
INOVYN Limited

Annual report and financial statements

Registered number 08696245

Year ended – 31 December 2020

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INOVYN LIMITED

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Section 1 – Strategic Report and Directors’ Report

INOVYN LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their strategic report of INOVYN Limited (the “Company”) and its subsidiary undertakings (together the “Group”) for the year ended 31 December 2020.

Review of the business

Review of trading results

Revenue from continuing operations was €2,878.2 million for the year ended 31 December 2020 (2019: €3,105.4 million) and earnings before interest, tax, depreciation, amortisation and exceptional items (“EBITDA”) was €601.1 million for the year ended 31 December 2020 (2019: €606.1 million). A reconciliation of EBITDA to operating profit can be found in note 2 to the financial statements.

Revenue for the INOVYN group decreased by €227.2 million, or 7.3%. This decrease was mainly due to the lower average selling prices across a number of the Group’s products. The average European contract caustic soda price (as reported by IHS Markit) was €610 per tonne in 2020, compared to €674 per tonne in 2019. Implied European caustic soda daily demand (reported chlorine production, less reported caustic soda exports, plus the reported caustic soda stock change) for 2020 was lower than the same period in 2019. Selling prices of general purpose PVC and specialty PVC fell in domestic markets on the back of lower ethylene contract prices. However, European general purpose PVC demand in 2020 was 0.5% higher than in 2019, which was better than anticipated in the context of the COVID-19 pandemic.

The impact of lower average selling prices was partially offset by higher sales volumes in 2020 compared to 2019 for major products. Sales volumes of general purpose PVC were 4.9% higher than in 2020 and specialty PVC (both suspension and emulsion PVC) was 2.6% higher than in 2019. Sales volumes of caustic soda were also higher by 6.1% compared to 2019. Although PVC demand in Europe fell by almost 50% in the second quarter of 2020 as a result of the COVID-19 pandemic, the Group sold higher volumes of PVC into export markets during this quarter, compared to prior periods, which allowed its plant to run at higher operating rates than the European average. Global general purpose PVC markets were particularly tight towards the end of 2020 due to a combination of strong demand and supply side tightness caused by low stock levels and several planned and unplanned disruptions in Europe and the US. Caustic soda markets gradually improved as 2020 progressed due to plentiful supply, with the Group relying on export markets to move excess product.

Sales volumes and prices of chlorine derivatives, including Cereclor, chloroform and epichlorohydrin, were lower in 2020 due to reduced demand and lower paraffin, gas and propylene input costs.

Despite the COVID-19 pandemic, all of the Group’s plants, with the exception of planned maintenance, were fully available during 2020.

EBITDA for the Group decreased by €5.0 million, or 0.8%. Although European PVC producers experienced a severe and sudden reduction in demand as a result of the COVID-19 pandemic in the second quarter of 2020, EBITDA performance for the full year was only moderately lower than 2019. Lower caustic soda selling prices were the main reason for the decrease but the impact of this was partly offset by lower electricity costs. General purpose and specialty PVC spreads over ethylene were on average higher than 2019, helped by European and US supply restrictions in the second half of the year. The Monthly Contract Price for ethylene (as reported by IHS Markit) averaged €797 per tonne in 2020, compared to €1,007 per tonne in 2019. Falling European ethylene prices also boosted the competitiveness and margins of European PVC producers in export markets.

At 31 December 2020, the Group has total equity of €181.1 million (2019: €267.3 million). Net debt at 31 December 2020 was €984.3 million (2019: €841.8 million), EBITDA was €601.1 million (2019: €606.1 million) and net leverage was 1.6 times (2019: 1.4 times).

Key exceptional items

Net exceptional charges of €25.9 million have been recognised in 2020 (2019: €51.6 million).

To comply with the obligations of the EU Water Framework Directive and to reduce the level of leaching of historical contamination, a provision of €10.4 million was recognised at Tavaux, France, to cover costs associated with the construction of a sealed cell for certain sedimentation basins and a pilot plant for treatment of contaminated ground water.

On 9 March 2020, the Group renegotiated an amendment and upsizing of its existing Term Loan B borrowings by €250.0 million from €814.3 million to €1,064.3 million. The amendment has been classified as a substantial debt modification as per IFRS 9 resulting in the write-off of €16.7 million of unamortised debt issue costs associated with the original Term Loan B. See further details in the “Financing arrangements” section below.

INOVYN LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Review of the business (continued)

Key exceptional items (continued)

In December 2015, the Group announced the closure of the chloromethanes facility at Runcorn in the United Kingdom with production being focused on INOVYN's other chloromethanes assets at Tavaux, France and Rosignano, Italy. In 2020, €0.9 million was released from the provision following a re-estimate of the remaining costs to be incurred.

In June 2018, following a detailed review and the expiration of a Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") authorisation permitting the sale of a special type of recycled PVC manufactured by Vinyloop Ferrara SpA at its Ferrara facility in Italy, INOVYN and its minority 40% shareholder, Txyloop SAS decided to terminate operations and to initiate liquidation proceedings and a provision was made to cover the costs of closure. Following a review of the remaining estimated costs to complete the liquidation, €0.3 million was released in 2020.

For further details of exceptional items, refer to note 5.

Group reorganisations, acquisitions and disposals

On 31 December 2020, INEOS Group Investments Limited sold 94.9% of its shareholding in the Company to INEOS Industries Limited for €3,416.4 million. On the same date, through a series of share-for-share exchange transactions INEOS Industries Limited then transferred the 94.9% shareholding to INEOS Industries Holdings Limited, who then transferred it to INEOS Quattro Holdings Limited, who then transferred it to INEOS Quattro Financing Limited. From this date, INEOS Quattro Financing Limited owns 94.9% and INEOS Group Investments Limited owns 5.1% of the shareholding of the Company, and the Group became part of the INEOS Quattro Holdings Limited group (the "INEOS Quattro group"). The ultimate parent undertaking of the Company remained INEOS Limited.

On 14 April 2021, INEOS Group Investments Limited transferred its 5.1% shareholding in the Company to INEOS Intermediate ChlorVinyls Limited, a company incorporated in the Isle of Man. The ultimate parent undertaking of the Company remained INEOS Limited.

Prior to the formation of the INOVYN joint venture, both INEOS and Solvay agreed to sell certain 'remedy assets' to International Chemicals Investor Group ("ICIG") in order to address competition concerns raised by the European Commission. Deferred consideration of €1.5 million was received from ICIG in the year ended 31 December 2020. On 1 May 2017, the Group acquired 100% of the shares in Solvay Tavaux SAS from Solvay. The outstanding deferred consideration of €3.6 million has been settled following the completion of working capital and other negotiations with Solvay.

Financing arrangements

On 9 March 2020, the Group renegotiated an amendment and upsizing of its existing Term Loan B borrowings. The Term Loan B borrowings were increased by €250.0 million, the maturity date was extended from November 2025 to March 2027 and certain provisions in the Credit Agreement were amended, although it remained maintenance covenant free. The interest rates also remained the same. All quarterly amortization payments were replaced with a single payment on 9 March 2027. The additional proceeds of €250.0 million were loaned to INEOS Industries Holdings Limited, a related party, on the same date.

In February 2019, INOVYN Finance Limited (formerly INOVYN Finance plc), an indirect subsidiary of INOVYN Limited, granted a loan of €300.0 million to INEOS Limited, a related party, resulting in a cash outflow from the Group. In December 2019, INOVYN Finance Limited declared a dividend of €312.0 million. INOVYN Holdings Limited then declared a dividend in specie of this receivable to INOVYN Limited, who did the same to INEOS Group Investments Limited, its parent company. Both the loan receivable from INEOS Limited to INOVYN Finance Limited and the balance payable from INOVYN Finance Limited to INEOS Group Investments Limited remained unpaid as at 31 December 2019.

In December 2020, INEOS Limited, INOVYN Finance Limited, INEOS Group Investments Limited and INEOS AG entered into a settlement agreement whereby the outstanding balances including accrued interest between INOVYN Finance Limited and INEOS Limited, and INOVYN Finance Limited and INEOS Group Investments Limited were settled. The Company subsequently declared a dividend of €272.1 million on 11 December 2020 as settlement of the outstanding €250.0 million loan (plus accrued interest) and to settle the remaining balances with INEOS related party entities.

During the year ended 31 December 2020, the Group received €1.6 million relating to a part repayment of the loans payable by INEOS Runcorn (TPS) Limited, an associated undertaking.

Subsequent to the year end and after the Group became part of INEOS Quattro group, the INEOS Quattro group undertook a refinancing project on 29 January 2021. INEOS Quattro Financing Limited, a related party, used part of the proceeds from this refinancing to lend €1,064.3 million to INOVYN Finance Limited, who then used these funds to repay the Group's Term Loan B borrowings in full, including accrued interest.

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Review of the business (continued)

Financial arrangements (continued)

On 28 June 2021, the Group renegotiated its trade receivables securitisation programme that was acquired with the INOVYN business. The maximum amount available under the securitisation programme remained the same at €240.0 million. The facility now matures on 30 June 2024. The interest rates were also reduced and, for drawn amounts, the revised facility bears interest at a rate equal to the cost to the lenders of issuing Commercial Paper plus a margin of 0.95% (previously the margin was 1.1%), except that if any lending is funded other than by issuing Commercial Paper then the applicable interest rate is SONIA/SOFR plus 0.95% (previously the margin was 1.1%). For undrawn amounts, the facility bears interest of 0.5%.

See note 18 for further details.

Other material events

A Specialty Vinyls growth plan was announced in 2017 to increase capacity by 120.0 kilo tonnes per annum at the Group's existing production units in Belgium, Germany, France, Sweden and Norway. This is progressing well with capacity increases realised at Jemeppe, Belgium, Tavaux, France and Stenungsund, Sweden during 2019 via debottlenecking projects. Further increases in capacity were executed in Porsgrunn, Norway and Stenungsund, Sweden in 2020.

A major expansion project was delivered in 2020 at the site in Rafnes, Norway. The VCM capacity at the site was increased by around 70 kilo tonnes per year, which is used in the production of vinyls at sites at Porsgrunn, Norway, Stenungsund, Sweden and Newton Aycliffe, United Kingdom. This project also included investment in an additional 35 kilo tonnes per year of membrane electrolysis capacity to supply caustic soda customers in Scandinavia.

Principal risks and uncertainties

The management of the business and execution of the Group's strategy are subject to a number of risks. The key business risks affecting the Group are set out below:

- 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, or experience supply chain disruption, its results of operations may be negatively affected. The Group attempts to match raw material price increases with corresponding product price increases. The Group is an integrated PVC and caustic soda producer with access to its own salt production, to ethylene via the joint arrangement in the Feyzin ethylene cracker and to substantial internal production of chlorine and VCM. The Group is not typically reliant on any single outside supplier of these inputs. A significant proportion of its energy requirements are governed by spot purchases. For all other inputs, the Group continuously assesses the source of its raw materials and works with key suppliers.
- Safety, health and the environment – the Group's facilities are subject to operational and other industry risks, including the risk of environmental contamination and safety hazards. The Group sets strict health, safety and environmental performance targets and is committed to continuous improvement in all aspects of operations, with the view to meeting and exceeding all relevant legislation requirements in this area. Safety, health and the environment are managed as an integral part of activities through a formal management system.
- Substitutes - the availability of substitute products and regulatory initiatives that may encourage the use of substitute products and may affect demand for certain of the Group's products.
- 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. The Group aims to operate as a low-cost producer and is focused on reducing the fixed and variable cost base across the production chain. The Group also positions itself compared to competitors not only on the basis of price, but on the basis of product innovation, product quality and distribution capability.
- The chemical and PVC industries are 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. The Group aims to operate as a low cost producer, and has a track record of generating cash flow through cyclical downturns. Whilst there may be short term impacts on margins and cash flows, the Group has ensured that it is well placed to withstand bottom of cycle conditions.
- Key customers – the Group may be adversely affected by the loss of key customers for certain products. Unlike PVC and caustic soda, which are widely used commodity chemicals sold to a diverse customer base, certain of the Group's chlorine derivatives products are sold to a smaller number of customers, and the Group depends on certain key customers for sales of those products. Many of these sales to key customers are governed by long-term contracts.

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties (continued)

- Regulation – the Group is highly regulated and may incur significant costs to maintain compliance with or to address liabilities under environmental, health and safety laws and regulations. As a responsible chemical manufacturer, the Group is committed to meeting all of its legal obligations. The Group liaises with various industry bodies to understand and prepare for compliance with new regulations on a timely and cost effective basis.
- Existing and proposed regulations to address climate change through reductions of greenhouse gas emissions and restrictions on other air emissions may cause the Group to incur significant costs or affect demand for products.
- 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. Exposures to different currencies are monitored on a regular basis to ascertain the appropriate hedging strategy, if at all.
- Cyber security risks – a cyber incident could occur and result in information theft, data corruption, operational disruption and/or financial loss. Various IT protocols and programmes are in place to provide availability, confidentiality and an overall security approach to all systems and business processes, including cyber security controls, like intrusion detection/intrusion prevention, firewalls, mobile device management, malware and virus protection, notebook encryption, secure VPN access, network segmentation, industrial control system security monitoring, email and internet security, security information and event management, threat and vulnerability management.
- United Kingdom withdrawal from the European Union – the Group’s operations may be adversely affected by the withdrawal of the United Kingdom from the European Union. The Group has implemented significant plans to limit the impact of Brexit on its activities from liaising with employees, contingent planning for inventories and has implemented new ways of working for export sales.
- Outbreaks of disease – the outbreak of contagious diseases may have a negative impact on the Group’s business and performance. During the course on 2020 and into 2021, 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. See page 11 for further details.

Section 172(1) statement

The directors have the duty to promote the success of the Company and the Group for the benefit of stakeholders as a whole and remain conscious of the impact their decisions have on employees, communities, suppliers, customers, investors and the environment. The directors focus on engagement with all stakeholders, and uses this when taking decisions.

Long term factors

The Group’s principal objectives are to maintain its position as a key global supplier of PVC, caustic soda and various chlorine derivatives and to increase the value of INOVYN by generating strong, sustainable and growing cash flows across industry cycles. To achieve these objectives, the Group has the following key strategies:

- Maintain health, safety, security and environmental excellence
- Maintain and grow the Group’s leadership positions to enhance competitiveness;
- Reduce costs and realise synergies;
- Maximise utilisation of assets;
- Access advantaged feedstock and energy opportunities;
- Pursue value-enhancing opportunities at cellrooms; and
- Develop and implement a sustainable business.

The directors believe these are critical long-term factors for the success of the Group. The directors’ decision making has supported the implementation of the strategy. The Group plans for strategic investments to support its goals and continually investigates potential growth opportunities. Examples of such decisions include the capital investment into new membrane cellrooms in Stenungsund, Sweden, and in Lillo, Belgium, the Specialty Vinyls growth plan (as described on page 6), and other chlor-alkali, EDC and VCM expansions.

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 strength the Group leading position in the market.

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Section 172(1) statement (continued)

Long term factors (continued)

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.

Stakeholder considerations

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. 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, scientific institutions, universities, government and value chain partners.

As a global leader in PVC and chlor-alkali, the Group adopts a holistic approach to looking at its entire value chain – from procurement, development, production to transport, sales, integration into customer processes and final intended use. Together with industry associations and business partners, the Group strives to achieve high and well-acknowledged sustainability standards in the PVC and chlor-alkali industry.

The Group is very conscious of changing attitudes to climate change, and monitors its impact on the environment, including emissions arising from operation of its assets 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.

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

The need to act fairly as between members of the Company

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.

Streamlined Energy and Carbon Reporting

The Group is classified as a large unquoted group due to its size and shareholding structure. The reporting boundary for this Streamlined Energy and Carbon Report ("SECR") is the United Kingdom-based elements of the Group.

The Group's United Kingdom operations consist of three sites:

The Group's Runcorn Site includes a boiler plant ("RBP") that primarily burns hydrogen to produce steam. The hydrogen is imported from the chlorine electrolysis plant owned by the Group's joint operation, Runcorn MCP Limited. An on-site sulphuric acid plant produces by-product steam that is used within the site network, further helping to reduce carbon emissions. The remainder of the site's steam requirement is provided from a direct connection to an energy from waste ("EfW") Combined Heat and Power ("CHP") that burns residual municipal solid waste that typically contains approximately 45% biomass, which is operated by the Group's associated undertaking, INEOS Runcorn (TPS) Limited. The CHP meets the "good quality" standard as defined by CHP Quality Assurance ("CHPQA") programme. Power is provided from a direct connection to the EfW, CHP and from the National Grid.

The Northwich Site produces sodium chloride solution (brine) that is transferred to the Runcorn Site where it is evaporated to produce pure salt. Brine solution is also supplied to Runcorn MCP Limited's chlorine electrolysis plant and to other third parties.

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Streamlined Energy and Carbon Reporting (continued)

The Newton Aycliffe Site produces PVC. Power and thermal energy is generated from three CHPs that meet the CHPQA's "good quality" criteria, and boilers. Natural gas is used as the fuel source on site. Excess power generation is spilled to the grid, and at times of low CHP output, power is imported from the National Grid. Power is also exported to third parties on the site.

This SECR report covers the reporting period from 1 January 2020 to 31 December 2020.

	2020
Gross energy consumptions (kWhr)	
Scope 1 energy consumption used to report emissions ¹	700,948,957
Memo: Scope 1 energy exports (to third parties as Scope 2 (net)) ²	(260,935,826)
Scope 2 energy consumption used to report emissions ³	518,450,624
Scope 3 energy used to report emissions (private vehicles)	59,675
Total Scopes 1, 2 and 3 energy consumptions used to report emissions (including exported energy)	1,219,459,256
Scope 1 Emissions (Tt CO₂e)⁴	
Emissions from the combustion of gas	72,891
Emissions from combustion of fuel for transport purposes ⁵	717
Memo: Scope 1 emissions associated with energy exports (to third parties) ⁶	(15,947)
Scope 2 Emissions (Tt CO₂e)	
Emissions from purchased electricity ⁷	52,087
Emissions from purchased steam (from energy from waste CHP)	102,962
Scope 3 Emissions	
Emissions from business travel in rental cars or employee owned vehicles where company is responsible for purchasing the fuel ⁸	17
Total production (Tt as 100%)	2,631,002
Emission Intensities (combined Scopes 1, 2 and 3) (Tt CO₂e/Tt product)⁹	
Emissions intensity ratio	0.087
Emissions intensity ratio excluding energy exports outside of reporting entity	0.081

1. Fuel used to produce energy includes natural gas and hydrogen, but excludes the significant "free" steam that is produced as a by-product on the sulphuric acid plant. The hydrogen provides 43.7% of fuel energy used to produce on-site electricity and steam. The total also includes diesel/kerosene that is used for site vehicles and heating and other minor services.
2. The boiler plant on the Runcorn Site exports steam to other reporting entities; therefore can be considered a "service facility." Power is also exported to the grid and third parties at Newton Aycliffe. Total exports (as Scope 2) from the Runcorn and Newton Aycliffe Sites equate to 37.2% of the total energy generated within the reporting entity.
3. Electricity is imported from the grid at Runcorn, Northwich and Newton Aycliffe with steam imported from the EfW CHP at Runcorn and a third party at Northwich.
4. Carbon dioxide emission data is provided from EUETS and CCA submissions for production emissions. Non EUETS and CCA emissions calculated using the standard UK Conversion Factors 2020.
5. The Scope 2 emissions from liquid fuels include stationary sources, for example, emergency generators and office heating as well as from vehicles.
6. Exported energy equates to 21.9% of Scope 1 emissions. The exported carbon dioxide percentage is low due to a significant percentage of it being derived from hydrogen burning at Runcorn.
7. Energy purchases from Grid and from the Energy from Waste CHP (45% biomass) at Runcorn.
8. Car emissions based on standard emissions for medium sizes petrol car.
9. Products included are PVC, sulphur chemicals, salt, Cereclor and hydrochloric acid. Note products produced by the chlor-alkali electrolysis plant owned by the Group's joint arrangement, Runcorn MCP Limited, are not included in the calculations.

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Streamlined Energy and Carbon Reporting (continued)

Calculation Methodology

INOVYN ChlorVinyls Limited, one of the Group's subsidiaries, is required to report emissions via the regulated and audited European Union Emissions Trading Scheme (EU ETS) and the UK only Climate Change Agreement Scheme (CCA). The EUETS and CCA schemes form the basis for the data collection and analysis for this report. INOVYN ChlorVinyls Limited not only produces products, but is also a host for third party businesses, the largest being Runcorn MCP Limited's chlor alkali electrolysis plant at Runcorn that will report as a separate entity; therefore INOVYN ChlorVinyls Limited can, in part, be considered as an energy service provider. The report includes the data for the Scope 1 energy and emissions based on the total gross fuel used for internal generation, but the report also provides the net energy and carbon emissions that third parties would report. The published UK Government 2020 conversion factors have been used to calculate energy production and emissions data.

Energy Efficiency

The Group has valid Energy Saving Opportunity Scheme (ESOS) reports that have been used in the development of energy saving projects. Where appropriate, and cost effective, variable speed pumps have been installed. Rationalisation of the steam network at Runcorn has been undertaken to remove pipework to redundant assets so as to reduce transmission losses.

The hydrogen produced from the chlor alkali electrolysis plant run by the Runcorn MCP Limited is a valuable source of carbon free energy. The boiler management systems have been improved resulting in a significant reduction in back-up natural gas usage, but also a reduction in hydrogen venting losses. Improvements have resulted in over 95% of the hydrogen being either burned or sold.

Going forward, significant emphasis is being placed on the development of the hydrogen economy. At Runcorn, the use of available hydrogen for transport is being assessed along with the development of a cell for the electrolysis of water. Brine cavities at Northwich have recently been used to store natural gas, but with the future direction changing to hydrogen, a project is being assessed that would allow salt cavities to be used as a 1 TWhr critical storage facility as part of a future North West hydrogen network.

