statements) (continued)

14 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021 €000	2020 €000	2021 €000	2020 €000	2021 €000	2020 €000
Tax value of loss carry-forwards	74,856	58,187	-	-	74,856	58,187
Accelerated capital allowances	1,748	1,620	-	-	1,748	1,620
Net tax assets	<u>76,604</u>	<u>59,807</u>	<u>-</u>	<u>-</u>	<u>76,604</u>	<u>59,807</u>

Movement in deferred tax during the year

	1 January 2021 €000	Recognised in income €000	31 December 2021 €000
Losses	58,187	16,669	74,856
Accelerated capital allowances	1,620	128	1,748
	<u>59,807</u>	<u>16,797</u>	<u>76,604</u>

Movement in deferred tax during the prior year

	1 January 2020 €000	Recognised in income €000	31 December 2020 €000
Losses	52,255	5,932	58,187
Accelerated capital allowances	1,768	(148)	1,620
	<u>54,023</u>	<u>5,784</u>	<u>59,807</u>

There are no unrecognised tax amounts

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered based upon business forecasts.

Notes to the financial statements for the year ended 31 December 2021 (Forming part of the financial statements) (continued)

15 Creditors: amount falling due within one year

	2021 €000	2020 €000
Trade creditors	19,982	14,002
Amounts owed to group undertakings	156,084	130,629
Taxation and social security	4,953	9,808
Other creditors	715	2,027
Accruals	19,263	13,703
Lease liabilities (Note 17)	9	-
	<u>201,006</u>	<u>170,169</u>

Amounts owed to group undertakings attract interest at commercial rates that are either subject to standard trading terms or are repayable on demand.

16 Creditors: amount falling due after more than one year

	2021 €000	2020 €000
Other creditors	77	76
Lease liabilities (Note 17)	6	-
	<u>83</u>	<u>76</u>

17 Lease obligations

	2021 €000	2020 €000
<i>Analysed as:</i>		
Current lease liabilities (Note 15)	9	-
Non-current lease liabilities (Note 16)	6	-
	<u>15</u>	<u>-</u>
<i>Maturity analysis - contractual undiscounted cash flows:</i>		
Less than one year	9	-
Between one and five years	6	-
	<u>15</u>	<u>-</u>
Total undiscounted lease liabilities at 31 December	<u>15</u>	<u>-</u>

18 Post-employment benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was €972,000 (2020: €1,334,000).

Notes to the financial statements for the year ended 31 December 2021 (Forming part of the financial statements) (continued)

19 Called up share capital

	Ordinary shares 2021	
On issue at 1 January and 31 December 2021 fully paid		1
	2021 €000	2020 €000
Allotted, called up and fully paid		
1 (2020: 1) ordinary share of £1 each	-	-

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

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

Dividends

A dividend has not been paid or declared in the year (2020: *€nil*).

20 Contingencies

The Company is party to a Senior Secured Term Loans agreement dated 27 April 2012 (as amended). The total outstanding indebtedness under the Senior Secured Term Loans agreement at 31 December 2021 was €4,851,100,000 (2020: €3,682,300,000). The Company is a guarantor under the Senior Secured Term Loans agreement. These obligations are secured by fixed and floating charges over the assets of the Company.

The Company is party to the Senior Secured Notes due 2025 Indenture dated 03 November 2017, the Senior Secured Notes due May 2026 Indenture dated 24 April 2019 and the Senior Secured Notes due March 2026 Indenture dated 29 October 2020. The total outstanding indebtedness under the Senior Secured Notes at 31 December 2021 was €1,645,000,000 (2020: €1,645,000,000). The Company is a guarantor under the Senior Secured Notes Indentures. These obligations are secured by fixed and floating charges over the assets of the Company.

The Company is party to a Schuldschein Loan agreement dated 22 March 2019. The total outstanding indebtedness under the Schuldschein Loan agreement at 31 December 2021 was €141,000,000 (2020: €141,000,000). The Company is a guarantor under the Schuldschein Loan agreement. These obligations are secured by fixed and floating charges over the assets of the Company.