Key performance indicators

In conjunction with the management of costs and working capital to improve profit the Group uses a number of key performance indicators ("KPIs") to monitor performance. These KPIs are monitored both on a product-by-product basis and also for the Group as a whole, compared to budget:

- EBITDA – earnings before interest, tax, depreciation and amortisation, and exceptional items. A review of the performance of EBITDA compared to the prior year is noted on page 4.
- SPVC over ethylene margin – this is calculated as the average sales price per tonne of SPVC less the costs of the proportion of ethylene used to make one tonne of SPVC. Using data published by IHS Markit, the SPVC over ethylene margin in 2020 was €627 per tonne of SPVC, compared to €551 per tonne in 2019.
- SPVC over ethylene margin, plus caustic soda over energy margin – this is calculated as the average sales price per tonne of SPVC plus the average sales price per tonne of the equivalent portion of caustic soda, less the costs of the proportion of ethylene used to make one tonne of SPVC less the energy cost of producing the equivalent portion of caustic soda. Using data published by IHS Markit, this ratio was €929 per tonne of SPVC in 2020, compared to €871 per tonne in 2019.
- Sales per tonne of product sold - the average European sales price for the two key products for the Group as published by IHS Markit, compared to the prior year are noted below:

	2020	2019
	€	
SPVC (per tonne)	1,025	1,054
Caustic soda (per tonne)	610	674

- Working capital ratios. These include debtor days – indicating the average length of time it takes to receive cash from a sale; stock turn – indicating the number of times in a year that stock is turned over; and creditor days – indicating the average length of time it takes to pay cash for a purchase. Working capital ratios have improved, compared to 2019, and working capital inflows per the consolidated statement of cash flows were €32.2 million (2019: inflow of €24.6 million).

INOVYN LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Strategic future developments

The Group continues to investigate potential growth opportunities, which are further described in the Directors' Report. The Group announced a project in 2018 to increase production of general purpose PVC at its site in Jemeppe, Belgium. The investment, which is estimated to deliver a further approximately 200 kilo tonnes of capacity together with the associated increase in VCM capacity, aims to meet demand growth across the construction, electronics, packaging, food protection, water and energy sectors. The PVC capacity first phase of the expansion program is currently expected to be operational at the end of 2021, together with approximately 65 kilo tonnes per annum of additional VCM capacity. The second phase consisting of the remaining VCM capacity corresponding to the full 200 kilo tonnes of general purpose PVC capacity is currently under study.

COVID-19 coronavirus

COVID-19 was classified as a Public Health Emergency of International Concern by the World Health Organisation in March 2020.

INOVYN is Europe's largest manufacturer of the chlor-alkali and vinyl products of fundamental importance for controlling the spread of COVID-19 and protecting human health. The wider contribution to society that INOVYN can make has been recognised by national governmental bodies and INOVYN's production sites are categorised as critical manufacturing infrastructure and so, in the interests of public safety, it is essential that INOVYN's manufacturing facilities continued to operate. Many of the Group's products have been used in the fight to control COVID-19 from disinfectants to detergents, to the manufacture of pharmaceuticals, to keeping water clean and safe and a vast array of medical and PPE applications.

Except for planned maintenance, all of the Group's plant have continued to operate. All plants have had sufficient resources and have implemented measures to ensure that this remains the case throughout the pandemic, including social distancing, hygiene measures and work from home policies during lockdowns.

During the second quarter of 2020, demand for general purposes PVC and specialty PVC declined in many European markets. The Group partially offset this decline in Europe by selling in export markets. Demand in Europe troughed in April but re-bounded in May and June. Demand for general purposes PVC and specialty PVC recovered to pre-COVID markets levels in the third quarter of 2020. In addition, following falls in oil prices, ethylene contract prices reduced significantly and energy prices also fell dramatically in the second quarter, but subsequently recovered in the third quarter. There were higher PVC spreads, as reductions in ethylene prices were retained. Reduced demand for chlorine and limited caustic soda availability resulted in higher prices.

In addition, the Group implemented a series of programmes to preserve cash including review of timing of turnarounds (some of which were deferred until later in 2020 or into 2021, such as the VCM turnaround at Stenungsund, Sweden and Tavaux, France which were postponed until September-October 2020 and March-April 2021 respectively), reduction in the levels of non-essential capital expenditure, reductions in spend against provisions and cut-back of non-essential fixed cost expenditure. Liquidity remained strong throughout the crisis so far. In terms of working capital, some customer delays in payments was experienced in April, May and June, but have now been resolved and was back to normal in July. Overall the Group has coped with the shock so far and has not been impacted significantly in terms of results, although it has taken steps to ensure that this was the case.

As of the date of these financial statements, despite the availability of vaccines, government measures continue to be imposed and continued around the world as new strands of the COVID-19 virus have been discovered. The COVID-19 pandemic situation is dynamic, and updates on travel restrictions, shutdowns on non-essential businesses and shelter-in-place/stay-at-home orders are continually evolving. The extent of the COVID-19 outbreak's effects on the Group's operational and financial performance will depend on future developments, including the duration, spread and intensity of the outbreak and the government measures implemented in response, or whether widespread shutdowns return, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. Although the directors cannot predict the extent and duration of COVID-19 crisis, the directors have undertaken a rigorous assessment of the potential impact of COVID-19 on demand for its products and the impact on margins for over 12 months from the date of signing these financial statements.

Whilst there is significant uncertainty due to the COVID-19 crisis, on the basis of the assessment described above, together with a strong balance sheet and access to liquidity, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Approved by the board and signed on its behalf by:

D J Horrocks
Director
5 July 2021



NOVYN LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the audited consolidated financial statements of NOVYN Limited (the "Company") and its subsidiary undertakings (together the "Group") for the year ended 31 December 2020.

Results for the year

The results of the Group are set out in the consolidated income statement on page 23 which shows a profit for the year of €288.7 million (2019: €301.9 million).

Dividends

Total interim dividends of €372.1 million were declared during the year (2019: €312.0 million). This took the form of a cash dividend of €100.0 million and €272.1 million dividend in specie as settlement of outstanding loans (plus accrued interest) and settlement of balances with INEOS related party entities. The directors do not recommend the payment of a final dividend (2019: €nil).

Future developments

The Group continues to investigate potential growth opportunities. The projects that are underway are described in the Strategic Report. In addition, the Group is considering a number of other options.

The mercury cell room at the site in Martorell, Spain ceased production in December 2017, in line with the EU legislation mandating all mercury-based chlor-alkali production to cease by the end of 2017. The Group are still considering whether to convert this cell room to membrane technology, including investigation into the option of building a dedicated ethylene import facility in the region. The Group has also commenced project studies to investigate further debottlenecking options to increase EDC capacity across several of its sites.

During 2020, the Group became part of a seven strong consortium in a "Power to Methanol" project set up to further investigate options for sustainable methanol production in Antwerp, Belgium. The Group will contribute to a joint feasibility study for the production of methanol from captured carbon dioxide and sustainably generated hydrogen. Subject to the success of the study, an industrial scale demonstration plant could be built at the Group's Lillo, Belgium site.

The Group launched a new business to develop and build clean hydrogen capacity across Europe, in support of the drive towards a zero-carbon future. See further details under the section "Corporate social responsibility" further on in this Directors' Report. Subsequent to the year end, the Group announced a plan to build a new clean hydrogen supply hub at its site in Rafnes, Norway, which includes the plan to build an electrolyser to produce clean hydrogen through the electrolysis of water, powered by zero-carbon electricity.

The Group will undertake a major investment in a new mechanical vapour recompression unit to decarbonise its solid salt process at Tavaux, France. The planned investment will deliver a major improvement in the energy efficiency of the Tavaux operations by converting its brine concentration process to run on steam produced from electricity rather than gas. This will ultimately deliver a reduction in primary energy consumption and a reduction in CO₂ emissions. Project teams will be formed in 2021, with the aim of starting the new unit at the end of 2023.

The Group will continue to focus on those areas which can be controlled including performance on health and safety, improved reliability of production and the continued reductions in the fixed cost base. Additionally, the Group will remain focused on controlling capital expenditure and working capital.

Subsequent events

Refinancing

Subsequent to the year end and after the Group became part of INEOS Quattro group, the INEOS Quattro group undertook a refinancing project on 29 January 2021. INEOS Quattro Financing Limited, a related party, used part of the proceeds from this refinancing to lend €1,064.3 million to NOVYN Finance Limited (formerly NOVYN Finance plc), who then used these funds to repay the Group's Term Loan B borrowings in full, including accrued interest.

INOVYN LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Subsequent events (continued)

United Kingdom withdrawal from the European Union ("Brexit")

On 23 June 2016, the UK held an in or out referendum on the UK's membership within the EU, the result of which favoured the exit of the UK from the European Union ("Brexit"). On 31 January 2020, Brexit became effective and the UK entered into a transition period from 31 January 2020 to 31 December 2020 during which the European Union treated the UK as if it were still a member of the European Union (the "Transition Period"). Following the expiry of the Transition Period, the UK ceased to be treated as a member of European Union at 23:00 on 31 December 2020. A trade agreement was signed between the EU and the United Kingdom on 24 December 2020. The Group made significant plans to limit the impact of Brexit on its activities from liaising with employees, contingent planning for inventories and implemented new ways of working for export sales. Whilst there has been additional workload to standard operating processes and some transportation problems, overall the impact to the business has not been significant and process changes have been implemented.

Group reorganisation

On 14 April 2021, INEOS Group Investments Limited transferred its 5.1% shareholding in the Company to INEOS Intermediate ChlorVinyls Limited, a company incorporated in the Isle of Man. The ultimate parent undertaking of the Company remained INEOS Limited.

Financing arrangements

On 28 June 2021, the Group renegotiated its trade receivables securitisation programme that was acquired with the INOVYN business. The maximum amount available under the securitisation programme remained the same at €240.0 million. The facility now matures on 30 June 2024. The interest rates were also reduced and, for drawn amounts, the revised facility bears interest at a rate equal to the cost to the lenders of issuing Commercial Paper plus a margin of 0.95% (previously the margin was 1.1%), except that if any lending is funded other than by issuing Commercial Paper then the applicable interest rate is SONIA/SOFR plus 0.95% (previously the margin was 1.1%). For undrawn amounts, the facility bears interest of 0.5%.

Research and development

The Group offers a set of innovative product solutions for customers, with over 50 different grades of PVC and a dedicated research and innovation team. There are research, technology and engineering facilities in Jemeppe, Belgium; Runcorn, United Kingdom; Porsgrunn, Norway; and Rosignano, Italy. The headquarters for the research and innovation activity is located in Jemeppe, Belgium and covers electrolysis, VCM, PVC, allyl chloride, epichlorohydrin, perchloroethylene and chloromethanes processes. The electrolysis pilot plant is located in Rosignano, Italy, and is focused on improvements in the electrolysis portion of the chlorine and caustic soda manufacturing processes. The main VCM and PVC pilot plants are located in Jemeppe, Belgium. At Porsgrunn, Norway, the Group has a satellite facility focusing on the improvement of VCM processes, and on the development of new PVC grades for the Nordic countries. The Runcorn team in the United Kingdom provides engineering support for all assets and major investment projects in the Group.

The research, technology and engineering activities of the Group are focused on:

- Improving variable production costs, reliability and productivity of all processes, including, for example:
 - *Electrolysis*: maximising current density, prevention of brine pollution, optimising re-membraning and recoating activities, and the utilisation of lower quality sources of salt;
 - *VCM*: studying ways to reduce energy consumption, increasing asset reliability, optimising catalysts to enhance ethylene yield and avoiding corrosion;
 - *Allyl chloride and epichlorohydrin*: improving the quality of final products, minimising corrosion, improving propylene yield and converting intermediate by-products to more sustainable products;
 - *Chloromethanes*: improving the reliability of the installation and the quality of chloroform; and
 - *PVC*: developing proprietary PVC stripping technology, initiator synthesis technology and kinetics control technology through appropriate polymerisation inhibitors and optimising PVC batch production and recipes by testing new additives;

INOVYN LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Research and development (continued)

- Developing new resins and new applications and producing products that generate higher value on the market (for example, co-polymers, extenders, specialty Emulsion PVC grades and PVC latex formulations) in line with customer and legislative requirements;
- Optimising the product mix along with the different production lines;
- Improving the quality of existing grades; and
- Performing research and innovation activities for the potassium chloride electrolysis process, which the Group successfully started in 2017 in Lillo, Belgium.

To assist in these projects, the Group has laboratory-scale production facilities that simulate the electrolysis, VCM and PVC cycles from chlorine production to the final processing of PVC resins. The laboratories contain processing equipment and product analysis facilities to provide information on the composition, properties and performance of PVC products. The Group has established best practices groups for its main products across the businesses, allowing internal experts to compare their practices and generate ideas for improving safety, quality, capacity and reducing production costs. These resources also actively support the Group's commercial activities in product sales.

In addition to these research activities, the Research, Technology and Engineering team is heavily involved in major capital improvement projects. The Group's engineering experts are involved in capital improvements from basic design to commissioning and work closely with the research team to ensure successful transfer of technology to the plants. One of the Group's central engineering integrity groups is based in Runcorn, United Kingdom and they are available to be dispatched to all of the Group's sites and production facilities. Examples of recent and current capital investment projects include the conversion from mercury to membrane electrolysis at Stenungsund, Sweden (completed January 2019), the expansion of electrolysis and VCM capacity at Rafnes, Norway by 35 and 70 kilo tonnes respectively (completed in the first quarter of 2020), and the 200 kilo tonnes expansion of general purpose PVC capacity at Jemeppe, Belgium (completion expected by mid-2021). The Group is also progressing well with its specialty PVC growth plan strategy with capacity increases realised in Jemeppe, Belgium, Tavaux, France and Stenungsund, Sweden during 2019 via debottlenecking projects. Further increases in capacity were executed at Porsgrunn, Norway and Stenungsund, Sweden in 2020. In some specific cases, the growth plan requires development of new grades by the Group's scientists using the world-class state of the art research centre in Jemeppe, Belgium.

The Group spent approximately €15.1 million (2019: €12.9 million) on research and development in the year, of which €13.4 million (2019: €11.6 million) was expensed to the income statement.

Donations

The Group made no political contributions (2019: €nil).

Financial risks

The Group's operations expose it to a variety of financial risks that include the effects of changes in price risk, 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 is exposed to commodity price risk as a result of its operations. However, given the size of the Group's operations, the cost of managing exposure to such risk exceeds any potential benefits. 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.

Directors

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

G Tuft	(appointed 1 January 2020)
F M F Constant	
P M Daniels	
M J Maher	(resigned 1 March 2021)
J D Taylorson	
C E Tane	(resigned 1 January 2020)

D J Horrocks was appointed as a director on 1 March 2021.

INOVYN LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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. This is achieved through the monthly distribution to every employee of a business results “snapshot” report covering headline safety, health and environment (“SHE”) and financial performance. Town Hall sessions at each site are held at various points in the year that are hosted by members of the Executive Committee 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 has regard to employees’ interests and take employee views into account when making decisions. For example, during 2019 the Group has commenced the construction of a new office building in Runcorn, United Kingdom and has proactively considered the views of employees during the design and construction phase. Employees have moved into the new office building in 2021.

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. An INOVYN European Works Council has also been set up which acts as a consulting body between senior management and elected representatives covering INOVYN employees.

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, working capital, plant reliability and fixed costs. The Short Term Incentive Plan is a discretionary Business Bonus Scheme which incentivises employees to meet key targets each year through the potential to receive a bonus pay-out. Each individual also has a set of personal review targets that are used as the basis of rewarding individual performance through pay increases or one-off special bonuses.

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 staff 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.

Corporate social responsibility

The Group operates in full accordance with all prevailing laws and regulations in each jurisdiction of operation. In addition, it complies fully with any legally established trade sanctions, embargoes or prohibitions that apply from time to time in the markets in which it operates. The Group’s Executive Committee and business management teams have access to a comprehensive range of legal advice to ensure that they are kept abreast and remain compliant with such issues.

The Group’s Social Accountability Statement is available to all internal and external audiences. Employees are made aware of the Group’s Social Accountability principles via information published in employee handbooks. This Statement covers the Group’s position on matters such as child and forced labour, discrimination, employee rights and cultural diversity, amongst others.

NOVYN LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Corporate social responsibility (continued)

Sustainability is a key corporate objective for NOVYN with particular focus on people, planet and profit, and a number of product and process specific sustainability projects have been launched. A project is nearing completion that has benchmarked the Group's sites on their environmental footprints in order for comparisons to be made between sites and with European average data. The early conclusions show that the Group's overall carbon footprint is approximately half the European average for caustic soda and between 25% and 33% lower for PVC resins. This is largely due to significant use of renewable and/or nuclear energy by the Group's sites.

The Group has undergone recent sustainability assessments by EcoVadis, which are detailed assessments focused on environment, ethics, labour and human rights, and sustainable procurement. The Group was awarded Gold Merit status in 2019 in an assessment of its Corporate Social Responsibility programme by EcoVadis. In early 2020, the Group delivered a further 10% year-on-year improvement in its overall score due to continued progress during 2019 towards making NOVYN fully sustainable. In particular, the Group improved its score associated with environment and labour/human rights practices, putting it in the top 3% and 1% respectively, for these categories out of the 25,000 companies that were assessed. Overall, the Group is in the top 3% of all companies assessed within its industry group.

In October 2019, the Group launched bio-attributed PVC, known as BIOVYN™. BIOVYN™ is the world's first commercially available grade of bio-attributable PVC. This is manufactured at Rheinberg, Germany, using bio-attributed ethylene, a renewable feedstock derived from second-generation biomass that does not compete with the food chain. In 2020, certification was extended to the site at Jemeppe, Belgium. BIOVYN™ is certified by The Roundtable on Sustainable Biomaterials ("RSB") as delivering a 100% substitution of fossil feedstock in its production system, enabling a greenhouse gas saving of over 90% compared to conventionally produced PVC. Sales of this resin started in December 2019 through a collaboration with one of the Group's flooring customers. Other business sectors, including the automotive and profile and pipe industries, have since indicated their interest in this product. The development of BIOVYN™ forms part of the Group's wider sustainability programme, through which it is developing a new generation of PVC grades that meet both the rigorous product quality and performance needs of customers, whilst moving the Group closer towards a circular, carbon-neutral economy for PVC. Driven by the increasing global focus on the circular economy, there is a growing demand for specialist, renewable PVC that decouples its production from the conventional use of virgin fossil feedstocks. BIOVYN™ meets that demand and demonstrates that the Group can substitute the use of virgin fossil feedstocks without compromising the unique product qualities such as durability, flexibility and recyclability that make PVC one of the most widely used, sustainable plastics in the world. It is expected to have numerous value-added applications across a range of industry sectors, including highly specialised end-uses such as automotive and medical.

In addition, the Group launched a new business to develop and build clean hydrogen capacity across Europe, in support of the drive towards a zero-carbon future. As Europe's largest exiting operator of electrolysis, the Group is able to utilise this critical technology which uses renewable energy to produce hydrogen. Currently, the Group produces 300,000 tonnes of hydrogen a year mainly as a co-product from its chemical manufacturing operations. As a key sustainability goal, the Group aims to substitute the natural gas that it currently uses in operations with clean hydrogen to contribute to the decarbonisation of the Group's industrial assets. Clean hydrogen will also be used to decarbonise transport between the Group's sites and to customers (trucks and maritime transport). The Group is currently involved in several projects to develop demand for hydrogen, replacing existing carbon-based sources of energy, feedstocks and fuel. It expects to develop further partnerships with leading organisations involved in the development of new applications.

The Group is a major funder and supporter of a number of European Voluntary Commitments including both VinylPlus® and EuroChlor. Each year VinylPlus® has shown growth in post-consumer PVC recycling achieving 771 kilo tonnes of PVC recycling in 2019, with a target of 800 kilo tonnes by the end of 2020. This represents approximately one third of all PVC waste generated in Europe. The Group is also a signatory to Operation Clean Sweep®, a global initiative to ensure that there are no losses of plastic powders or pellets to the environment throughout any stage of its operations. Operation Clean Sweep® is a top priority for the European Plastics industry through the pan-European trade association, PlasticsEurope.

Branches outside the United Kingdom

Sales branches of the Group engaging in sales support activities have been established in Austria, Belgium, France, Germany, Italy, Netherlands, Norway, Portugal, Spain and Sweden.

INOVYN LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

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

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

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

Statement of disclosure of information to auditors

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

Independent auditors

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

NOVYN LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Registered address
NOVYN Limited
Banks Lane Office
Banks Lane
P.O. Box 9, Runcorn
Cheshire, WA7 4JE
United Kingdom

Approved by the Board and signed on its behalf by:



D J Horrocks
Director
5 July 2021

Section 2 – Consolidated Financial Statements

INOVYN LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INOVYN LIMITED

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Inovyn 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 2020 and of the Group's and parent company's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; 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 balance sheet;
- the consolidated statement of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 33.
- the parent company profit and loss account;
- the parent company balance sheet
- the parent company statement of changes in equity; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

INOVYN LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INOVYN LIMITED

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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 have not passed. Our specific procedures performed to address the risk are described below:

- existence of non-routine revenue transactions has been addressed by performing a three way match between sales invoices, good despatch documents and proof of payment. Those items which did not appear to follow the typical transaction process were investigated and agreed through to invoice, payment and an understanding of the transaction was obtained

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 etc; 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.

INOVYN LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INOVYN LIMITED

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, pensions and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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.

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

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 and reviewing any correspondence with HMRC and other tax authorities.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

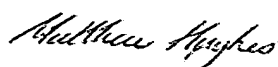
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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
5 July 2021

INOVYN LIMITED
CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020	2019
		€m	
Revenue	2	2,878.2	3,105.4
Cost of sales before exceptional items		(1,963.4)	(2,162.5)
Exceptional cost of sales	5	(9.2)	(21.4)
Total cost of sales		<u>(1,972.6)</u>	<u>(2,183.9)</u>
Gross profit		905.6	921.5
Distribution costs.....		(350.9)	(348.8)
Administrative expenses before exceptional items.....		(146.6)	(156.5)
Exceptional administrative expenses	5	-	(30.2)
Total administrative expenses		<u>(146.6)</u>	<u>(186.7)</u>
Operating profit	6	408.1	386.0
Share of gain of associated undertakings.....	13	1.5	-
Loss on disposal of fixed assets.....	11	(0.5)	-
Profit before net finance costs		409.1	386.0
Finance income.....	9	22.4	23.1
Finance costs before exceptional items	9	(50.7)	(39.5)
Exceptional finance costs	5,9	(16.7)	-
Total finance costs.....	9	<u>(67.4)</u>	<u>(39.5)</u>
Profit before tax		364.1	369.6
Tax charge	10	(75.4)	(67.7)
Profit for the year		288.7	301.9
Profit attributable to:			
- Owners of the parent		<u>288.7</u>	<u>301.9</u>

All activities of the Group relate to continuing operations.

The notes on pages 29 to 87 are an integral part of these consolidated financial statements.

INOVYN LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31
DECEMBER 2020

	2020	2019
	€m	
Profit for the year	288.7	301.9
Other comprehensive income/(expense):		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurement of post-employment benefit obligations net of tax	17.9	(9.2)
<i>Items that may be subsequently reclassified to profit or loss</i>		
Foreign exchange translation differences of subsidiaries	(20.7)	3.6
	(2.8)	(5.6)
Total other comprehensive expense for the year, net of tax	(2.8)	(5.6)
Total comprehensive income for the year	285.9	296.3

The notes on pages 29 to 87 are an integral part of these consolidated financial statements.

INOVYN LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020

	Note	2020	2019
		€m	
Non-current assets			
Property, plant and equipment	11	1,439.0	1,419.5
Intangible assets	12	40.1	8.8
Investments in equity-accounted investees	13	14.9	13.4
Other investments	13	4.9	5.0
Other receivables	16	38.5	351.0
Deferred tax assets	14	137.4	153.6
Employee benefits	21	33.0	26.5
Total non-current assets		1,707.8	1,977.8
Current assets			
Inventories	15	250.0	265.0
Trade and other receivables	16	512.8	491.6
Tax receivables for current tax		3.9	10.2
Cash and cash equivalents	17,27	118.3	64.2
Total current assets		885.0	831.0
Total assets		2,592.8	2,808.8
Equity attributable to owners of the parent			
Share capital	24	-	-
Share premium reserve		84.5	84.5
Merger reserve	25	(434.8)	(434.8)
Retained earnings		465.1	548.5
Other reserves		66.3	69.1
Total equity		181.1	267.3
Non-current liabilities			
Interest-bearing loans and borrowings	18	1,096.9	880.4
Lease liabilities	19	60.8	53.3
Trade and other payables	20	111.3	123.4
Employee benefits	21	220.5	273.5
Provisions	22	68.9	74.1
Deferred tax liabilities	14	83.4	79.8
Total non-current liabilities		1,641.8	1,484.5
Current liabilities			
Interest-bearing loans and borrowings	18	-	8.2
Lease liabilities	19	27.4	23.9
Trade and other payables	20	674.1	950.2
Tax liabilities for current tax		30.2	35.5
Other financial liabilities	23	11.5	3.4
Provisions	22	26.7	35.8
Total current liabilities		769.9	1,057.0
Total liabilities		2,411.7	2,541.5
Total equity and liabilities		2,592.8	2,808.8


The notes on pages 29 to 87 are an integral part of these consolidated financial statements.

These financial statements were approved by the Board of Directors on 5 July 2021 and were signed on its behalf by:



D J Horrocks
Director

INOVYN Limited



G Tuft
Director

Registered number: 08696245

INOVYN LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
31 DECEMBER 2020

	Share capital	Share premium reserve	Merger reserve	Retained earnings	Other reserves	Total equity
Balance at 31 December 2018	-	84.5	(375.2)	558.6	74.7	342.6
Profit for the year	-	-	-	301.9	-	301.9
Other comprehensive (expense)/income:						
Remeasurement of post-employment benefit obligations net of tax	-	-	-	-	(9.2)	(9.2)
Foreign exchange translation differences of subsidiaries	-	-	-	-	3.6	3.6
Total other comprehensive expense	-	-	-	-	(5.6)	(5.6)
Transactions with owners, recorded directly in equity:						
Acquisition of business under common control	-	-	(59.6)	-	-	(59.6)
Dividends	-	-	-	(312.0)	-	(312.0)
Transactions with owners, recorded directly in equity	-	-	(59.6)	(312.0)	-	(371.6)
Balance at 31 December 2019	-	84.5	(434.8)	548.5	69.1	267.3
Profit for the year	-	-	-	288.7	-	288.7
Other comprehensive income/(expense):						
Remeasurement of post-employment benefit obligations net of tax	-	-	-	-	17.9	17.9
Foreign exchange translation differences of subsidiaries	-	-	-	-	(20.7)	(20.7)
Total other comprehensive expense	-	-	-	-	(2.8)	(2.8)
Transactions with owners, recorded directly in equity:						
Dividends	-	-	-	(372.1)	-	(372.1)
Transactions with owners, recorded directly in equity	-	-	-	(372.1)	-	(372.1)
Balance at 31 December 2020	-	84.5	(434.8)	465.1	66.3	181.1

The notes on pages 29 to 87 are an integral part of these consolidated financial statements.

INOVYN LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
31 DECEMBER 2020

Analysis of other reserves:

	<u>Translation reserve</u>	<u>Actuarial reserve</u>	<u>Other reserves</u>
	€m		
Balance at 1 January 2019	(9.5)	84.2	74.7
Foreign exchange translation differences of subsidiaries	3.6	-	3.6
Remeasurement of post-employment benefit obligations net of tax.	-	(9.2)	(9.2)
Balance at 31 December 2019	<u>(5.9)</u>	<u>75.0</u>	<u>69.1</u>
Foreign exchange translation differences of subsidiaries	(20.7)	-	(20.7)
Remeasurement of post-employment benefit obligations net of tax.	-	17.9	17.9
Balance at 31 December 2020	<u>(26.6)</u>	<u>92.9</u>	<u>66.3</u>

The notes on pages 29 to 87 are an integral part of these consolidated financial statements.

INOVYN LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 DECEMBER 2020

	Note	2020	2019
		€m	
Cash flows from operating activities			
Profit for the year		288.7	301.9
Adjustments for:			
Depreciation and impairment	11	182.0	166.6
Amortisation.....	12	1.8	1.9
Net finance costs	9	45.0	16.4
Share of loss of associated undertakings	13	(1.5)	-
Loss on disposal of fixed assets.....	11	0.5	-
Tax charge.....	10	75.4	67.7
(Increase)/decrease in trade and other receivables		(41.1)	96.6
Decrease/(increase) in inventories.....		10.4	(11.4)
Increase/(decrease) in trade and other payables		62.9	(60.6)
Decrease in provisions and employee benefits.....		(63.9)	(20.7)
Tax paid.....		(42.6)	(129.4)
Net cash from operating activities.....		517.6	429.0
Cash flows from investing activities			
Interest and other finance income received		0.3	0.3
Disposal of businesses, net of cash disposed of	3	1.5	2.5
Reduction/(acquisition) of other investments.....	13	0.1	(4.8)
Repayment of loan by associated undertaking		1.6	-
Acquisition of other business	4	(3.6)	-
Acquisition of intangible assets.....		(44.0)	(1.3)
Aborted capital expenditure	5	-	(20.7)
Acquisition of property, plant and equipment		(199.7)	(240.8)
Net cash used in investing activities		(243.8)	(264.8)
Cash flows from financing activities			
New Senior Secured Term Loan	18	250.0	-
Repayment of Senior Secured Term Loans.....	18	-	(8.3)
Debt issue costs		(6.6)	(1.3)
Net (repayment)/draw-down of securitisation facility	18	(55.2)	53.9
Cash outflows to INEOS Group*		(250.3)	(301.3)
Other loans	18	0.2	(0.1)
Interest paid		(30.3)	(28.3)
Capital element of lease payments	19	(24.9)	(23.5)
Dividend paid*	24	(100.0)	-
Net cash used in financing activities		(217.1)	(308.9)
Net increase/(decrease) in cash and cash equivalents.....		56.7	(144.7)
Cash and cash equivalents at 1 January.....	17	64.2	207.7
Effect of exchange rate fluctuations on cash held		(2.6)	1.2
Cash and cash equivalents at 31 December.....	17	118.3	64.2

* In February 2019, INOVYN Finance Limited (formerly INOVYN Finance plc), an indirect subsidiary of INOVYN Limited, granted a loan of €300.0 million to INEOS Limited, a related party, resulting in a cash outflow from the Group. In December 2019, INOVYN Finance Limited declared a dividend of €312.0 million. INOVYN Holdings Limited then declared a dividend in specie of this receivable to INOVYN Limited, who did the same to INEOS Group Investments Limited, its parent company. Both the loan receivable from INEOS Limited to INOVYN Finance Limited and the balance payable from INOVYN Finance Limited to INEOS Group Investments Limited remained unpaid as at 31 December 2019. In addition, the Group lent a further €1.3 million in 2019 to INEOS Group Investments Limited, a related party, for expenses incurred. In 2020, the Group paid a cash dividend of €100.0 million to INEOS Group Investments Limited, granted a loan of €250.0 million to INEOS Industries Holdings Limited and paid expenses totalling €0.3 million on behalf of INEOS Group Investments Limited. The Group subsequently declared a dividend of €272.1 million on 11 December 2020 as net settlement of the outstanding loans (plus accrued interest) and to settle outstanding balances with INEOS related party entities.

The notes on pages 29 to 87 are an integral part of these consolidated financial statements.

NOVYN LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (forming part of the financial statements)

1 ACCOUNTING POLICIES

1.1 Overview

NOVYN Limited (“the Company”) is a private company, limited by shares, incorporated in the UK, registered in England and Wales, and has its registered office at Bankes Lane Office, Bankes Lane, P.O. Box 9, Runcorn, Cheshire, UK, WA7 4JE (previously Runcorn Site HQ, South Parade, P.O. Box 9, Runcorn, Cheshire, UK, WA7 4JE).

NOVYN Limited was incorporated on 18 September 2013 and was a dormant company until 1 July 2015 when INEOS Group Investments Limited (“INEOS”) and Solvay Chlorovinyls Holdings Sarl (“Solvay”) combined their European chlor-vinyls activities in a joint venture headed by NOVYN Limited.

The formation of a joint venture was not included within the scope of IFRS 3 “*Business combinations*” and IFRS 2 “*Share based payments*”, and therefore an accounting policy choice was made to adopt predecessor accounting.

On 7 July 2016, the shares held by Solvay were redeemed and INEOS Group Investments Limited became the sole shareholder of NOVYN Limited.

1.2 Basis of accounting

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

Whilst there is significant uncertainty due to the COVID-19 crisis, on the basis of the assessment described on page 11, together with a strong balance sheet and access to liquidity, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis. The Group financial statements have been prepared on a going concern basis and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union (“Adopted IFRSs”) effective as of 31 December 2020, and with the Companies Act 2006 as applicable to companies using Adopted IFRSs.

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

1.3 Measurement convention

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

1.4 Functional and presentation currency

The functional and presentational currency of the Group is the currency of its principal operating environment and has been identified as the Euro.

All financial information presented in Euro has been rounded to the nearest €0.1 million, except when otherwise stated.

1.5 Changes in accounting policies

From 1 January 2019, the Group applied IFRS 16 *Leases* for the first time in the financial statements for the year ended 31 December 2019 along with a number of other new standards, although only IFRS 16 has had a material effect on the Group’s financial statements.

IFRS 16 Leases

IFRS 16 replaces previous leasing guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

INOVYN LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (forming part of the financial statements)

1.5 Changes in accounting policies (continued)

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

For leases in which the Group is a lessor, no significant impact has arisen. Lessor accounting in IFRS 16 *Leases* remains similar to the previous standard IAS 17 *Leases*, with lessors continuing to classify leases as finance or operating leases.

The Group has applied IFRS 16 on 1 January 2019 using the 'modified retrospective approach' without restatement of comparative information. The details of the changes in accounting policies are disclosed below.

i) Adjustments recognised on adoption of IFRS 16 in which the Group is a lessee

The Group has recognised new right-of-use assets and lease liabilities for lease contracts previously classified as operating leases, which include vessels, storage and transportation infrastructure. The nature of expenses related to those leases has changed because the Group recognises a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. In addition, the Group no longer recognises provisions for operating leases that it assesses to be onerous. Instead, the Group now includes the payments due under the lease in its lease liability, and recognises any required impairment of the corresponding right-of-use asset.

At commencement or on modification of a contract that contains a lease and non-lease component, the Group allocates the consideration in the contract to each component on the basis of its relative stand-alone price.

On transition lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

As at 1 January 2019, the Group has recognised additional lease liabilities of €61.6 million. The table below provides a reconciliation between operating lease commitments disclosed as at 31 December 2018 and the lease liability recognised as at 1 January 2019:

	€m
Operating lease commitments as at 31 December 2018	79.8
Less: impact of discounting	<u>(10.6)</u>
Discounted operating lease commitments at 1 January 2019	69.2
Less:	
Short-term leases recognised on a straight-line basis as expense	(1.6)
Low-value leases recognised on a straight-line basis as an expense.....	(0.3)
Contracts reassessed as service agreements.....	(6.7)
Add:	
Adjustments as a result of different treatment of extension and termination options	<u>1.0</u>
Additional lease liabilities recognised on 1 January 2019	61.6
Finance lease liabilities recognised as at 31 December 2018	<u>5.9</u>
Lease liabilities recognised as at 1 January 2019	<u>67.5</u>
<i>Of which are:</i>	
Current lease liabilities	21.4
Non-current lease liabilities	<u>46.1</u>
	<u>67.5</u>

The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.7%.

INOVYN LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (forming part of the financial statements)

1.5 Changes in accounting policies (continued)

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- *Right-of-use assets* – increase of €66.1 million. This includes the leased assets recognised previously as finance leases of €4.5 million that were reclassified from Property, plant and equipment.
- *Property, plant and equipment* – decrease of €4.5 million. This relates to the reclassification of leased assets, previously recognised as finance leases to Right-of-use assets.
- *Lease liabilities* – increase of €61.6 million. From 1 January 2019, all lease liabilities (including finance leases recognised as at 31 December 2018) have been categorised within “Lease liabilities” on the balance sheet.

The net impact on retained earnings at 1 January 2019 was €nil.

The impact on the consolidated income statement for the year ended 31 December 2019, was as follows:

- *Depreciation of right-of-use assets* – increase of €23.5 million.
- *Finance costs* – increase of €2.2 million.
- *Other operating expenses* – decrease of €24.6 million.
- *Profit for the year* – decrease of €1.1 million.

(ii) Practical expedients applied

The Group had a number of arrangements that were not in the legal form of a lease, for which it concluded that the arrangement contained a lease under *IFRIC 4*. On transition to IFRS 16, the Group did not apply the practical expedient to grandfather the definition of a lease on transition. Therefore, the new definition of a lease under IFRS 16 has been applied to all of the contracts in place on transition.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the Group has elected to apply the following practical expedients:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- reliance on previous assessments on whether leases are onerous,
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- the accounting for leases with a lease term of 12 months or less as short term leases. The lease payments associated with them will be recognised as an expense on a straight-line basis over the lease term,
- the accounting for leases for which the underlying asset is of low value when it is new as low value leases. The lease payments associated with them will be recognised as an expense on a straight-line basis over the lease term,
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(iii) Adjustments in respect of leases where the Group is a lessee and the leases were previously classified as finance leases under IAS 17

For leases classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

INOVYN LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (forming part of the financial statements)

1.5 Changes in accounting policies (continued)

Lease policies applicable from 1 January 2019

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.

This policy is applied to contracts entered into on or after 1 January 2019.

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 recognised, initial direct costs incurred, 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 shorter of the lease term and the useful economic life, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities

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

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

INOVYN LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (forming part of the financial statements)

1.5 Changes in accounting policies (continued)

Short-term leases and leases of low-value assets

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

1.6 New amendments for 2020

The Group has adopted the following amendments to accounting standards for the first time in 2020 with effect from 1 January 2020, although none have had a material effect on the Group's financial statements in the year unless otherwise indicated:

- Amendments to IFRS 3: Definition of a Business has been adopted from 1 January 2020. The Group has applied this amendment to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business of a group of assets.
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform has been adopted from 1 January 2020. This has been applied retrospectively to hedging relationships that existed at 1 January 2020 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments also apply to any gain or loss accumulated in the cash flow hedging reserve that existed at 1 January 2020.
- Amendments to References to the Conceptual Framework in IFRS Standards: The Conceptual Framework for Financial Reporting is the foundation on which the IASB develops new accounting standards. The revised Framework is more comprehensive than the old one – its aim is to provide the Board with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures.
- Amendments to IAS 1 and IAS 8: Definition of Material: The IASB refined its definition of material to make it easier to understand. "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

1.7 Basis of consolidation

Subsidiaries

The consolidated financial statements of INOVYN Limited include all subsidiaries of the Company.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it 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 to direct the activities of the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

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1.7 Basis of consolidation (continued)

Special purpose entities ("SPE")

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

The Group has established an SPE, INEOS Norway Finance Ireland Limited, for a debt securitisation programme. The Group does not have any direct or indirect shareholdings in this SPE. INEOS Norway Finance Ireland Limited 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 retains the majority of the residual or ownership risks related to the SPE and its assets. INEOS Norway Finance Ireland Limited is therefore regarded as an SPE and has been consolidated in these financial statements.

Associated undertakings

Associated undertakings are those entities in which the Group has significant influence, but not control or joint control over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Associated undertakings are accounted for using the equity method of accounting and are initially recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the income statement, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associated undertakings are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Group and its associated undertakings are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint arrangements

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

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

The Group has a 50% interest in a joint arrangement called Runcorn MCP Limited, which was set-up together with VYNOVA Runcorn Limited in 2015 to provide toll production of chlorine and caustic soda to the two shareholders.

The joint venture agreements in relation to Runcorn MCP Limited require unanimous consent from all parties for all relevant activities. The two partners have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the partnership. This entity is therefore classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

The Group, via a joint partnership ("*Convention d'Indivision*"), owns a 42.5% minority interest in the Feyzin ethylene cracker in France. The other partner is TOTAL Petrochemicals. As the arrangement is not structured through a vehicle that is separate from both partners, the joint arrangement is classified as joint operation under IFRS 11 "*Joint Arrangements*".

The Group has a 50% share in GIE Cansel-Bresse, a French *Groupement d'Interet Economique* which owns brine infrastructure assets at Etrez, France, and provides solution mining services. The holder of the remaining 50% is Storengy. As the assets and liabilities, capital expenditure, financing costs and operating expenses are shared evenly between both shareholders the Group has classified GIE Cansel-Bresse as a joint operation.

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1.8 Foreign currency

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 income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentation currency, Euros, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are taken directly to the translation reserve.

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

Appropriate average currency rates have been applied for items of the income statement. The following currency rates have been used at 31 December 2020 and 31 December 2019:

	2020	2019
USD – US Dollar.....	1.2300	1.1203
GBP – British Pound	0.9038	0.8543
NOK – Norwegian Krone.....	10.5014	9.8359
SEK – Swedish Krona	10.0685	10.4405

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement and foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance income or cost. All other foreign exchange gains and losses are presented in the income statement within administrative expenses.

1.9 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 debt and equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

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1.9 Classification of financial instruments issued by the Group (continued)

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.

Trade and other payables

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

Investments in debt and equity securities

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

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

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

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

All other financial assets, including derivatives, are classified as measured at fair value through profit and loss. When these financial assets are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the income statement. Where these financial assets are interest-bearing, interest calculated using the effective interest method is recognised in the income statement. Where no reliable measurement of fair value is available, investments are stated at historic acquisition cost.

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, with the difference between carrying amount of the financial liability and the consideration taken to the income statement. 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.

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1.9 Classification of financial instruments issued by the Group (continued)

Derivative financial instruments and hedging

Derivative financial instruments

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

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in hedging reserve is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of the hedge is recognised immediately in the consolidated income statement as finance income or expense.

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

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

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

When a hedging instrument expires, is sold, terminated, exercised, or the hedge no longer meets the criteria for hedge accounting, hedge accounting is discontinued prospectively. The cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the consolidated income statement immediately.

1.10 Property, plant and equipment

Property, plant and equipment are stated at 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. 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 50 years
Plant and Equipment	
Major items of plant	10 to 30 years
Major plant overhauls	2 to 4 years
Motor vehicles	5 years
Computer hardware and major software	2 to 4 years
Fixtures and fittings	5 to 10 years

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1.10 Property, plant and equipment (continued)

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

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.

1.11 Business combinations, goodwill and intangible assets

Business combinations

Business combinations are defined according to IFRS 3 as a transaction or another event in which the acquirer achieves control over one or several businesses of the acquiree. All business combinations are accounted for by applying the purchase method, except acquisitions under common control which are outside the scope of IFRS 3. Goodwill represents amounts arising on acquisition of subsidiaries, associates and jointly controlled entities and represents the difference between the cost of the acquisition and the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date.

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent.

Acquisitions under common control are accounted for at book value. The difference in the book value of the assets acquired and consideration paid is recognised in retained earnings within the merger reserve.

Goodwill

Goodwill that arises on the acquisition of businesses is presented within intangible assets. Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to groups of cash-generating units and is not amortised but is tested annually for impairment.

Negative goodwill arising on an acquisition is recognised immediately in the consolidated income statement.

Other intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

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.

The Group's intangible assets principally comprise of intellectual property rights, the cost of software, regulatory licenses and costs associated with obtaining access to pipelines owned by third parties.