Notes to the financial statements for the year ended 31 December 2021 (Forming part of the financial statements) (continued)

21 Related parties

Related parties comprise of entities controlled by the shareholders of INEOS Limited, the ultimate parent company of INEOS Sales (UK) Limited.

Trading transactions

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

	Sales of goods and services and recovery of costs		Purchases of goods and services	
	2021 €000	2020 €000	2021 €000	2020 €000
INEOS Chemicals France Holdings Limited related parties	1,228	1,267	185,196	127,414
INEOS Enterprises Holdings Limited related parties	448	376	1	-
INEOS Industries Limited related parties	534,323	374,687	10,781	2,159
INEOS Industries Property Limited	132	22	2,507	2,711
INEOS Infrastructure (Grangemouth) Limited	146	139	-	-
INEOS Olefins S.A.	160	209	-	-
Go Run for Fun Ventures Limited	-	52	-	-
INEOS Technologies (Holdings) Ltd related parties	-	43	-	-
Major Aviation LLP	-	2	-	-
Petroineos related parties	2,904	2,145	-	-
	<u>539,341</u>	<u>378,942</u>	<u>198,485</u>	<u>132,284</u>

Outstanding balances

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

	Receivables outstanding		Creditors outstanding	
	2021 €000	2020 €000	2021 €000	2020 €000
INEOS Chemicals France Holdings Limited related parties	102	84	(16,171)	(10,800)
INEOS Chemicals S.A. related parties	26	22	-	-
INEOS Enterprises Holdings Limited related parties	61	45	-	-
INEOS Industries Limited related parties	56,838	42,753	(1,073)	(137)
INEOS Industries Property Limited	13	11	-	-
INEOS Infrastructure (Grangemouth) Limited	15	14	-	-
INEOS Olefins S.A. related parties	-	13	-	-
Petroineos related parties	58	54	-	-
	<u>57,113</u>	<u>42,996</u>	<u>(17,244)</u>	<u>(10,937)</u>

In general, any trading balances with related parties are priced based on contractual arrangements and are to be settled in cash. The transactions are made on terms equivalent to those that prevail in arm's length transactions.

None 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 2021 (2020: €nil).

Notes to the financial statements for the year ended 31 December 2021 (Forming part of the financial statements) (continued)

22 Controlling parties

The immediate parent undertaking is INEOS European Holdings Limited.

The ultimate parent company at 31 December 2021 and at the date of signing was INEOS Limited, a company incorporated in the Isle of Man.

INEOS Group Holdings S.A. is the parent undertaking of the smallest and largest group undertakings to consolidate these financial statements. The consolidated financial statements of INEOS Group Holdings S.A. can be obtained from the Company Secretary at the registered office, 62 Avenue de la Liberté L-1930, Luxembourg, Grand-Duchy of Luxembourg.

The directors regard Mr J A Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in the ultimate parent undertaking INEOS Limited.

23 Accounting estimates and judgements

The Company prepares its financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework', 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 are revised and in any future periods affected. The following areas are considered to involve a significant degree of judgement or estimation.

Critical judgements in applying the Company's accounting policies

The directors do not consider there to be any critical judgements, apart from those involving estimations, which are presented separately below.

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.

Taxation

All the Company's operations are in the UK. Management is required to estimate the tax payable and this involves estimating the actual current tax charge or credit together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which may be included on the balance sheet of the Company. Management have performed an assessment as to the extent to which future taxable profits will allow the deferred asset to be recovered. The calculation of the Company's total tax charge necessarily involves a significant degree of estimation in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process.

The Company has, from time to time, contingent tax liabilities arising from trading and corporate transactions. After appropriate consideration, management makes provision for these liabilities based on the probable level of economic loss that may be incurred and which is reliably measurable.

Details of amounts recognised with regard to taxation are disclosed in Notes 9 and 14.