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 5 to 10 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.

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1.11 Business combinations, goodwill and intangible assets (continued)

Research and development

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

Expenditure on development activities is capitalised within intangible assets 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 and capitalised borrowing costs. 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.

1.12 Impairment

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.

Investments in debt and equity securities

If the fair value of a debt instrument classified as FVOCI increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through profit or loss.

Impairment of equity securities classified as FVOCI are not tested for impairment under IFRS 9.

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.

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1.12 Impairment (continued)

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

Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

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

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

1.13 Inventories

Inventories, excluding engineering stocks and maintenance spares, 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 inventories, production or conversion costs and other costs of 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.

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

Engineering stocks and maintenance spares are valued at moving average price. Catalysts, which are part of the chemical reaction and are consumed in the production process, are held as raw materials and consumables within inventories. These are consumed over a certain period, depending on their renewal cycles, according to normal production levels.

Cost of sales includes direct costs of raw material, distribution and handling costs.

1.14 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.

1.15 Government grants and similar deferred income

Government grants and similar deferred income are shown in the 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.

1.16 Employee benefits

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

Defined contribution plans

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

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans and other post-employment benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets are deducted. The discount rate is based on the yield at the reporting date on AA credit-rated bonds that have maturity dates in line with the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

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1.16 Employee benefits (continued)

Defined benefit plans (continued)

Remeasurements of the net defined benefit liability from actuarial gains and losses and returns on plan assets greater than the discount rate are recognised immediately in other comprehensive income. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense is included in finance cost; all other components of employee benefit costs related to defined benefit plans are recognised as personnel expenses in the income statement.

The calculation is performed annually on the basis of an actuarial report using the projected unit credit method. When the calculation results in a defined benefit asset to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. The change in the present value of the future benefits resulting from a plan change or a curtailment is recognised as past service cost in the consolidated income statement in the year in which they occur.

The Group recognises gains and losses from a settlement of a defined benefit plan in the income statement when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation to be settled and the settlement price including payments made directly by the company in connection with the settlement.

Certain of the Group's pension plans include multi-employer schemes for employees of the Group and other INEOS or Solvay group companies. The method used to split the results between the Group and the other participating employers is as follows:

- Most members are allocated to a specific company, but where this was not possible members are allocated to the largest employer within the Group.
- Active scheme liabilities are allocated pro-rata based on the relative value of accrued pensions for active members. Deferred and pensioner members are allocated to the largest employer within the Group.
- Total assets and cash flows are allocated in proportion to accrued pensions.
- The allocation of total scheme liabilities is based on data collected at the last valuation date and this proportionate split has been applied consistently in the calculations.

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 or medium-term cash bonus 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.

1.17 Provisions

Provisions are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can be reliably estimated. The timing of recognition requires the application of judgement to existing facts and circumstances, which can be subject to change. Provisions are discounted at risk free pre-tax rates based on country specific government bond yields which match the maturity of the expected future cash flows. The unwinding of the discount is recognised in finance costs.

Estimated direct costs to be incurred in connection with restructuring measures are provided for when the Group has a constructive obligation, which is generally the same as the announcement date. The announcement date is the date on which the plan is announced in sufficient detail such that employees have valid expectations that the restructuring will be carried out.

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

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1.18 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.

1.19 Revenue from contracts with customers

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

The 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.

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

The Group has a limited number of contracts that include distinct performance obligations (being primarily separate shipping obligations), which can potentially result in revenue been recognised later in time.

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

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

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

1.20 Finance income and costs

Interest income and interest expenses are accounted for applying the effective interest method. Interest income includes interest income on funds invested and fair value gains on financial assets at fair value through profit or loss. Interest expenses include interest expense on borrowings, the interest component of employee benefit costs net of returns on plan assets, the unwinding of the discount on provisions and fair value losses on financial assets at fair value through profit or loss. The difference between the carrying amount of a financial liability extinguished and the consideration paid is included in interest expense. Gains and losses from the measurement of monetary assets or liabilities denominated in foreign currencies are included in finance income and costs.

Costs associated with raising finance are deducted from the gross proceeds in the balance sheet and amortised over the term of the relevant financing at a constant rate over the carrying amount.

1.21 Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. A provision is recognised for those matters for which the tax determination is uncertain but is considered probable that there will be a future outflow of funds

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1.21 Taxation (continued)

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.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.22 Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the previous financial year.

1.23 Disposal groups held for sale

Disposal groups are classified as assets and liabilities held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

1.24 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 who report into the shareholder, INEOS Group Investments Limited.

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

1.25 Exceptional items

The presentation of the Group's results separately identifies the effect of profits and losses on the 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. 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 Group's ongoing business.

1.26 Securitisation

Certain Group companies are parties to a receivables securitisation programme in which various subsidiaries sell trade receivables to INEOS Norway Finance Ireland Limited ("INFIL"), a special purpose vehicle, for a discounted rate. INFIL pledges the receivables as security for borrowings from conduit lenders. The cash borrowed by INFIL from the conduit lenders, less a financing cost, is lent to the Group companies. The financing cost is recognised in interest payable. The risks and rewards of ownership of the receivables are retained by the Group and therefore INFIL has been included in the financial statements as a quasi-subsiary.

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1.27 Emissions Trading scheme

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

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

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

1.28 New standards and interpretations not yet adopted

A number of new standards and amendments are effective for annual periods beginning after 1 January 2021 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 unless otherwise indicated.

- Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 (effective date 1 January 2021).
- Amendments to IAS 37: Onerous Contracts—Cost of Fulfilling a Contract (effective date 1 January 2022).
- Amendments to References to the Conceptual Framework in IFRS 3 (effective date 1 January 2022).
- Amendments to IAS 16: Property, Plant and Equipment—Proceeds before Intended Use (effective date 1 January 2022).
- Annual Improvements to IFRS Standards 2018-2020 (effective date 1 January 2022).
- IFRS 17 Insurance Contracts (effective date 1 January 2023).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective date 1 January 2023).

2 SEGMENTAL REPORTING

Revenue and EBITDA before exceptional items are key measures used by the chief operating decision makers of the Group to assess the performance of the Business segments.

The Group divides its operations into four businesses:

- *General Purpose Vinyls*, consisting of a portfolio of Suspension PVC products and PVC Resins, and output that the Group both consumes and sells from its interest in the Feyzin cracker.
- *Specialty Vinyls*, consisting of Emulsion PVC and specialty grade Suspension PVC products.
- *Organic Chlorine Derivatives*, consisting of various chlorine derivatives including chlorinated paraffins, chloromethanes, allyl chloride and epichlorohydrin, plus sulphur chemicals.
- *Chlor-Alkali*, consisting of caustic soda and caustic potash, chlorine and chlorine by-products, brine and water, salt and hydrochloric acid.

However, the Group's financial reporting is limited to three Business segments; General Purpose Vinyls, Specialty Vinyls, and Other Chemicals. The Other Chemicals segment includes the Organic Chlorine Derivatives business, plus all products in the Chlor-Alkali business excluding caustic soda and caustic potash. Revenues from caustic soda and caustic potash are then attributed to the three Business Segments based on the quantities of chlorine contained in the respective products.

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2 SEGMENTAL REPORTING (continued)

For segmental reporting of EBITDA, the results of the caustic soda and caustic potash products (which are co-produced with chlorine in the electrolysis manufacturing process) included within the Chlor-Alkali operating business are allocated out to the three segments based on the quantities of chlorine contained in each of their products.

For segmental reporting of revenue, caustic soda and caustic potash revenues are shown both before and after allocation to three Business segments.

The revenue attributable to each business segment is as follows:

	2020			2019		
	Revenue before caustic soda/potash allocation	Caustic soda/potash revenue allocation	Revenue after caustic soda/potash allocation	Revenue before caustic soda/potash allocation	Caustic soda/potash revenue allocation	Revenue after caustic soda/potash allocation
	€m					
General Purpose Vinyls	1,208.1	394.4	1,602.5	1,279.1	430.5	1,709.6
Specialty Vinyls.....	348.5	95.7	444.2	369.2	116.2	485.4
Other Chemicals	509.9	321.6	831.5	503.3	407.1	910.4
Caustic soda and caustic potash	811.7	(811.7)	-	953.8	(953.8)	-
	<u>2,878.2</u>	<u>-</u>	<u>2,878.2</u>	<u>3,105.4</u>	<u>-</u>	<u>3,105.4</u>

The EBITDA before exceptional items attributable to each business segment is as follows:

	2020	2019
	€m	
EBITDA before exceptionals		
General Purpose Vinyls	278.7	240.1
Specialty Vinyls.....	156.8	156.6
Other Chemicals	165.6	209.4
	<u>601.1</u>	<u>606.1</u>

Reconciliation of earnings before operating exceptional items, interest, taxation, depreciation and amortisation ('EBITDA before exceptional items') to operating profit:

	2020	2019
	€m	
EBITDA before exceptional items.....	601.1	606.1
Depreciation and amortisation	(183.8)	(168.5)
Exceptional items within operating profit (note 5)	(9.2)	(51.6)
Operating profit.....	<u>408.1</u>	<u>386.0</u>

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2 SEGMENTAL REPORTING (continued)

Geographical analysis - revenues

Geographical information by location of customers	2020	2019
	€m	
UK	420.0	474.5
Rest of Europe	1,979.1	2,163.2
Rest of World	479.1	467.7
Total	<u>2,878.2</u>	<u>3,105.4</u>

Geographical information by location of trading legal entity	2020	2019
	€m	
UK	2,484.7	2,652.7
Rest of Europe	344.8	401.0
Rest of World	48.7	51.7
Total	<u>2,878.2</u>	<u>3,105.4</u>

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

A geographic analysis of segment assets is 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.

3 LOSS ON DISPOSAL OF BUSINESSES

Prior to the formation of the INOVYN joint venture, both INEOS and Solvay agreed to sell certain 'remedy assets' to International Chemicals Investor Group ("ICIG") in order to address competition concerns raised by the European Commission. The outstanding deferred consideration of €1.5 million was received from ICIG in the year ended 31 December 2020 (2019: €2.5 million).

4 ACQUISITION OF BUSINESSES

Effective on 1 March 2019, the Group acquired INEOS Enterprises Group Limited and its subsidiary, Keuper Gas Storage Limited from INEOS Enterprises Holdings Limited, a related party. The acquired companies are engaged in gas storage activities and the manufacture of salt and sulphur chemicals at Runcorn, United Kingdom. The purchase price of €35.0 million was in the form of a long-term loan agreement with the seller, with interest accruing at a rate of 4.5% per annum.

The Group and INEOS Enterprises Group Limited are controlled by the same ultimate parent undertaking, both before and after the acquisition date. The transaction has therefore been accounted for at book value since the acquisition involves two parties under common control. The difference between the consideration paid of €35.0 million and the book value of the assets and liabilities acquired has been recognised within the merger reserve.

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4 ACQUISITION OF BUSINESSES (continued)

	2019
	€m
<i>Acquiree's net liabilities at acquisition date:</i>	
Property, plant and equipment	43.9
Right-of-use assets	1.3
Deferred tax assets	4.4
Inventories	7.4
Trade debtors and other operating receivables	27.5
Trade creditors and other payables	(98.4)
Lease liabilities	(1.3)
Employee benefits	(9.4)
Net identifiable assets and liabilities	(24.6)
<i>Consideration paid:</i>	
Long-term loan payable to seller	35.0
Difference between consideration and net liabilities acquired recognised in merger reserve	59.6

The Group did not incur significant acquisition related costs on legal fees and due diligence costs. These costs have been included within "administrative expenses" as incurred.

The fair value of acquired trade receivables was €27.5 million. The trade receivables comprise gross contractual amounts due of €27.5 million, of which none was expected to be uncollectable at the date of acquisition.

For the ten-month period since 1 March 2019, the acquired business contributed revenue of €52.5 million and EBITDA of €4.6 million. If the acquisition had occurred on 1 January 2019, revenue and EBITDA of the Group for 2019 would have increased by €11.4 million and €2.2 million respectively.

On 1 May 2017, the Group acquired 100% of the shares in Solvay Tavaux SAS from Solvay. The outstanding deferred consideration of €3.6 million has been settled following the completion working capital and other negotiations with Solvay.

5 EXCEPTIONAL ITEMS

	2020	2019
	€m	
Exceptional items included in cost of sales:		
Plant closure costs ⁽¹⁾	(1.2)	21.4
Environmental costs ⁽²⁾	10.4	-
	9.2	21.4
Exceptional items included in administrative expenses:		
Aborted capital expenditure ⁽³⁾	-	35.2
Other ⁽⁴⁾	-	(5.0)
	-	30.2
Exceptional items excluding finance costs	9.2	51.6
Exceptional finance costs:		
Charge on early settlement of debt ⁽⁵⁾	16.7	-
Total exceptional expenses	25.9	51.6

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5 EXCEPTIONAL ITEMS (continued)

Exceptional cost of sales and administrative expenses:

(1) In December 2016, the Group closed the last remaining cell room at Runcorn, United Kingdom. The closure was in response to an EU directive mandating the closure of all mercury-based cell rooms by 11 December 2017. Provisions were recognised to cover costs associated with the closure such as decommissioning and decontamination, disposal of elemental mercury, and manpower headcount reductions. In 2019, further provisions totalling €12.3 million for the demolition of redundant assets were recognised in relation to the closure project.

In October 2015, the Group announced the closure of its SPVC production facilities at Schkopau, Germany, due to the cessation of its VCM supply contract with The Dow Chemical Company, and provisions relating to manpower reductions, onerous leases, fixed asset and stock write-downs, dismantling, decommissioning and demolition costs were created. In 2019, following a re-estimation of final project costs, the provision was increased by €1.2 million.

In 2013 the decision was made to close the cell room in Wilhelmshaven, Germany. In 2019, further closure costs totalling €4.6 million were recognised relating to this asset.

In December 2015, the Group announced the closure of the chloromethanes facility at Runcorn in the United Kingdom with production being focused on NOVYN's other chloromethanes assets at Tavaux, France and Rosignano, Italy. In 2019, further exceptional charges totalling €3.0 million for asset demolition costs were recognised in relation to the closure project. In 2020, €0.9 million was released from the provision following a re-estimate of the remaining costs to be incurred.

In 2018, the production of chlorinated paraffins at Baleyourt, France was transferred to Runcorn, United Kingdom. Further exceptional restructuring costs of €0.3 million were incurred in 2019.

In June 2018, following a detailed review and the expiration of a REACH authorisation permitting the sale of a special type of recycled PVC manufactured by Vinyloop Ferrara SpA at its Ferrara facility in Italy, NOVYN and its minority 40% shareholder, Txyloop SAS decided to terminate operations and to initiate liquidation proceedings and a provision was made to cover the costs of closure. Following a review of the remaining estimated costs to complete the liquidation, €0.3 million was released in 2020.

(2) To comply with the obligations of the EU Water Framework directive and to reduce the level of leaching of historical contamination, a provision for €10.4 million was recognised at Tavaux, France to cover costs associated with the construction of a sealed cell for certain sedimentation basins and a pilot plant for treatment of contaminated ground water.

(3) In 2018, the Group embarked on plans for a joint investment with INEOS Oxide in a new membrane cell room at Cologne, Germany with the aim of producing 280.0 kilo tonnes of electrolysis capacity. In 2019, this project was cancelled following a review of the project economics and predicted return on investment. In addition, a project to expand the capacity of the cell room in Lillo, Belgium was also cancelled in 2019. Feasibility costs totalling €35.2 million were written-off as a result, including €6.1 million of costs capitalised as assets under construction in 2018, €20.7 million capitalised as assets under construction in 2019 and unbilled amounts from suppliers of €8.4 million as at 31 December 2019.

(4) The exceptional credit of €5.0 million in 2019 mainly relates to the release of €6.4 million from provisions made in prior years and a charge of €1.4 million for miscellaneous legal claims and commercial disputes.

Exceptional finance costs:

(5) On 9 March 2020, the Group renegotiated an amendment and upsizing of its existing Term Loan B borrowings by €250.0 million from €814.3 million to €1,064.3 million. See note 18 for further information. The amendment has been classified as a substantial debt modification as per IFRS 9 resulting in the write-off of €16.7 million of unamortized debt issue costs associated with the original Term Loan B.

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

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6 OPERATING PROFIT

Included in operating profit are the following:

	2020	2019
	€m	
Research and development costs expensed as incurred.....	13.4	11.6
Amortisation of intangible assets	1.8	1.9
Amortisation of government grants.....	(4.6)	(4.8)
Expenses relating to short-term leases.....	7.7	7.4
Expenses relating to leases of low value assets	0.3	0.4
Expenses relating to variable lease payments not included in the measurement of the lease liability.....	5.1	5.1

Depreciation of property, plant and equipment - within cost of sales, distribution costs and administrative expenses

Owned assets	156.5	142.4
Right-of-use assets	25.5	24.2
	182.0	166.6

	2020	2019
	€m	
Auditor's remuneration		
Audit of these financial statements.....	0.2	0.2
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation.....	1.0	0.9
All other services.....	0.2	-
	1.4	1.1

The total in 2020 and 2019 includes fees paid to Deloitte LLP and its network firms in Europe for the audit of the consolidated financial statements and the audits of the financial statements of the Company and many of its European subsidiaries.

The audit fee above includes the audit fee of €5,450 (2019: €5,646) for the parent Company.

7 STAFF NUMBERS AND COSTS

The monthly average number of persons including directors employed by the Group (including any divestitures up to the date of disposal and any acquisitions from the date of acquisition) during the year, analysed by category, was as follows:

	2020	2019
	Number	
Research and development.....	88	86
Administration.....	578	578
Production, engineering and distribution.....	3,383	3,352
	4,049	4,016

The aggregate payroll costs of these persons were as follows:

	2020	2019
	€m	
Wages and salaries	313.5	292.8
Social security costs	67.1	68.8
Contributions to defined contribution plans	17.4	16.2
Items related to defined benefit plans:		
Current service cost.....	12.4	11.4
	410.4	389.2

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8 DIRECTORS' REMUNERATION

	2020	2019
	€m	
Salaries and other short term benefits.....	5.9	7.2
Company contributions to money purchase schemes	0.4	0.3
	<u>6.3</u>	<u>7.5</u>

Highest paid director

	2020	2019
	€m	
Aggregate emoluments.....	<u>1.7</u>	<u>2.7</u>

Three directors have benefits accrued under defined benefit schemes (2019: four). Two directors have benefits accruing under defined contribution schemes (2019: two). In respect of the highest paid director, there is €0.1 million (2019: €0.1 million) of accrued pension at the end of the year.

9 FINANCE INCOME AND COSTS

	2020	2019
	€m	
Finance income		
Interest receivable from associated undertakings.....	2.4	2.7
Interest receivable from related parties	19.9	12.8
Net exchange movements.....	-	7.0
Other interest income	0.1	0.6
Total finance income	<u>22.4</u>	<u>23.1</u>
Finance costs		
Interest payable on Senior Secured Term Loans	25.9	20.8
Interest payable on securitisation facility	1.6	1.9
Interest payable to related parties	1.8	2.0
Amortisation of debt issue costs.....	1.6	3.1
Interest payable on right-of-use assets.....	2.6	2.7
Net fair value loss on derivatives	7.8	0.4
Net change of rate and unwind of discount on long term provisions	0.8	2.7
Net exchange movements.....	5.4	-
Interest expense on pension schemes	2.9	5.6
Other interest expense	0.3	0.3
Total finance costs before exceptional items	<u>50.7</u>	<u>39.5</u>
Exceptional finance costs (note 5).....	16.7	-
Total finance costs	<u>67.4</u>	<u>39.5</u>
Net finance costs	<u>45.0</u>	<u>16.4</u>

Net gains and losses on financial instruments are included in note 26.

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10 TAX CHARGE

Recognised in the consolidated income statement

	2020	2019
	€m	
Current tax expense		
Current tax expense	52.7	65.4
Adjustments in respect of prior years	7.1	4.4
Current tax expense	<u>59.8</u>	<u>69.8</u>
Deferred tax expense		
Origination and reversal of temporary differences	28.8	29.8
Change in tax rates applied to temporary differences	(12.2)	(2.7)
Adjustments in respect of prior years	(1.0)	(29.2)
Deferred tax charge/(credit)	<u>15.6</u>	<u>(2.1)</u>
Total tax charge	<u>75.4</u>	<u>67.7</u>

Factors affecting the tax charge for the year

	2020	2019
	€m	
Profit before taxation	364.1	369.6
Tax using the UK corporation tax rate of 19.0% (2019: 19.0%)	69.2	70.2
Effect of tax rates in foreign jurisdictions	14.9	13.6
Permanent differences	(2.3)	(1.1)
Change in tax rate applied to temporary differences	(12.2)	(2.7)
Current year losses not recognised	-	12.5
Adjustments in respect of prior years	6.1	(24.8)
Associated undertakings results, reported net of tax	(0.3)	-
Total tax charge	<u>75.4</u>	<u>67.7</u>

The deferred tax assets in the relevant United Kingdom companies at 31 December 2019 were measured using a tax rate of 17% since the Finance Bill 2016 included legislation to reduce the main rate of corporation tax from 19% to 17% from 1 April 2020. However, deferred taxes are measured at 19% at 31 December 2020, following the decision to maintain the main corporation tax rate at 19% was substantively enacted on 17 March 2020. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. On 11 March 2021, the Finance Bill 2021 was announced in the United Kingdom, which increased the rate of corporation tax to 25% on profits over £250,000 from April 2023. Deferred tax assets in the United Kingdom have not been restated.

Taxation recognised in other comprehensive income

	2020			2019		
	Gross	Tax	Net	Gross	Tax	Net
	€m					
Remeasurement of post-employment benefit obligations net of taxes	21.3	(3.4)	17.9	(12.9)	3.7	(9.2)
Foreign exchange translation differences of subsidiaries	(20.7)	-	(20.7)	3.6	-	3.6
	<u>0.6</u>	<u>(3.4)</u>	<u>(2.8)</u>	<u>(9.3)</u>	<u>3.7</u>	<u>(5.6)</u>

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11 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and equipment, fixtures and fittings	Under construction	Right-of- use assets	Total
	€m				
Cost					
At 1 January 2019	503.6	3,622.1	255.6	-	4,381.3
Impact of adopting IFRS 16 (see note 1)	-	-	-	61.6	61.6
Reclassification of finance leases	-	(11.5)	-	11.5	-
Acquisition of business	3.3	31.0	9.6	1.3	45.2
Additions	2.6	58.1	183.6	17.4	261.7
Lease modifications and reassessments	-	-	-	13.3	13.3
Reclassification	28.6	152.3	(180.9)	-	-
Aborted capital expenditure	-	-	(6.1)	-	(6.1)
Disposals	-	(2.6)	-	(0.7)	(3.3)
Effects of movements in foreign exchange ...	0.6	14.2	(1.7)	0.8	13.9
At 31 December 2019	538.7	3,863.6	260.1	105.2	4,767.6
Additions	4.2	104.1	78.5	25.2	212.0
Lease modifications and reassessments	-	-	-	11.4	11.4
Reclassification	2.9	68.9	(71.8)	-	-
Disposals	(2.5)	(28.6)	(0.5)	(7.4)	(39.0)
Effects of movements in foreign exchange ...	(0.5)	(21.1)	(7.3)	(0.9)	(29.8)
At 31 December 2020	542.8	3,986.9	259.0	133.5	4,922.2
Accumulated depreciation and impairment					
At 1 January 2019	334.6	2,846.0	-	-	3,180.6
Reclassification of finance leases	-	(7.0)	-	7.0	-
Depreciation charge for the year	9.9	132.5	-	24.2	166.6
Disposals	-	(2.6)	-	(0.7)	(3.3)
Effects of movements in foreign exchange ...	-	4.1	-	0.1	4.2
At 31 December 2019	344.5	2,973.0	-	30.6	3,348.1
Depreciation charge for the year	10.2	146.3	-	25.5	182.0
Disposals	(2.5)	(28.6)	-	(7.4)	(38.5)
Effects of movements in foreign exchange ...	(0.2)	(7.9)	-	(0.3)	(8.4)
At 31 December 2020	352.0	3,082.8	-	48.4	3,483.2
Net book value					
At 31 December 2019	194.2	890.6	260.1	74.6	1,419.5
At 31 December 2020	190.8	904.1	259.0	85.1	1,439.0

Property, plant and equipment under construction

No borrowing costs were capitalised during the year (2019: €nil).

Leased plant and machinery

The Group leases many assets including land and buildings, vessels, storage and transportation infrastructure, machinery and motor vehicles which are classified as right-of-use assets. Finance leases with a net book value of €4.5 million as at 31 December 2018 were reclassified into this category on 1 January 2019.

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

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11 PROPERTY, PLANT AND EQUIPMENT (continued)

Right-of-use assets

	Land and buildings	Plant and equipment, fixtures and fittings	Total
	€m		
At 1 January 2019	-	-	-
Impact of adopting IFRS 16 (see note 1)	9.3	52.3	61.6
Reclassification of finance leases	-	11.5	11.5
Acquisition of business	1.2	0.1	1.3
Additions.....	0.1	17.3	17.4
Lease modifications and remeasurements.....	-	13.3	13.3
Disposals.....	-	(0.7)	(0.7)
Effect of movement in foreign exchange.....	0.1	0.7	0.8
At 31 December 2019	10.7	94.5	105.2
Additions.....	-	25.2	25.2
Lease modifications and remeasurements.....	(0.4)	11.8	11.4
Disposals.....	(0.1)	(7.3)	(7.4)
Effects of movement in foreign exchange.....	(0.2)	(0.7)	(0.9)
At 31 December 2020	10.0	123.5	133.5
At 1 January 2019	-	-	-
Reclassification of finance leases	-	7.0	7.0
Depreciation charge for the year	0.8	23.4	24.2
Disposals.....	-	(0.7)	(0.7)
Effects of movement in foreign exchange.....	-	0.1	0.1
At 31 December 2019	0.8	29.8	30.6
Depreciation charge for the year	0.8	24.7	25.5
Disposals.....	(0.1)	(7.3)	(7.4)
Effects of movement in foreign exchange.....	-	(0.3)	(0.3)
At 31 December 2020	1.5	46.9	48.4
Net book value			
At 31 December 2019	9.9	64.7	74.6
At 31 December 2020	8.5	76.6	85.1

See note 19 for lease obligations related to right-of-use assets.

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12 INTANGIBLE ASSETS

	<u>Develop- ment costs</u>	<u>Intellectual property rights</u>	<u>Regulatory licences</u>	<u>Software</u>	<u>Other</u>	<u>Total</u>
	€m					
Cost						
At 1 January 2019.....	3.8	4.1	5.1	9.8	2.7	25.5
Additions.....	1.3	0.1	-	-	-	1.4
At 31 December 2019	5.1	4.2	5.1	9.8	2.7	26.9
Additions.....	1.7	-	-	1.3	41.6	44.6
Disposals.....	-	-	-	-	(11.5)	(11.5)
At 31 December 2020	6.8	4.2	5.1	11.1	32.8	60.0
Accumulated amortisation and impairment						
At 1 January 2019.....	2.1	0.2	4.6	9.3	-	16.2
Amortisation for the year.....	1.2	0.4	0.1	0.2	-	1.9
At 31 December 2019	3.3	0.6	4.7	9.5	-	18.1
Amortisation for the year.....	1.1	0.5	0.1	0.1	-	1.8
At 31 December 2020	4.4	1.1	4.8	9.6	-	19.9
Net book value						
At 31 December 2019.....	1.8	3.6	0.4	0.3	2.7	8.8
At 31 December 2020	2.4	3.1	0.3	1.5	32.8	40.1

Other intangible assets mainly relate to purchases of EU emission allowances which are used to meet the Group's CO2 emission obligations.

Amortisation

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

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13 INVESTMENTS

As at 31 December 2020, the Group has the following investments in subsidiaries:

Company	Country of incorporation	Principal activity	Class of shares held	Ownership 2020	Ownership 2019	Registered office reference
INOVYN Holdings Limited* #	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Finance Limited (formerly INOVYN Finance plc)	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Group Treasury Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Europe Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Intermediate Holdings Norge AS ⁽¹⁾	Norway	Holding company	Ordinary	-	100%	(B)
INOVYN Norge Holdings AS ⁽¹⁾	Norway	Holding company	Ordinary	-	100%	(B)
INOVYN Norge AS*	Norway	Manufacture of chemicals and PVC	Ordinary	100%	100%	(B)
INOVYN Sverige AB*	Sweden	Manufacture of chemicals and PVC	Ordinary	100%	100%	(C)
INEOS ChlorVinyls Holdings BV	Netherlands	Holding company	Ordinary	100%	100%	(D)
INOVYN Newton Aycliffe Limited	UK	Non-trading	Ordinary	100%	100%	(A)
INEOS Newton Aycliffe Trustees Limited	UK	Pension trustee	Ordinary	100%	100%	(A)
INOVYN Services Limited	UK	Service company	Ordinary	100%	100%	(A)
INOVYN Enterprises Limited*	UK	Extraction and supply of brine and water	Ordinary	100%	100%	(A)
INOVYN ChlorVinyls Holdings Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Newco 2 Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN ChlorVinyls Limited*	UK	Manufacture of chemicals and PVC	Ordinary	100%	100%	(A)
INEOS Enterprises Group Limited ⁽²⁾	UK	Manufacture of salt and sulphur chemicals	Ordinary	100%	100%	(A)
Keuper Gas Storage Limited ⁽²⁾	UK	Gas storage	Ordinary	100%	100%	(A)
INEOS Chlor Atlantik GmbH	Germany	Non-trading	Ordinary	100%	100%	(E)
INOVYN Americas Inc	USA	Purchase and resale of chemicals	Ordinary	100%	100%	(F)
INOVYN Sales International Limited	UK	Non-trading	Ordinary	100%	100%	(A)
INEOS Chlor Trustees Limited	UK	Pension trustee	Ordinary	100%	100%	(A)
INEOS Vinyls UK Ltd	UK	Non-trading	Ordinary	100%	100%	(A)
INEOS Vinyls GmbH & Co KG	Germany	Holding company	Ordinary	100%	100%	(E)
INOVYN Schkopau GmbH	Germany	Non trading	Ordinary	100%	100%	(E)
INOVYN Sales GmbH	Germany	Non trading	Ordinary	100%	100%	(E)

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13 INVESTMENTS (continued)

Company	Country of incorporation	Principal activity	Class of shares held	Ownership 2020	Ownership 2019	Registered office reference
EVC Pension Trustees Limited	UK	Pension trustee	Ordinary	100%	100%	(A)
INOVYN Energy Limited	UK	Holding company	Ordinary	100%	100%	(A)
Kerling Newco 1 Limited*	UK	Holding company	Ordinary	100%	100%	(A)
Kerling Newco 2 Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Deutschland GmbH*	Germany	Manufacture of chemicals and PVC	Ordinary	100%	100%	(E)
INOVYN Espana S.L.	Spain	Manufacture of chemicals and PVC	Ordinary	100%	100%	(G)
INOVYN Osterreich GmbH	Austria	Sales office	Ordinary	100%	100%	(H)
INOVYN Belgium SA*	Belgium	Manufacture of chemicals	Ordinary	100%	100%	(I)
INOVYN PVC France SAS ⁽³⁾	France	Manufacture of chemicals and PVC	Ordinary	-	100%	(J)
INOVYN Olefines France SAS*	France	Operation of ethylene cracker	Ordinary	100%	100%	(J)
INOVYN Portugal Lda	Portugal	Sales office	Ordinary	100%	100%	(K)
INOVYN Trade Services SA*	Belgium	Purchase and resale of chemicals	Ordinary	100%	100%	(I)
INOVYN Manufacturing Belgium SA*	Belgium	Manufacture of chemicals and PVC	Ordinary	100%	100%	(I)
INOVYN France SAS*	France	Manufacture of chlorine products	Ordinary	100%	100%	(J)
INOVYN Italia S.p.A.	Italy	Commercial services	Ordinary	100%	100%	(L)
INOVYN Produzione Italia S.p.A*	Italy	Manufacture of chemicals	Ordinary	100%	100%	(M)
INOVYN Quimica Espana S.L.	Spain	Waste treatment	Ordinary	100%	100%	(G)
Vinyloop Ferrara S.p.A. ⁽⁴⁾	Italy	PVC Recycling	Ordinary Limited	100%	100%	(L)
TTE Training Limited	UK	Training company	Guarantee Limited by	100%	100%	(O)
TTE Apprenticeship Training Agency Limited	UK	Apprenticeship company	Guarantee by	100%	100%	(O)
INEOS Norway Finance Ireland Limited	Ireland	Securitisation vehicle	Ordinary	n/a	n/a	(N)

* In addition to INOVYN Finance Limited (formerly INOVYN Finance plc) a guarantor of the Senior Secured Term Loans.

Shares held directly by INOVYN Limited. All other subsidiaries listed are held indirectly.

(1) On 22 August 2020, INOVYN Norge Holdings AS merged into INOVYN Intermediate Holdings Norge AS and on 2 September 2020 INOVYN Intermediate Holdings Norge AS merged into INOVYN Norge AS.

(2) Effective 1 March 2019, the Group acquired INEOS Enterprises Group Limited and its subsidiary, Keuper Gas Storage Limited from INEOS Enterprises Holdings Limited, a related party (see note 4).

(3) On 1 June 2020, INOVYN PVC France SAS was merged into INOVYN France SAS.

(4) Vinyloop Ferrara S.p.A. is in the process of being liquidated.

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13 INVESTMENTS (continued)

Details of the Group's other investments are as follows:

Investment	Country of registration or incorporation	Principal activity	Class/ percentage of shares held	Registered office reference
Associated undertakings:				
INEOS Runcom (TPS) Holdings Limited	UK	Thermal Power Station operator	Ordinary/ 60% ⁽¹⁾	(A)
Joint operations:				
Runcom MCP Limited....	UK	Cell room operator	Ordinary/ 50% ⁽²⁾	(A)
GIE Cansel-Bresse.....	France	Brine solution mining services	Ordinary/ 50% ⁽³⁾	(V)
Other investments:				
IndustriEI AS	Norway	Energy consultancy	Ordinary/ 12.5%	(P)
Sociedad Española de Materiales Plásticos SEMAP S.A	Spain	Plastic waste management	Ordinary/8%	(Q)
Societe Intercommunale D'Amenagement et d'Equipement Economique	Belgium	Economic development of province of Namur	Ordinary/0.17%	(R)
BKV GmbH	Germany	Plastic recycling association	Ordinary/2.0%	(S)
VSR GmbH.....	Germany	Fire protection of Rheinberg site	Ordinary/30.0%	(T)
API PVC - u. Umweltberatung GesmbH	Austria	PVC technology solutions	Ordinary/73.2%	(U)
Hållbar Kemi i Stenungsund	Sweden	Sustainable production association	Ordinary/20.0%	(W)
Energy For Growth Societa' Consortile A Responsabilita' Limitata.	Italy	Energy consortium	Ordinary/7.3%	(X)
Power to Methanol Antwerp B.V.	Belgium	Sustainable methanol production consortium	Ordinary/14.3%	(Y)

- (1) The Group owns shares entitling it to 60% of the voting rights but only 25% of the economic benefits.
- (2) The Group has a 50% interest in Runcom MCP Limited, a joint venture company which provides a toll manufacturing service for the production of chlorine and caustic soda to its shareholders. The holder of the remaining 50% interest is VYNOVA Runcom Limited.
- (3) The Group has a 50% share in GIE Cansel-Bresse, a French Groupement d'Interet Economique which owns brine infrastructure assets at Etrez, France, and provides solution mining services. The holder of the remaining 50% is Storengy.

None of the above other investments are held directly by INOVYN Limited.

Investments in associated undertakings and other investments

	Associated undertakings	Other investments	Total
	€m		
At 1 January 2019.....	13.3	0.2	13.5
Additions	-	4.8	4.8
Effects of movements in foreign exchange	0.1	-	0.1
At 31 December 2019.....	13.4	5.0	18.4
Share of retained earnings	1.5	-	1.5
Additions	-	0.1	0.1
Reductions	-	(0.2)	(0.2)
At 31 December 2020.....	14.9	4.9	19.8

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13 INVESTMENTS (continued)

In 2019, the Group via its shareholding in INOVYN Produzione Italia S.p.A became a 7.3% shareholder in Energy For Growth Societa' Consortile A Responsabilita' Limitata, a consortium of Italian chemical companies which contributes to the funding of new interconnector construction projects between Italy and neighbouring countries. A payment of €4.8 million was made during the year towards new interconnector projects. A reimbursement of €0.2 million relating to a share value adjustment was received in 2020.

In 2020, the Group via its shareholding in INOVYN Manufacturing Belgium SA became a 14.3% shareholder in Power to Methanol Antwerp B.V., a consortium of seven partners in a project to facilitate the construction of a demonstration plant to produce methanol from a combination of captured carbon dioxide and sustainably generated hydrogen.

Set out below is the summarised financial information of INEOS Runcorn (TPS) Holdings Limited and its subsidiaries ("Runcorn TPS"), which the Group considers to be a material associated undertaking as at 31 December 2019 and 2020. Runcorn TPS is the operator of a 'Design, Build, Finance and Operate' contract with the Greater Manchester Combined authority in the United Kingdom.

Summarised balance sheet

	2020	2019
Runcorn TPS		
€m		
Current assets	9.0	6.9
Non-current assets	27.9	32.0
Current liabilities	(1.9)	(2.3)
Non-current liabilities	(20.1)	(23.2)
Net assets	14.9	13.4

Summarised income statement

	2020	2019
Runcorn TPS		
€m		
Revenue	9.4	10.5
Expenses	(7.9)	(9.3)
Profit for the year	1.5	1.2

The registered office addresses of the investments disclosed in this note are:

Reference	Registered office address
(A)	Bankes Lane Office, Bankes Lane, P.O. Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom
(B)	Rafnes Industriomrade, 3966 Stathelle, Norway
(C)	444-83 Stenungsund, Sweden
(D)	Luna Arena, Herikerbergweg 238, Amsterdam, The Netherlands, 1101 CM
(E)	Ludwigstrasse 12, 47495 Rheinberg, Germany
(F)	2036 Foulk Rd, Suite 204, Wilmington, Delaware 19801, USA
(G)	Calle Marie Curie 1-3-5, 08760 Martorell, Barcelona, Spain
(H)	Schottengasse 1, 4. Stock, 1010 Wien, Austria
(I)	Avenue des Olympiades 20, 1140 Brussels, Belgium
(J)	2 Avenue de la République, 39500 Tavaux, France
(K)	Rua do Centro Cultural nº 5 – R/C, sala 8, 1700-106 Lisboa, Portugal
(L)	Via Marconi 73, 44122 Ferrara (FE), Italy
(M)	Rosignano Marittimo (LI), Via Piave 6 CAP 57016, Italy
(N)	Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland
(O)	New Horizons House, New Bridge Road, Ellesmere Port, Cheshire, CH65 4LT
(P)	Postboks 1367 – Vika, 0114 Oslo, Norway
(Q)	Calle Principe de Vergara 204 – Primero C – 28002, Madrid, Spain
(R)	Rue de la Religion, 10, 1400 Nivelles, Belgium

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13 INVESTMENTS (continued)

(S)	Mainzer Landstraße 55, 60329 Frankfurt am Main, Germany
(T)	Xantener Str. 237, 47495 Rheinberg, Germany
(U)	Paniglgasse 24/1/19a, A-1040 Wien, Austria
(V)	12 Rue Raoul Nordling CS 7001, 92270 Bois Colombes, France
(W)	Fregatten 3, 444-30 Stenungsund, Sweden
(X)	Via Giovanni Da Procida, 11, 20149, Milan, Italy
(Y)	Scheldelaan 480, 2040 Antwerpen, Belgium

14 DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2020	2019	2020	2019
	Assets		Liabilities	
	€m			
Property, plant and equipment.....	40.8	- 45.9	(65.9)	(65.9)
Inventories.....	(0.6)	(0.3)	0.3	(0.4)
Provisions.....	2.5	3.3	(2.5)	(1.7)
Tax value of loss carry-forwards.....	52.3	50.8	-	1.9
Employee benefits.....	39.2	48.7	(4.9)	(4.5)
Untaxed reserves	-	-	(9.6)	(9.2)
Other.....	3.2	5.2	(0.8)	-
Net tax assets/(liabilities).....	137.4	153.6	(83.4)	(79.8)

Movement in deferred tax during the year

	2020				
	1 January	Recognised in income statement	Recognised in equity – translation exchange	Recognised in equity – actuarial	31 December
	€m				
Property, plant and equipment .	(20.0)	(5.3)	0.2	-	(25.1)
Inventories.....	(0.7)	0.4	-	-	(0.3)
Provisions.....	1.6	(1.6)	-	-	-
Tax value of loss carry- forwards.....	52.7	(0.3)	(0.1)	-	52.3
Employee benefits.....	44.2	(5.8)	(0.7)	(3.4)	34.3
Untaxed reserves	(9.2)	-	(0.4)	-	(9.6)
Other.....	5.2	(3.0)	0.2	-	2.4
	73.8	(15.6)	(0.8)	(3.4)	54.0

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14 DEFERRED TAX ASSETS AND LIABILITIES (continued)

Movement in deferred tax during the year (continued)

	2019					
	1 January	Recognised in income statement	Acquisitions	Recognised in equity – translation exchange	Recognised in equity – actuarial	31 December
	€m					
Property, plant and equipment	(12.9)	(9.7)	2.8	(0.2)	-	(20.0)
Inventories	-	(0.7)	-	-	-	(0.7)
Provisions	3.3	(1.7)	-	-	-	1.6
Tax value of loss carry- forwards	50.3	2.4	-	-	-	52.7
Employee benefits	28.5	10.4	1.6	-	3.7	44.2
Untaxed reserves	(10.0)	0.7	-	0.1	-	(9.2)
Other	4.5	0.7	-	-	-	5.2
	63.7	2.1	4.4	(0.1)	3.7	73.8

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable based on an assessment of expected future profits modelled against the gross tax losses available over a period of 5 years. The Group did not recognise gross deductible temporary differences of €224.3 million (2019: €226.1 million).

15 INVENTORIES

	2020	2019
	€m	
Raw materials and consumables	127.0	122.8
Work in progress	25.3	33.0
Finished goods	97.7	109.2
	250.0	265.0

Raw materials and consumables of €48.4 million (2019: €48.8 million) are expected to be recovered in more than 12 months.

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to €1,963.4 million (2019: €2,162.5 million). The write-down of inventories to net realisable value amounted to €nil (2019: €nil). The reversal of previous write-downs of inventories to net realisable value amounted to €nil (2019: €nil).

16 TRADE AND OTHER RECEIVABLES

	2020	2019
	€m	
Current		
Trade receivables	350.4	353.1
Amounts owed by related parties and associated undertakings	34.7	34.0
Deferred consideration receivable	-	1.5
Other receivables	109.1	88.2
Prepayments and accrued income	18.6	14.8
	512.8	491.6
Non-current		
Amounts owed by related parties and associated undertakings	34.5	348.0
Other receivables	2.5	1.5
Prepayments and accrued income	1.5	1.5
	38.5	351.0

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16 TRADE AND OTHER RECEIVABLES (continued)

Trade receivables ageing

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

	2020			2019		
	Gross €m	Impairment €m	ECLR %	Gross €m	Impairment €m	ECLR %
Not past due.....	341.9	-	-	329.9	-	-
Past due 0 – 30 days.....	5.8	-	-	19.8	-	-
Past due 31 – 90 days.....	1.6	(0.1)	6.3%	2.4	-	-
Past due more than 90 days	8.5	(7.3)	85.9%	9.0	(8.0)	88.9%
	357.8	(7.4)	2.1%	361.1	(8.0)	2.2%

There were no allowances made against amounts owed by related parties and other receivables during the year (2019: €nil).

The amounts receivable 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 customers and external credit checks where appropriate for new customers (see note 26(c)). At 31 December 2019 and 2020 there were no significant trade, related party or other receivable balances classified as “not past due” that were subsequently impaired.

Due to the global activities and diversified customer structure of the Group, the management considers that there is no significant concentration of credit risk (2019: nil).

During 2019 and 2020 there were no significant trade balances that were subject to material renegotiation of terms.

Trade receivable balances totalling €315.0 million (2019: €310.6 million) have been pledged as security against amounts drawn under the Securitisation Facility, totalling €nil (2019: €55.2 million). 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.

The movement in the allowance for impairment in respect of trade receivables (as per this note) during the year was as follows:

	2020	2019
	€m	
Balance at 1 January.....	(8.0)	(7.0)
Impairment loss recognised.....	(1.2)	(0.9)
Utilised.....	1.7	-
Effects of movement in foreign exchange.....	0.1	(0.1)
Balance 31 December.....	(7.4)	(8.0)

The allowance account for trade receivables is used to record any impairment losses unless the Group is satisfied that no recovery of the amount owing is probable; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

The Group 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 Group reviews the assumptions of the ECL model on a yearly basis.

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16 TRADE AND OTHER RECEIVABLES (continued)

Credit risk of trade receivables

	2020	2019
	€m	
Low	349.0	351.7
Medium	1.8	1.5
High	7.0	7.9
Impairment allowance	(7.4)	(8.0)
	350.4	353.1

17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents held by the Group are denominated in the following currencies:

	2020	2019
	€m	
Euro	77.6	39.5
UK Pound	13.5	14.0
US Dollar	6.9	3.5
Other currencies	20.3	7.2
Cash and cash equivalents	118.3	64.2

Bank balances include an amount of €47.4 million (2019: €9.9 million) representing funds in collection accounts that facilitate the trade receivable securitisation programme and which are pledged to the lenders. These funds are available to the Group. Included within cash as of 31 December 2020 are restricted cash balances of €10.2 million (31 December 2019: €14.7 million).

18 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 26(e).

	2020	2019
	€m	
Non-current liabilities		
Senior Secured Term Loan B due 2025	1,064.3	806.1
Loan from related party	38.0	36.4
Securitisation facility	-	55.2
Other loans	0.3	0.1
Gross borrowings	1,102.6	897.8
Less: unamortised finance costs	(5.7)	(17.4)
Net borrowings	1,096.9	880.4
Current liabilities		
Securitisation facility	-	-
Senior Secured Term Loan B due 2025	-	8.2
Gross borrowings	-	8.2
Less: unamortised finance costs	-	-
Net borrowings	-	8.2

Following the implementation of IFRS 16 *Leases* on 1 January 2019, all lease liabilities (including finance lease recognised at 31 December 2018) have been categorised within "Lease liabilities" on the balance sheet (see note 19).

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18 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Gross debt and issue costs	2020		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
	€m		
Senior Secured Term Loan B due 2025.....	1,064.3	(5.6)	1,058.7
Loan from related party.....	38.0	-	38.0
Securitisation facility.....	-	(0.1)	(0.1)
Other loans.....	0.3	-	0.3
	1,102.6	(5.7)	1,096.9

Gross debt and issue costs	2019		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
	€m		
Senior Secured Term Loan B due 2025.....	814.3	(17.2)	797.1
Loan from related party.....	36.4	-	36.4
Securitisation facility.....	55.2	(0.2)	55.0
Other loans.....	0.1	-	0.1
	906.0	(17.4)	888.6

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity
Senior Secured Term Loan B due 2025.....	€	EURIBOR (floor 0.5%) + 2.00%	2027
Securitisation facility.....	\$/€/£	Variable	2021

Senior Secured Term Loans

On 13 May 2016, INOVYN Finance Limited (formerly INOVYN Finance plc) entered into a Credit Agreement (the "Credit Agreement") with, inter alia, J.P. Morgan Europe Limited as Administrative Agent, The Bank of New York Mellon, London Branch as Security Agent and J.P. Morgan Limited as Global Coordinator.

Under the terms of the Credit Agreement, INOVYN Finance Limited fully drew down on 13 May 2016 the Initial Tranche A Term Commitment of €240.0 million and the Initial Tranche B Euro Term Commitment of €535.0 million in the form of Senior Secured Term Loans (the "Senior Secured Term Loans") as described below. The Initial Term Loan A has subsequently been repaid.

The obligations under the Senior Secured Term Loans are guaranteed by INOVYN Limited and certain of its subsidiaries on a senior secured basis. The Credit Agreement contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

Term Loan B

The initial Term Loan B of €535.0 million bore interest at a rate of EURIBOR (with a floor of 1.0%) plus a margin of 5.25%, payable in arrears on the last day of each interest period, or every three months for interest periods greater than three months.

Following the repricing of the Term Loan B on 10 November 2016, the revised Term Loan B of €633.7 million bore interest at a rate of EURIBOR (with a floor of 1.0%) plus a margin of 3.50%.

Following the repricing of the Term Loan B on 10 May 2017, the new Term Loan B of €690.4 million bore interest at a rate of EURIBOR (with a floor of 0.75%) plus a margin of 3.00%.

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18 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Senior Secured Term Loans (continued)

Term Loan B (continued)

Following the repricing of the Term Loan B and increase of borrowings of €140.0 million on 15 November 2017 the new Term Loan B of €828.8 million bore interest at a rate of EURIBOR (with a floor of 0.75%) plus a margin of 2.25%.

The interest rate payable on Term Loan B was further reduced on 9 November 2018 to EURIBOR (with a floor of 0.50%) plus a margin of 2.00%, with capital amortization repayable in twenty-seven equal quarterly instalments of €2,056,380 commencing on 1 April 2019 and finishing on 30 September 2025, plus a final instalment of €767,029,919 on 9 November, 2025. The maturity date was therefore extended from May 2024 to November 2025.

On 9 March 2020, the Group agreed terms to borrow an additional €250.0 million of Term Loan B borrowings, extend the maturity from November 2025 to March 2027, and to amend certain provisions in the Credit Agreement, although it remained maintenance covenant free. The interest rates also remained the same. The quarterly amortization payments were replaced by a single payment due on 9 March 2027. The refinancing on 9 March 2020 has been treated as a substantial modification under IFRS 9.

On 29 January 2021, the aggregate principal amount of Term Loan B outstanding of €1,064.3 million plus accrued interest was repaid in full using the proceeds from a loan of €1,064.3 million from a related party company, INEOS Quattro Financing Limited.

Securitisation facility

INOVYN Group Treasury Limited and certain other Group companies are party to a trade receivables securitisation programme (the "Securitisation Programme") with Barclays Bank PLC, ING Belgium N.V. and HSBC Bank PLC who act as lenders, liquidity providers and programme agents. The maximum amount available under the Securitisation programme is €240.0 million subject to a borrowing limit that is adjusted periodically based on the amount of eligible trade receivables at that time. The Securitisation Programme matured on 30 June 2021.

For drawn amounts, the revised facility bears interest at a rate equal to the cost to the lenders of issuing Commercial Paper plus a margin of 1.1%, except that if any lending is funded other than by issuing Commercial Paper then the applicable interest rate is EURIBOR / LIBOR plus 1.1%. For undrawn amounts, the facility bears interest of 0.5%.

On 28 June 2021, the Group renegotiated its trade receivables securitisation programme that was acquired with the INOVYN business. The maximum amount available under the securitisation programme remained the same at €240.0 million. The facility now matures on 30 June 2024. The interest rates were also reduced and, for drawn amounts, the revised facility bears interest at a rate equal to the cost to the lenders of issuing Commercial Paper plus a margin of 0.95% (previously the margin was 1.1%), except that if any lending is funded other than by issuing Commercial Paper then the applicable interest rate is SONIA/SOFR plus 0.95% (previously the margin was 1.1%). For undrawn amounts, the facility bears interest of 0.5%.

The facility is secured on certain of the Group's trade receivables. The Group is negotiating an extension to the securitisation facility.

Other facilities

In 2015, INOVYN Group Treasury Limited entered into on-demand letter of credit facilities with each of ING Bank N.V. and Barclays Bank PLC (each, an "Issuing Bank"), under which INOVYN Group Treasury Limited may request (on its own behalf or on behalf of other INOVYN subsidiaries) that the Issuing Banks issue letters of credit, guarantees, performance bonds and indemnities (or any other instrument in a form agreed by the Issuing Bank) with an aggregate base currency amount of up to €40.0 million; €30.0 million of which is available under the ING Bank N.V. facility and €10.0 million of which is available under the Barclays Bank PLC facility. At 31 December 2020, €7.2 million (2019: €11.6 million) of certain bank guarantees and letters of credit of the Group were provided for under these facilities. Under the terms of each Letter of Credit Facility, INOVYN Group Treasury Limited will provide cash collateral of the value of outstanding letters of credit, bonds, guarantees and indemnities when provided. These facilities are uncommitted and there is no expiry date.

In addition, certain guarantees from banks and other financial institutions have been provided under non cash-backed arrangements with those institutions. The majority of these guarantees are to support energy purchasing arrangements and operating licenses from regulatory bodies. As at 31 December 2020, these amounted to €29.0 million (2019: €29.0 million).

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19 LEASE OBLIGATIONS

<i>Analysed as:</i>	2020	2019
	€m	
Current lease liabilities	27.4	23.9
Non-current lease liabilities	60.8	53.3
	88.2	77.2

<i>Maturity analysis – contractual undiscounted cash flows:</i>	2020	2019
	€m	
Less than one year	29.6	26.1
Between one and five years	45.2	40.5
More than five years	27.7	25.6
Total undiscounted lease liabilities at 31 December	102.5	92.2

<i>Amounts recognised in the statement of cash flows:</i>	2020	2019
	€m	
Lease capital payments	24.9	23.5
Lease interest payments	2.6	2.4
Short-term leases	7.7	7.4
Leases of low value assets	0.3	0.4
Total cash outflow for leases	35.5	33.7

The Group has entered into a number of significant lease arrangements relating to off-site storage capacity, rail cars, land and buildings, and air separation plants used for the generation of industrial gases.

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.

20 TRADE AND OTHER PAYABLES

	2020	2019
	€m	
Current		
Trade payables	346.0	326.0
Amounts owed to related parties	70.0	381.1
Accruals	151.6	132.6
Deferred income	6.8	7.6
Other payables	99.7	102.9
	674.1	950.2
Non-current		
Accruals	8.1	7.6
Deferred income	100.6	111.6
Other payables	2.6	4.2
	111.3	123.4

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 26.

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21 EMPLOYEE BENEFITS

The Group operates a number of pension plans in Europe, devised in accordance with local conditions and practices. The plans are generally of the defined benefit type and are funded by payments to separately administered funds or insurance companies. The Group also operates a number of unfunded defined benefit pension schemes in the UK, Belgium, France, Germany, Italy, Norway, Spain and Austria.

The most recent full valuations of the significant defined benefit plans were carried out as follows:

Plan	Country	Valuation date
All Plans	United Kingdom	5 April 2019
All Plans	Norway	31 December 2020
All Plans	Belgium	31 December 2020
All Plans	France	31 December 2020
All Plans	Germany	31 December 2020
All Plans	Italy	31 December 2020
All Plans	Spain	31 December 2020
All Plans	Austria	31 December 2020

Where the most recent full valuations were carried out prior to the balance sheet date, these have been updated to 31 December 2020 by independent qualified actuaries.

The Group's pension schemes have been disclosed on a geographical basis as those schemes in the UK and Other European countries (which includes Norway, Germany, Spain, Italy, Belgium, Austria and France).

The UK defined benefit pension plans were historically final salary in nature, with a normal retirement age of 60, and are both closed to new entrants and future accrual. The plans operate under trust law and are managed and administered by Trustees in accordance with the terms of each plan's Trust Deed and Rules and relevant legislation. The contributions paid to the UK plans are set every three years based on a funding agreement between the company and Trustee after taking actuarial advice.

The Other European defined benefit pension arrangements are primarily final salary in nature, the majority of which are closed to new entrants, or frozen to future accrual.

The Group also operates a number of post-retirement healthcare plans, which provide employees with other post-employment benefits in respect of health care. The plans are unfunded and the liability in respect of these benefits is assessed by qualified independent actuaries under the projected unit method.

Pension plan assumptions

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

	UK		Other European	
	2020	2019	2020	2019
			%	
Price inflation.....	2.80	2.90	1.50 – 1.75	1.50 – 2.00
Discount rate for scheme liabilities	1.60	2.10	-0.50 – 2.00	0.00 – 2.50
Rate of increase in pensionable salaries	n/a	n/a	1.75 – 4.25	0.25 – 4.50
Rate of increase in pensions in payment	2.00 – 3.60	1.80 – 3.60	-3.68 – 1.75	-3.38 – 2.00
Rate of increase for deferred pensioners	2.4 – 2.8	2.10 – 2.90	0.00 – 1.75	0.00 – 1.75
Healthcare medical trend rate (initial).....	5.36	5.65	1.75	2.00
Healthcare medical trend rate (ultimate).....	4.8	4.80	1.75	2.00

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21 EMPLOYEE BENEFITS (continued)

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:

	UK		Other European	
	2020	2019	2020	2019
	(Years)			
Longevity at age 65 for current male pensioners	20.5 – 22.2	20.5 – 21.5	20.3 – 23.5	20.2 – 23.5

Expected long-term rate of return is as follows:

	UK		Other European	
	2020	2019	2020	2019
	%			
Equity	1.60	2.10	-0.50 – 2.00	0.00 – 2.50
Bonds	1.60	2.10	-0.50 – 2.00	0.00 – 2.50
Property	1.60	2.10	-0.50 – 2.00	0.00 – 2.50
Other	1.60	2.10	-0.50 – 2.00	0.00 – 2.50

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

	2020	
	UK	Other European
	€m	
Discount rate: 1% decrease	310.0	42.9
Rate of inflation: 0.5% increase ⁽¹⁾	105.3	11.4
Mortality: 1 year increase in longevity for a member currently aged 65	54.3	7.7
	2019	
	UK	Other European
	€m	
Discount rate: 1% decrease	309.9	41.3
Rate of inflation: 0.5% increase ⁽¹⁾	105.1	11.3
Mortality: 1 year increase in longevity for a member currently aged 65	54.3	7.3

⁽¹⁾ 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.

The weighted average duration of plan liabilities at 31 December 2020 is as follows:

	UK	Other European
	(Years)	
Duration	12.0 – 25.2	0.6 – 26.2

Pension assets

The disclosures relating to the net pension assets are disclosed below:

The amounts recognised in the balance sheet are as follows:

	2020	2019
	UK	
	€m	
Equities	43.0	-
Bonds	349.4	189.1
Property	3.2	-
Other	102.4	36.6
Fair value of plan assets	498.0	225.7
Present value of funded obligations	(465.0)	(199.2)
Net pension asset	33.0	26.5

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21 EMPLOYEE BENEFITS (continued)

Pension assets (continued)

The actual return on plan assets was:

	2020	2019
	UK	
	€m	
Actual return on plan assets	21.4	24.0

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

The amounts recognised in the income statement are as follows:

	2020	2019
	UK	
	€m	
Current service cost ⁽¹⁾	(0.5)	(0.5)
Expected return on plan assets ⁽²⁾	4.5	5.9
Interest cost on obligation ⁽²⁾	(3.9)	(5.2)
Total	0.1	0.2

⁽¹⁾ Included within operating profit

⁽²⁾ Included within finance costs

The amounts recognised in the statement of other comprehensive income are as follows:

	2020	2019
	UK	
	€m	
Actual return less expected return on pension scheme assets.....	16.9	18.1
Experience losses arising on scheme liabilities.....	-	(0.9)
Changes in assumptions.....	(17.3)	(17.2)
Actuarial loss recognised	(0.4)	-

Reconciliation of present value of scheme liabilities:

	2020	2019
	UK	
	€m	
At 1 January	(199.2)	(180.4)
Current service cost.....	(0.5)	(0.5)
Interest cost.....	(3.9)	(5.2)
Reclassification from pension liabilities	(267.7)	-
Benefits paid	12.5	14.6
Experience loss	-	(0.9)
Change in assumptions.....	(17.3)	(17.2)
Exchange adjustments.....	11.1	(9.6)
At 31 December	(465.0)	(199.2)

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21 EMPLOYEE BENEFITS (continued)

Pension assets (continued)

Reconciliation of fair value of scheme assets:

	2020	2019
	UK	
	€m	
At 1 January	225.7	204.3
Expected return on scheme assets	4.5	5.9
Employer contributions	0.8	1.0
Reclassification from pension liabilities	275.1	-
Benefits paid	(12.5)	(14.6)
Actuarial gain	16.9	18.1
Exchange adjustments	(12.5)	11.0
At 31 December	498.0	225.7

Pension liabilities

The disclosures relating to the net pension liabilities are disclosed below:

The amounts recognised in the balance sheet are as follows:

	2020	2019	2020	2019	2020	2019
	UK		Other European		Total	
	€m					
Equities	158.5	227.8	47.9	38.5	206.4	266.3
Bonds	477.9	573.6	30.8	27.6	508.7	601.2
Property	9.0	13.7	6.2	5.1	15.2	18.8
Other	126.3	174.5	27.9	36.3	154.2	210.8
Fair value of plan assets	771.7	989.6	112.8	107.5	884.5	1,097.1
Present value of funded obligations	(799.0)	(1,071.0)	(187.1)	(184.7)	(986.1)	(1,255.7)
Present value of unfunded obligations	(0.5)	(0.6)	(118.4)	(114.3)	(118.9)	(114.9)
Net pension liability	(27.8)	(82.0)	(192.7)	(191.5)	(220.5)	(273.5)

The actual return on plan assets was:

	2020	2019	2020	2019	2020	2019
	UK		Other European		Total	
	€m					
Actual return on plan assets	153.0	139.5	9.0	8.8	162.0	148.3

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

There are no plans which hold investments in the Group's own financial instruments, or hold assets or property which are used by the Group. At 31 December 2020, the Group held €24.3 million (2019: €26.7 million) of bonds issued by INEOS Group Holdings S.A., which is a related party.

The amounts recognised in the income statement are as follows:

	2020	2019	2020	2019	2020	2019
	UK		Other European		Total	
	€m					
Current service cost ⁽¹⁾	(2.5)	(2.8)	(9.4)	(8.1)	(11.9)	(10.9)
Expected return on plan assets ⁽²⁾	19.7	24.1	1.2	2.0	20.9	26.1
Interest cost on obligation ⁽²⁾	(21.2)	(27.3)	(3.2)	(5.1)	(24.4)	(32.4)
Total	(4.0)	(6.0)	(11.4)	(11.2)	(15.4)	(17.2)

⁽¹⁾ Included within operating profit

⁽²⁾ Included within finance costs.

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21 EMPLOYEE BENEFITS (continued)

Pension liabilities (continued)

The amounts recognised in the statement of other comprehensive income are as follows:

	2020	2019	2020	2019	2020	2019
	UK		Other European		Total	
	€m					
Actual return less expected return on pension scheme assets.....	133.3	115.4	7.8	6.8	141.1	122.2
Experience gains/(losses) arising on scheme liabilities.....	0.1	18.7	(2.0)	(5.1)	(1.9)	13.6
Changes in assumptions.....	(105.5)	(120.5)	(12.0)	(28.2)	(117.5)	(148.7)
Actuarial gain/(loss) recognised.....	27.9	13.6	(6.2)	(26.5)	21.7	(12.9)

Reconciliation of present value of scheme liabilities:

	2020	2019	2020	2019	2020	2019
	UK		Other European		Total	
	€m					
At 1 January	(1,071.6)	(883.8)	(299.0)	(265.7)	(1,370.6)	(1,149.5)
Acquisitions.....	-	(64.5)	-	-	-	(64.5)
Current service cost	(2.5)	(2.8)	(9.4)	(8.1)	(11.9)	(10.9)
Interest cost	(21.2)	(27.3)	(3.2)	(5.1)	(24.4)	(32.4)
Reclassification to pension assets	267.7	-	-	-	267.7	-
Benefits paid.....	74.4	56.1	17.4	17.3	91.8	73.4
Experience gain/(loss)	0.1	18.7	(2.0)	(5.1)	(1.9)	13.6
Change of assumptions.....	(105.5)	(120.5)	(12.0)	(28.2)	(117.5)	(148.7)
Transfers-in	-	-	-	(3.7)	-	(3.7)
Exchange adjustments	59.1	(47.5)	2.7	(0.4)	61.8	(47.9)
At 31 December.....	(799.5)	(1,071.6)	(305.5)	(299.0)	(1,105.0)	(1,370.6)

Reconciliation of fair value of scheme assets:

	2020	2019	2020	2019	2020	2019
	UK		Other European		Total	
	€m					
At 1 January	989.6	772.4	107.5	94.7	1,097.1	867.1
Acquisitions.....	-	55.1	-	-	-	55.1
Expected return on scheme assets.....	19.7	24.1	1.2	2.0	20.9	26.1
Employer contributions	34.1	36.5	15.5	17.7	49.6	54.2
Reclassification to pension assets	(275.1)	-	-	-	(275.1)	-
Benefits paid.....	(74.4)	(56.1)	(17.4)	(17.3)	(91.8)	(73.4)
Actuarial gain/(loss)	133.3	115.4	7.8	6.8	141.1	122.2
Transfers-in	-	-	-	3.4	-	3.4
Exchange adjustments	(55.5)	42.2	(1.8)	0.2	(57.3)	42.4
At 31 December.....	771.7	989.6	112.8	107.5	884.5	1,097.1

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21 EMPLOYEE BENEFITS (continued)

Actuarial gains and losses before tax recognised directly in equity on the statement of comprehensive income since 1 July 2015, the joint venture formation date is:

	2020	2019
	€m	
At 1 January.....	76.4	89.3
Actuarial gains/(loss) recognised in the year	21.3	(12.9)
Cumulative amount at 31 December.....	97.7	76.4

Depending on prevailing exchange rates, the Group expects to contribute approximately €59.3 million to its defined pension plans in 2021.

22 PROVISIONS

	Severance and restructuring	Environmental	Plant closures	Other provisions	Total
	€m				
At 1 January 2020	3.0	78.8	25.2	2.9	109.9
Charged to the consolidated income statement (non-exceptional).....	0.5	-	-	0.8	1.3
Charged/(credited) to the consolidated income statement (exceptional items).....	-	10.4	(1.2)	-	9.2
Discount unwinding.....	-	0.7	0.1	-	0.8
Utilised in the year.....	(1.8)	(10.8)	(11.3)	(0.8)	(24.7)
Effects of movement in foreign exchange.....	-	0.1	(0.9)	(0.1)	(0.9)
At 31 December 2020.....	1.7	79.2	11.9	2.8	95.6
Non-current.....	1.8	62.1	8.9	1.3	74.1
Current.....	1.2	16.7	16.3	1.6	35.8
At 31 December 2019.....	3.0	78.8	25.2	2.9	109.9
Non-current.....	0.8	65.1	3.0	-	68.9
Current.....	0.9	14.1	8.9	2.8	26.7
At 31 December 2020.....	1.7	79.2	11.9	2.8	95.6

Severance and restructuring

Provisions of €0.5 million for severance payments were recognised in the year ended 31 December 2020, mostly associated with the closure of the cellroom at Zandvliet, Belgium, and the reorganisation of supply chain and commercial teams. Cash of €1.8 million was spent in the year. The remaining provision of €1.7 million is expected to be fully utilised by 2023.

Environmental

Environmental provisions represent the expected cost of remediation works where there is a legal or constructive obligation for the works to be carried out and a reasonable estimate of the cost can be made. The majority of the provisions created in prior years relate to obligation associated with the decommissioning of mercury-based cell rooms at the Group's sites in Belgium, France, Sweden, Spain and Italy, plus costs of implementing the *Plan de prevention des risques technologiques* (PPRT) at the Feyzin site in France as required under French legislation. To comply with the obligations of the EU Water Framework directive and to reduce the level of leaching of historical contamination, a provision for €10.4 million was created during the year ended 31 December 2020 to cover costs associated with the construction of a sealed cell for certain sedimentation basins and a pilot plant for treatment of contaminated ground water at Tavaux, France. Cash of €10.8 million was spent in the year ended 31 December 2020 and the remaining provisions of €79.2 million are expected to be fully utilised by 2047.

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22 PROVISIONS (continued)

Plant closures

In October 2015, the Group announced the closure of its SPVC production facilities at Schkopau in Germany and provisions were made to cover costs associated with manpower reductions, onerous leases, dismantling, demolition and decommissioning costs. Cash of €0.4 million was spent against this provision in 2020 and the provision is now fully utilised.

In December 2015, the Group announced the closure of the chloromethanes asset at Runcorn in the United Kingdom, and provisions were made to cover redundancies, decontamination and decommissioning costs and utility reconfiguration costs at the Runcorn site. An amount of €0.9 million was released from the provision in 2020 and cash of €3.0 million was spent against this provision during the year. The remaining provision of €0.4 million is expected to be fully utilised by 2021.

In December 2016, the Group announced the closure of the last remaining mercury electrolysis plant at Runcorn and a provision was created to cover costs such as decommissioning and decontamination, disposal of elemental mercury, and manpower headcount reductions. Cash of €6.2 million was spent against this provision in 2020 and the remaining provision of €7.6 million is expected to be fully utilised by 2022.

In June 2018 the Group closed its specialised PVC recycling business at Ferrara in Italy. An amount of €0.3 million was released from the provision in the year and the remaining provision of €0.5 million is expected to be fully utilised by the end of 2021.

Other plant closure provisions mainly relate to remediation activities at Wilhelmshaven in Germany following the closure of the mercury cell room in 2013. Cash of €1.7 million was spent during the year and the remaining provisions of €3.4 million are expected to be fully utilised by 2022.

Other provisions

Other provisions relate to various miscellaneous legal claims and commercial disputes, of which a net €0.8 million was charged to the income statement, €0.8 million was spent in the year and the remaining €2.8 million is expected to be fully utilised by 2022.

23 OTHER FINANCIAL LIABILITIES

	2020	2019
Current	€m	
Derivative commodity contracts designated as fair value through the profit or loss (note 26).....	11.5	3.4

24 SHARE CAPITAL AND DIVIDENDS

Share capital

	As at 31 December 2020	As at 31 December 2019
	€	
10,001,001 (2019: 10,001,001) authorised and issued A Ordinary shares of £0.00001 each.....	117	117

As the reporting currency of the Group is the Euro, share capital has been converted to Euros at the effective rate of exchange ruling at the date of issuance.

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.

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24 SHARE CAPITAL AND DIVIDENDS (continued)

Dividends

The following dividends were recognised during the year:

	2020	2019
	€m	
Dividends declared	372.1	312.0

An interim dividend of €372.1 million was declared during the year (2019: €312.0 million declared). This took the form of a cash dividend of €100.0 million and a dividend of €272.1 million as net settlement of the outstanding loan and receivable principal balances (plus accrued interest) with INEOS related party entities. The dividend declared equates to €37.2 per A Ordinary share (2019: €31.2 per A ordinary share).

25 MERGER RESERVE

On 1 July 2015, INEOS Group Investments Limited and a subsidiary of Solvay SA combined their European chlorovinyls activities in a joint venture headed by NOVYN Limited. NOVYN Limited acquired NOVYN Finance Limited (formerly NOVYN Finance plc and Kerling Limited) and certain of its subsidiaries from INEOS Group Investments Limited, and acquired several legal entities from the Solvay group in exchange for a cash payment of €150.0 million. The intention from the onset of the formation of NOVYN was that Solvay would exit the joint venture within three years, with Solvay receiving €335.0 million for the redemption of their B ordinary shares. On 1 July 2015, €375.2 million was debited to a merger reserve, being the difference between the book value of the net assets acquired and the total consideration paid.

The merger reserve was further increased by €59.6 million in 2019 following the acquisition of INEOS Enterprises Group Limited and its subsidiary, Keuper Gas Storage Limited. See note 4 for further details.

26 FINANCIAL INSTRUMENTS

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk (including currency and interest rate risk)

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. They are responsible for developing and monitoring the Group's risk management policies. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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.

26(a) Fair values of financial instruments

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.

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26 FINANCIAL INSTRUMENTS (continued)

26(a) Fair values of financial instruments (continued)

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

The fair value of the Senior Secured Term Loans which after initial recognition is determined for disclosure purposes only are based on the market yields derived from quotes obtained at the year end from leading financial institutions (categorised as Level 1). The fair value of the Securitisation facility is the same as the carrying value excluding debt issue costs. The fair value of lease liabilities is determined by reference to market rates for similar lease agreements.

Derivative financial instruments

The Group has entered into swap contracts designed to hedge floating electricity prices into a fixed price. The fair value is based on market or broker quotes.

Defined benefit pension plans

The fair value measurements of pension plan assets, and projected benefit obligations under these defined benefit plans are described in note 21.

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:

	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	€m			
Financial assets held at amortised cost:				
Trade receivables.....	350.4	350.4	353.1	353.1
Amounts due from related parties and associates	69.2	69.2	382.0	382.0
Other receivables (excluding prepayments and tax)	111.6	111.6	91.2	91.2
Other investments	4.9	4.9	5.0	5.0
Cash and cash equivalents	118.3	118.3	64.2	64.2
Total financial assets.....	654.4	654.4	895.5	895.5

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26 FINANCIAL INSTRUMENTS (continued)

26(a) Fair values of financial instruments (continued)

	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	€m			
Financial liabilities held for trading at fair value through profit or loss:				
Derivative commodity contracts	11.5	11.5	3.4	3.4
Financial liabilities carried at amortised cost:				
Senior Secured Term Loan B due 2025	1,058.7	1,059.0	797.1	818.4
Securitisation facility	(0.1)	-	55.0	55.2
Loan from related party	38.0	38.0	36.4	36.4
Other loans	0.3	0.3	0.1	0.1
Trade payables	346.0	346.0	326.0	326.0
Amounts due to related parties	70.0	70.0	381.1	381.1
Accruals and other payables (excluding deferred income)	262.0	262.0	247.3	247.3
Lease liabilities	88.2	88.2	77.2	77.2
Total financial liabilities	1,874.6	1,875.0	1,923.6	1,945.1

The table below analyses financial instruments carried at fair value, by valuation method. The different levels, determined in accordance with IFRS 13 "Fair Value Measurement", have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	2020			
	Fair value	Level		
		1	2	3
	€m			

Net financial assets and liabilities designated as fair value through profit or loss

Derivative commodity contracts	(11.5)	-	(11.5)	-
	(11.5)	-	(11.5)	-

	2019			
	Fair value	Level		
		1	2	3
	€m			

Net financial assets and liabilities designated as fair value through profit or loss

Derivative commodity contracts	(3.4)	-	(3.4)	-
	(3.4)	-	(3.4)	-

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

There have been no transfers from one level to another during 2019 and 2020.

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26 FINANCIAL INSTRUMENTS (continued)

26(b) Net gains and losses from financial instruments

Net gains and losses from financial instruments comprise the results of valuations, the amortisation of debt issue costs, 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 financial assets measured at amortised cost 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 debt issue costs, 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.

	2020		
	Financial assets at amortised cost	Fair value recognised in profit or loss	Financial liabilities at amortised cost
	€m		
Gains from financial instruments			
Interest income.....	22.4	-	-
Foreign exchange gains.....	12.8	-	-
Net result.....	35.2	-	-
Carrying value at 31 December	654.4	-	-
Losses from financial instruments			
Interest cost.....	-	-	(32.2)
Amortisation of debt issue costs	-	-	(18.3)
Net fair value losses on derivatives.....	-	(7.8)	-
Foreign exchange losses.....	-	-	(14.4)
Net result.....	-	(7.8)	(64.9)
Carrying value at 31 December	-	(11.5)	(1,863.1)
	2019		
	Financial assets at amortised cost	Fair value recognised in profit or loss	Financial liabilities at amortised cost
	€m		
Gains from financial instruments			
Interest income.....	16.1	-	-
Foreign exchange gains.....	12.7	-	-
Net result.....	28.8	-	-
Carrying value at 31 December	895.5	-	-
Losses from financial instruments			
Interest cost.....	-	-	(27.7)
Amortisation of debt issue costs	-	-	(3.1)
Net fair value losses on derivatives.....	-	(0.4)	-
Foreign exchange losses.....	-	-	(11.2)
Net result.....	-	(0.4)	(42.0)
Carrying value at 31 December	-	(3.4)	(1,920.2)

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26 FINANCIAL INSTRUMENTS (continued)

26(c) 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, deposits with financial institutions and amount owed to Group undertakings.

The Group's 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 equivalent

Surplus cash investments are only made with banks with which the Group has a relationship.

Guarantees

Certain bank guarantees of the Group are provided via a cash-backed bank guarantee facilities with Barclays Bank plc and ING Bank N.V. As at 31 December 2020, these amounted to €7.2 million (2019: €11.6 million).

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. Further details on the Group's exposure to credit risk, and the associated impairments recognised, are given in note 16.

26(d) 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 has significant headroom on the Securitisation facility (see note 18).

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

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26 FINANCIAL INSTRUMENTS (continued)

26(d) Liquidity risk

The maturity profile of the Group's undrawn committed facilities at 31 December 2020 and 2019 was as follows:

	<u>2020</u>	<u>2019</u>
	<u>Undrawn facilities</u>	<u>Undrawn facilities</u>
	€m	
In less than one year	240.0	-
In more than one year, but not more than two years.....	-	184.8
In more than two years, but not more than five years.....	-	-
	<u>240.0</u>	<u>184.8</u>

The undrawn committed facilities are in respect of the unused securitisation facility of €240.0 million (2019: €184.8 million). The maturity date of the securitisation facility is 30 June 2021.

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>2020</u>			
			<u>1 year or less</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>5 years and over</u>
	€m					
Non-derivative financial liabilities						
Senior Secured Term Loan B.....	1,058.7	(1,231.3)	(27.0)	(27.1)	(80.9)	(1,096.3)
Securitisation facility.....	(0.1)	(0.6)	(0.6)	-	-	-
Loan from related party	38.0	(47.4)	-	-	-	(47.4)
Other loans	0.3	(0.3)	-	(0.1)	(0.2)	-
Trade payables.....	346.0	(346.0)	(346.0)	-	-	-
Amounts due to related parties	70.0	(70.0)	(70.0)	-	-	-
Accruals and other payables (excluding deferred income).....	262.0	(262.0)	(251.3)	(7.0)	(3.2)	(0.5)
Lease obligations.....	88.2	(102.5)	(29.6)	(24.9)	(20.3)	(27.7)
Derivative financial liabilities						
Commodity contracts.....	11.5	(11.5)	(11.5)	-	-	-
	<u>1,874.6</u>	<u>(2,071.6)</u>	<u>(736.0)</u>	<u>(59.1)</u>	<u>(104.6)</u>	<u>(1,171.9)</u>

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26 FINANCIAL INSTRUMENTS (continued)

26(d) Liquidity risk (continued)

Financial risk management (continued)

	2019					
	Carrying amount	Contractual cash flows	1 year or less	1 to 2 years	2 to 5 years	5 years and over
€m						
Non-derivative financial liabilities						
Senior Secured Term Loan B.....	797.1	(922.3)	(28.8)	(28.6)	(84.6)	(780.3)
Securitisation facility.....	55.0	(57.0)	(1.2)	(55.8)	-	-
Loan from related party.....	36.4	(45.3)	-	-	-	(45.3)
Other loans.....	0.1	(0.1)	-	-	(0.1)	-
Trade payables.....	326.0	(326.0)	(326.0)	-	-	-
Amounts due to related parties	381.1	(381.1)	(381.1)	-	-	-
Accruals and other payables (excluding deferred income).....	247.3	(247.3)	(235.5)	(7.6)	(3.7)	(0.5)
Lease obligations.....	77.2	(92.2)	(26.1)	(17.7)	(22.8)	(25.6)
Derivative financial liabilities						
Commodity contracts.....	3.4	(3.4)	(3.4)	-	-	-
	1,923.6	(2,074.7)	(1,002.1)	(109.7)	(111.2)	(851.7)

26(e) Market risk

Financial risk management

Market risk reflects the possibility that changes in market prices, such as foreign exchange rates, interest rates, crude oil, key feedstocks and raw materials will adversely affect the value of the Group's assets, liabilities or expected future cash flows. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Market risk - Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Sterling, Norwegian Krone and Swedish Krona. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Group benefits from natural hedging, to the extent that the vast majority of the Group's revenues are generated in Euros which is the same currency as the Group's Senior Secured Term Loans. Moreover, most of the Group's key feedstocks and other raw material costs are denominated in Euros.

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 of the Group.

	2020	2019
€m		
Euros.....	(15.3)	(8.7)
Pounds Sterling.....	10.7	17.7
Norwegian Krone.....	4.6	14.3
US Dollars.....	40.9	43.8
Others.....	0.4	1.7
	41.3	68.8

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26 FINANCIAL INSTRUMENTS (continued)

26(e) Market risk (continued)

(i) Market risk - Foreign currency risk (continued)

Sensitivity analysis

A 10% per cent weakening of the following currencies at 31 December 2019 and 31 December 2020 would have increased/(decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the reporting date and had been applied to risk exposures existing at that date.

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

	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	Equity		Profit or loss	
	€m			
Euros	-	-	1.4	0.8
Pounds Sterling	-	-	(0.9)	(1.6)
Norwegian Krone	-	-	(3.7)	(4.0)
US Dollars	-	-	(0.4)	(1.3)
Other	-	-	-	(0.1)

A 10% per cent strengthening of the above currencies against the Euro at 31 December 2019 and 31 December 2020 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.

(ii) Market risk – Interest rate risk

Profile

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

	<u>2020</u>	<u>2019</u>
	€m	
Fixed rate instruments		
Financial liabilities	<u>(126.2)</u>	<u>(113.6)</u>
	(126.2)	(113.6)
Variable rate instruments		
Financial assets	118.3	64.2
Financial liabilities	<u>(1,058.9)</u>	<u>(852.2)</u>
	(940.6)	(788.0)

Sensitivity analysis

A change of 1% in interest rates at the reporting date would have increased equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the reporting date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates and financial instrument at fair value through profit or loss. The analysis is performed on the same basis for 2020 and 2019.

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26 FINANCIAL INSTRUMENTS (continued)

26(e) Market risk (continued)

(ii) Market risk – Interest rate risk (continued)

Profit or (loss)	2020	2019
	€m	
Increase in interest rates by 1%	(9.8)	(8.2)

A 1% change in the opposite direction of the above interest rates at 31 December 2019 and 31 December 2020 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.

(iii) Market risk – Commodity price risk

This section discusses the Group's exposure to the commodity contracts which are not covered under the own use exemption and are recognised as derivative instruments.

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

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

The Group in some circumstances enters into swap contracts to acquire physical volumes of commodities at future dates which are not covered under the own use exemption and are recognised as derivative instruments. Derivative commodity contracts designated as fair value through profit or loss are disclosed in note 23.

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

26(f) 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 €1,165.4 million (2019: €1,109.1 million) as shareholders' equity of €181.1 million (2019: equity of €267.3 million) and net debt (total loans and borrowings less cash and cash equivalents) of €984.3 million (2019: €841.8 million).

The principal sources of debt available to the Group at 31 December 2020 include the Senior Secured Term Loan B and the Receivables Securitisation Facility and are described in note 18 along with the key operating and financial covenants that apply to these facilities.

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

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27 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2020	2019
	€m	
Increase/(decrease) in cash and cash equivalents in the year	56.7	(144.7)
Cash outflow from change in debt financing	(195.0)	(45.5)
Change in net debt resulting from cash flow	(138.3)	(190.2)
Other net non-cash transactions.....	(4.2)	(30.6)
Movement in net debt in the year.....	(142.5)	(220.8)

	2020			
	1 January 2020	Cash flow	Other non- cash changes	31 December 2020
	€m			
Cash at bank and in hand.....	64.2	56.7	(2.6)	118.3
Debt due within one year.....	(8.2)	-	8.2	-
Debt due after more than one year.....	(897.8)	(195.0)	(9.8)	(1,102.6)
	(906.0)	(195.0)	(1.6)	(1,102.6)
Net debt	(841.8)	(138.3)	(4.2)	(984.3)

Other non-cash changes include capitalisation of interest of €1.6 million on the debt due to related parties as a result of the acquisition of INEOS Enterprises Group Limited.

Following the application of IFRS 16 *Leases* on 1 January 2019, all lease liabilities have been excluded from the definition of net debt.

	2019			
	1 January 2019	Cash flow	Other non- cash changes	31 December 2019
	€m			
Cash at bank and in hand.....	207.7	(144.7)	1.2	64.2
Debt due within one year.....	(8.2)	-	-	(8.2)
Debt due after more than one year.....	(814.6)	(45.5)	(37.7)	(897.8)
Finance leases.....	(5.9)	-	5.9	-
	(828.7)	(45.5)	(31.8)	(906.0)
Net debt	(621.0)	(190.2)	(30.6)	(841.8)

28 OTHER COMMITMENTS

Capital commitments

Outstanding capital expenditure on property, plant and equipment authorised by the directors of Group companies and for which contracts had been placed as at 31 December 2020 by the Group amounted to approximately €60.5 million (2019: €76.9 million).

Other commitments

During the ordinary course of business, the Group enters into purchase contracts to acquire raw materials, energy, other utilities, maintenance and site services, storage and logistics services. These contracts are for obligations to make cash payments into the future upon receipt of these products or services. These are not recorded on the balance sheet as the products or services fall due for delivery in the future.

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29 CONTINGENCIES

The Group companies are and may from time to time be involved in proceedings or litigation arising in the ordinary course of business. Management does not believe that the ultimate resolution of these matters will materially affect the Group's financial condition or results of operations.

30 RELATED PARTIES

Related parties comprise:

- Parent entities and their subsidiaries not included within the INOVYN Limited group
- Entities controlled by the shareholders of INEOS Limited, the ultimate parent company of INOVYN Limited
- Key management personnel
- Jointly controlled entities and associated undertakings held by INEOS Limited (and their subsidiaries)
- Jointly controlled entities and associated undertakings held within the INOVYN Limited group.

Mr JA Ratcliffe, Mr AC Currie and Mr J Reece are shareholders in INEOS Limited.

Parent entities and their subsidiaries not included within the INOVYN Limited group

Material trading transactions by the Group with the entities controlled by INEOS Limited are as follows:

<u>Related party</u>	<u>Sales and cost recoveries</u>	<u>Purchases</u>	<u>Trade balance owed to/(by) the Group</u>
		€m	
INEOS Compounds Aycliffe Limited	2020: €28.6m (2019: €30.7m)	2020: €0.7m (2019: €0.7m)	2020: €3.7m (2019: €1.7m)
INEOS Commercial Services UK Limited	2020: €3.0m (2019: €3.1m)	2020: €18.7m (2019: €21.0m)	2020: €(1.1)m (2019: €(1.7)m)
INEOS Compounds Switzerland AG.....	2020: €18.4m (2019: €18.6m)	-	2020: €0.9m (2019: €0.6m)
INEOS Europe AG	2020: €7.0m (2019: €8.1m)	2020: €48.2m (2019: €3.6m)	2020: €1.2m (2019: €6.1m)
INEOS Holdings Limited	2020: €20.4m (2019: €17.7m)	2020: €2.8m (2019: €0.4m)	2020: €4.3m (2019: €1.3m)
INEOS Limited.....	2020: €6.5m (2019: €7.3m)	2020: €25.6m (2019: €nil)	2020: €(0.3)m (2019: €1.1m)
INEOS Sales (UK) Limited	-	2020: €351.4m (2019: €382.3m)	2020: €(41.2)m (2019: €(44.2)m)
INEOS AG.....	-	2020: €(6.4)m (2019: €23.5m)	-
Other entities controlled by INEOS Limited	2020: €33.9m (2019: €50.4m)	2020: €17.4m (2019: €23.0m)	2020: €(2.8)m (2019: €(9.7)m)

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30 RELATED PARTIES (continued)

Material non-trading transactions with the entities controlled by INEOS Limited are as follows:

<u>Related party</u>	<u>Net repayments/(funding)</u>	<u>Interest income/(expense)</u>	<u>Loan and other non-trading balances owed to/(by) the Group</u>
	€m		
	2020: €19.1m	2020: €18.1m	2020: €(35.4)m
Entities controlled by INEOS Limited	(2019: €(41.3)m)	(2019: €10.8m)	(2019: €(20.3)m)

Entities controlled by the shareholders of INEOS Limited

The partners of INEOS Capital Partners own a controlling interest in the share capital of INEOS Limited and Screencondor Limited. During the year ended 31 December 2020, the Group made no sales or purchases with these companies (2019: €nil). As at 31 December 2020, amounts owed by Screencondor Limited were € 1.2 million (2019: €1.2 million).

Jointly controlled entities and associated undertakings held within the INOVYN Limited group

The Group owns a 60% interest in the share capital of INEOS Runcorn (TPS) Holdings Limited, which is classified as an associated undertaking, and a 50% interest in Runcorn MCP Limited and GIE Cansel-Bresse, which are classified as joint operations. Material trading transactions with these entities during the period were as follows:

<u>Related party</u>	<u>Sales and cost recoveries</u>	<u>Purchases</u>	<u>Trade balance owed to/(by) the Group</u>
	€m		
	2020: €74.3m	2020: €42.6m	2020: €7.2m
Runcorn MCP Limited	(2019: €90.2m)	(2019: €54.8m)	(2019: €2.4m)
INEOS Runcorn (TPS) Holdings Limited and its subsidiaries	2020: €9.6m	2020: €13.7 m	2020: €5.7m
	(2019: €8.7m)	(2019: €11.0m)	(2019: €6.1m)
GIE Cansel-Bresse	-	2020: €1.8m	2020: €(0.6)m
		(2019: €1.8m)	(2019: €(1.3)m)

All transactions occurred in the normal course of business.

Material non-trading transactions with these related parties during the year were as follows:

<u>Related party</u>	<u>Loan repayments</u>	<u>Interest received</u>	<u>Loan balance owed to the Group</u>
	€m		
INEOS Runcorn (TPS) Holdings Limited and its subsidiary	2020: €4.2m	2020: €2.4m	2020: €18.4m
	(2019: €4.5)	(2019: €2.7m)	(2019: €21.4m)

INOVYN LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (forming part of the financial statements)

30 RELATED PARTIES (continued)

Transactions with key management personnel

Key management personnel are directors and other members of the executive committee representing the business segments. The compensation of key management personnel including the directors is as follows:

	2020	2019
	€m	
Short-term employee benefits.....	9.3	7.7
Post-employment benefits	0.4	0.4
	9.7	8.1

31 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

On 31 December 2020, INEOS Group Investments Limited sold 94.9% of its ownership interest in the Company to INEOS Industries Limited. On the same date, through a series of share-for-share exchange transactions the 94.9% ownership of the Company was transferred to INEOS Industries Holdings Limited, who then transferred it to INEOS Quattro Holdings Limited, who then transferred it to INEOS Quattro Financing Limited. Following these transactions, INEOS Quattro Financing Limited and INEOS Group Investments Limited owned a 94.9% and 5.1% ownership interest in the Company respectively. Both companies are registered in the United Kingdom.

On 14 April 2021, INEOS Group Investments Limited transferred its 5.1% shareholding in the Company to INEOS Intermediate ChlorVinyls Limited, a company incorporated in the Isle of Man.

The ultimate parent undertaking of the Company is INEOS Limited, a company incorporated in the Isle of Man. The directors regard Mr J A Ratcliffe as the ultimate controlling party by virtue of his majority shareholding in INEOS Limited.

32 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group prepares its consolidated financial statements in accordance with Adopted 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 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 Group'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

Management is required to estimate the tax payable in each of the jurisdictions in which the Group operates. 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. The calculation of the Group'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 Group has, from time to time, contingent tax liabilities arising from trading and corporate transactions in the countries in which it operates. 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.

NOVYN LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (forming part of the financial statements)

32 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

The breadth of the Group's structure with operations in many geographic locations makes the use of estimates and assumptions more challenging. The resolution of issues is not always within the control of the Group and can be reliant upon the efficiency of the legal processes in the relevant jurisdictions in which the Group operates, and as a result, issues can, and often do take many years to resolve.

Details of amounts recognised with regard to taxation are disclosed in notes 10 and 14. Note 10 shows tax adjustments in respect of prior years of €1.0 million (2019: €29.2 million).

Post-retirement benefits

The Group operates a number of defined benefit post-employment schemes. Under IAS 19 Revised "*Employee Benefits*", management is required to estimate the present value of the future defined benefit obligation of each of the defined benefit schemes. The costs and year end obligations under defined benefit schemes are determined using actuarial valuations. The actuarial valuations involve making numerous assumptions, including:

- Future rate of increase in salaries;
- Inflation rate projections;
- Discount rate for scheme liabilities;
- Expected rates of return on the scheme assets.

Details of post-retirement benefits are set out in note 21.

Provisions

Provisions are recognised for the cost of remediation works where there is a legal or constructive obligation for such work to be carried out. Where the estimated obligation arises upon initial recognition of the related asset, the corresponding debit is treated as part of the cost of the related asset and depreciated over its estimated useful life.

Other provisions are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can be reasonably estimated. The timing of recognition requires the application of judgement to existing facts and circumstances, which can be subject to change.

Estimates of the amounts of provisions recognised are based on current legal and constructive requirements, technology and price levels. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

In relation to remediation costs, the estimated interest rate used in discounting the cash flows is reviewed at least annually. The interest rates used to determine the obligation in the balance sheet at 31 December 2019 and 31 December 2020 are risk free pre-tax rates, based on country specific government bond yields. The nature and amount of provisions included within the financial statements are detailed in note 22.

33 SUBSEQUENT EVENTS

Refinancing

Subsequent to the year end and after the Group became part of INEOS Quattro group, the INEOS Quattro group undertook a refinancing project on 29 January 2021. INEOS Quattro Financing Limited, a related party, used part of the proceeds from this refinancing to lend €1,064.3 million to NOVYN Finance Limited (formerly NOVYN Finance plc), who then used these funds to repay the Group's Term Loan B borrowings in full, including accrued interest.

United Kingdom withdrawal from the European Union ("Brexit")

On 23 June 2016, the UK held an in or out referendum on the UK's membership within the EU, the result of which favoured the exit of the UK from the European Union ("Brexit"). On 31 January 2020, Brexit became effective and the UK entered into a transition period from 31 January 2020 to 31 December 2020 during which the European Union treated the UK as if it were still a member of the European Union (the "Transition Period"). Following the expiry of the Transition Period, the UK ceased to be treated as a member of European Union at 23:00 on 31 December 2020. A trade agreement was signed between the EU and the United Kingdom on 24 December 2020. The Group made significant plans to limit the impact of Brexit on its activities from liaising with employees, contingent planning for inventories and implemented new ways of working for export sales. Whilst there has been additional workload to standard operating processes and some transportation problems, overall the impact to the business has not been significant and process changes have been implemented.

NOVYN LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020 (forming part of the financial statements)

33 SUBSEQUENT EVENTS (continued)

Group reorganisation

On 14 April 2021, INEOS Group Investments Limited transferred its 5.1% shareholding in the Company to INEOS Intermediate ChlorVinyls Limited, a company incorporated in the Isle of Man. The ultimate parent undertaking of the Company remained INEOS Limited.

Financing arrangements

On 28 June 2021, the Group renegotiated its trade receivables securitisation programme that was acquired with the NOVYN business. The maximum amount available under the securitisation programme remained the same at €240.0 million. The facility now matures on 30 June 2024. The interest rates were also reduced and, for drawn amounts, the revised facility bears interest at a rate equal to the cost to the lenders of issuing Commercial Paper plus a margin of 0.95% (previously the margin was 1.1%), except that if any lending is funded other than by issuing Commercial Paper then the applicable interest rate is SONIA/SOFR plus 0.95% (previously the margin was 1.1%). For undrawn amounts, the facility bears interest of 0.5%.

Section 3 – Company Financial Statements

INOVYN LIMITED
COMPANY'S PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

	<u>Note</u>	<u>2020</u>	<u>2019</u>
		€m	
Operating result	2	-	-
Income from shares in group undertakings	4	370.5	312.0
Interest payable and similar expenses	5	(0.7)	(0.7)
Profit before taxation		369.8	311.3
Tax on profit	6	(0.3)	(0.4)
Profit for the financial year		369.5	310.9

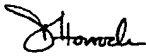
All activities of the Company relate to continuing operations.

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

INOVYN LIMITED
COMPANY'S BALANCE SHEET AS AT 31 DECEMBER 2020

	<u>Note</u>	<u>2020</u>	<u>2019</u>
		€m	
Fixed assets			
Investments	7	449.3	449.3
Current assets			
Debtors	8	<u>2.9</u>	2.8
Total current assets		<u>2.9</u>	<u>2.8</u>
Total assets		<u>452.2</u>	<u>452.1</u>
Non-current liabilities			
Interest-bearing loans and borrowings	9	(21.0)	(20.3)
Current liabilities			
Amounts owed to group undertakings	10	(2.5)	(0.4)
Tax liabilities for current tax		<u>-</u>	<u>(0.1)</u>
Net assets		<u>428.7</u>	<u>431.3</u>
Capital and reserves			
Called up share capital	11	-	
Share premium account		84.5	84.5
Merger reserve		299.2	299.2
Profit and loss account		<u>45.0</u>	<u>47.6</u>
Total shareholder's funds		<u>428.7</u>	<u>431.3</u>

The financial statements on pages 89 to 99 were approved by the Board of Directors on 5 July 2021 and were signed on its behalf by:



D J Horrocks
Director

INOVYN Limited



G Tuft
Director

Registered number: 08696245

INOVYN LIMITED
COMPANY'S STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
31 DECEMBER 2020

	<u>Called up share capital</u>	<u>Share premium account</u>	<u>Merger reserve</u>	<u>Profit and loss account</u>	<u>Total shareholder's funds</u>
	€m				
Balance at 1 January 2019	-	84.5	299.2	48.7	432.4
Profit and total comprehensive income for the financial year.....	-	-	-	310.9	310.9
<i>Transactions with owners, recorded directly in equity:</i>					
Dividends.....	-	-	-	(312.0)	(312.0)
Total contributions by and distributions to owners	-	-	-	(312.0)	(312.0)
Balance at 31 December 2019	-	84.5	299.2	47.6	431.3
Profit and total comprehensive income for the financial year.....	-	-	-	369.5	369.5
<i>Transactions with owners, recorded directly in equity:</i>					
Dividends.....	-	-	-	(372.1)	(372.1)
Total contributions by and distributions to owners	-	-	-	(372.1)	(372.1)
Balance at 31 December 2020	-	84.5	299.2	45.0	428.7

INOVYN LIMITED
NOTES TO THE COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020

1 ACCOUNTING POLICIES

INOVYN Limited ("the Company") is a private company, limited by shares, incorporated in the UK, registered in England and Wales and has its registered office at Bankes Lane Office, Bankes Lane, P.O. Box 9, Runcorn, Cheshire, UK, WA7 4JE (previously Runcorn Site HQ, South Parade, P.O. Box 9, Runcorn, Cheshire, UK, WA7 4JE).

These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102")* and the Companies Act 2006. The presentation currency of these financial statements is the Euro.

The consolidated financial statements INOVYN Limited are prepared in accordance with International Financial Reporting Standards. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of INOVYN Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.
- The disclosures required by FRS 102.13 *Related Party Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and have been prepared on a going concern basis.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

1.2 Impact of New standards and interpretations

There are no amendments to accounting standards that are effective for the year ended 31 December 2020 which have had a material impact on the Company.

1.3 Foreign currency

The functional currency of the Company is the local currency of its principal operating environment and the functional currency has been identified as the Euro.

Foreign currency transactions are translated into the local currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account, except when deferred in reserves as qualifying net investment hedges.

1.4 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. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

INOVYN LIMITED
NOTES TO THE COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020

1 ACCOUNTING POLICIES (continued)

1.4 Non-derivative financial instruments (continued)

Trade and other payables

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

Investments in debt and equity securities

Investments in loans and receivables are stated at amortised cost less impairment.

Interest-bearing borrowings

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

1.5 Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.6 Expenses

Finance cost

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 income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.7 Taxation

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

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

Deferred tax is provided on timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following timing 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 timing difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

INOVYN LIMITED
NOTES TO THE COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020

2 OPERATING RESULT

The audit fee for the parent company for the year ended 31 December 2020 was €5,450 (2019: €5,646) and was borne by a fellow group undertaking.

3 STAFF NUMBERS AND COSTS

The Company had no employees, other than the directors, during the year ended 31 December 2020 (2019: none).

No directors received any fees or remuneration in respect of their services as a director of the Company during the year ended 31 December 2020 (2019: €nil).

4 INCOME FROM SHARES IN GROUP UNDERTAKINGS

During 2020 the Company received total dividends of €370.5 million (2019: €312.0 million) from INOVYN Holdings Limited, in the form of cash of €100.0 million and a dividend of €270.5 million as net settlement of the outstanding loan (plus accrued interest).

5 INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	€m	
Total interest expense on financial liabilities measured at amortised cost	0.7	0.7

Interest payable and similar expenses for the year include €0.7 million (2019: €0.7 million) payable to group undertakings.

6 TAX ON PROFIT

Recognised in the profit and loss account

	2020	2019
	€m	
UK Corporation tax:		
Current tax credit.....	(0.1)	(0.2)
Adjustments in respect of prior years	0.4	0.6
Total current tax charge	0.3	0.4

Reconciliation of effective tax rate

	2020	2019
	€m	
Total tax charge.....	0.3	0.4
Profit excluding taxation	369.8	311.3
Tax using the UK corporation tax rate of 19.0% (2019: 19.0%).....	70.3	59.1
Adjustments in respect of prior years	0.4	0.6
Tax exempt income	(70.4)	(59.3)
Total tax charge included in profit or loss.....	0.3	0.4

The Finance Bill 2020 was substantively enacted on 17 March 2020 and included legislation to maintain the main rate of corporation tax in the UK at 19%. On 11 March 2021, the Finance Bill 2021 was announced in the United Kingdom, which increased the rate of corporation tax to 25% on profits over £250,000 from April 2023.

INOVYN LIMITED
NOTES TO THE COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020

7 INVESTMENTS

Cost and net book value	Shares in group undertakings
	€m
At 1 January 2020 and 31 December 2020.....	449.3

The Company has the following investments in subsidiaries:

Company	Country of incorporation	Principal activity	Class of shares held	Ownership 2020	Ownership 2019	Registered office reference
INOVYN Holdings Limited* #	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Finance Limited (formerly INOVYN Finance plc)	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Group Treasury Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Europe Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Intermediate Holdings Norge AS* ⁽¹⁾ ..	Norway	Holding company	Ordinary	-	100%	(B)
INOVYN Norge Holdings AS* ⁽¹⁾	Norway	Holding company	Ordinary	-	100%	(B)
INOVYN Norge AS* ⁽¹⁾	Norway	Manufacture of chemicals and PVC	Ordinary	100%	100%	(B)
INOVYN Sverige AB*	Sweden	Manufacture of chemicals and PVC	Ordinary	100%	100%	(C)
INEOS ChlorVinyls Holdings BV	Netherlands	Holding company	Ordinary	100%	100%	(D)
INOVYN Newton Aycliffe Limited	UK	Non-trading	Ordinary	100%	100%	(A)
INEOS Newton Aycliffe Trustees Limited	UK	Pension trustee	Ordinary	100%	100%	(A)
INOVYN Services Limited	UK	Service company	Ordinary	100%	100%	(A)
INOVYN Enterprises Limited*	UK	Extraction and supply of brine and water	Ordinary	100%	100%	(A)
INOVYN ChlorVinyls Holdings Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Newco 2 Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN ChlorVinyls Limited*	UK	Manufacture of chemicals and PVC	Ordinary	100%	100%	(A)
INEOS Chlor Atlantik GmbH	Germany	Non-trading	Ordinary	100%	100%	(E)
INOVYN Americas Inc	USA	Purchase and resale of chemicals	Ordinary	100%	100%	(F)
INOVYN Sales International Limited	UK	Non-trading	Ordinary	100%	100%	(A)
INEOS Chlor Trustees Limited	UK	Pension trustee	Ordinary	100%	100%	(A)
INEOS Vinyls UK Ltd	UK	Non-trading	Ordinary	100%	100%	(A)
INEOS Vinyls GmbH & Co KG	Germany	Holding company	Ordinary	100%	100%	(E)
INOVYN Schkopau GmbH	Germany	Non trading	Ordinary	100%	100%	(E)

INOVYN LIMITED
NOTES TO THE COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020

7 INVESTMENTS (continued)

Company	Country of incorporation	Principal activity	Class of shares held	Ownership 2020	Ownership 2019	Registered office reference
INOVYN Sales GmbH	Germany	Non trading	Ordinary	100%	100%	(E)
EVC Pension Trustees Limited.....	UK	Pension trustee	Ordinary	100%	100%	(A)
INOVYN Energy Limited.....	UK	Holding company	Ordinary	100%	100%	(A)
Kerling Newco 1 Limited*	UK	Holding company	Ordinary	100%	100%	(A)
Kerling Newco 2 Limited*	UK	Holding company	Ordinary	100%	100%	(A)
INOVYN Deutschland GmbH*	Germany	Manufacture of chemicals and PVC	Ordinary	100%	100%	(E)
INOVYN Espana S.L.	Spain	Manufacture of chemicals and PVC	Ordinary	100%	100%	(H)
INOVYN Osterreich GmbH.	Austria	Sales office	Ordinary	100%	100%	(I)
INOVYN Belgium SA*.....	Belgium	Manufacture of chemicals	Ordinary	100%	100%	(J)
INOVYN PVC France SAS* ⁽³⁾	France	Manufacture of chemicals and PVC	Ordinary	-	100%	(K)
INOVYN Olefines France SAS*	France	Operation of ethylene cracker	Ordinary	100%	100%	(K)
INOVYN Portugal Lda	Portugal	Sales office	Ordinary	100%	100%	(L)
INOVYN Trade Services SA*	Belgium	Purchase and resale of chemicals	Ordinary	100%	100%	(J)
INOVYN Manufacturing Belgium SA*.....	Belgium	Manufacture of chemicals and PVC	Ordinary	100%	100%	(J)
INOVYN France SAS*.....	France	Manufacture of chlorine products	Ordinary	100%	100%	(K)
INOVYN Italia S.p.A.	Italy	Commercial services	Ordinary	100%	100%	(M)
INOVYN Produzione Italia S.p.A*.....	Italy	Manufacture of chemicals	Ordinary	100%	100%	(N)
INOVYN Quimica Espana S.L.....	Spain	Waste treatment	Ordinary	100%	100%	(H)
Vinyloop Ferrara S.p.A. ⁽⁴⁾	Italy	PVC Recycling	Ordinary	100%	100%	(M)
INEOS Enterprises Group Limited ⁽²⁾	UK	Manufacture of salt and sulphur chemicals	Ordinary	100%	100%	(A)
Keuper Gas Storage Limited ⁽²⁾	UK	Gas storage	Ordinary Limited	100%	100%	(A)
TTE Training Limited	UK	Training company	Guarantee Limited by	100%	100%	(G)
TTE Apprenticeship Training Agency Limited	UK	Apprenticeship company	Guarantee by	100%	100%	(G)
INEOS Norway Finance Ireland Limited.....	Ireland	Securitisation vehicle	Ordinary	n/a	n/a	(O)

* In addition to INOVYN Finance Limited (formerly INOVYN Finance plc) a guarantor of the Senior Secured Term Loans.

Shares held directly by INOVYN Limited. All other subsidiaries listed are held indirectly.

(1) On 22 August 2020, INOVYN Norge Holdings AS merged into INOVYN Intermediate Holdings Norge AS and on 2 September 2020 INOVYN Intermediate Holdings Norge AS merged into INOVYN Norge AS.

(2) Effective 1 March 2019, the Group acquired INEOS Enterprises Group Limited and its subsidiary, Keuper Gas Storage Limited from INEOS Enterprises Holdings Limited, a related party .

(3) On 1 June 2020, INOVYN PVC France SAS was merged into INOVYN France SAS.

(4) Vinyloop Ferrara S.p.A. is in the process of being liquidated.

INOVYN LIMITED
NOTES TO THE COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020

7 INVESTMENTS (continued)

The registered office addresses of the investments disclosed in this note are:

Reference	Registered office address
(A)	Bankes Lane Office, Bankes Lane, P.O. Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom
(B)	Rafnes Industriomrade, 3966 Stathelle, Bamble, Norway
(C)	444-83 Stenungsund, Sweden
(D)	Luna Arena, Herikerbergweg 238, 1101 CM, Amsterdam, Netherlands
(E)	Ludwigstrasse 12, 47495 Rheinberg, Germany
(F)	2036 Foulk Rd, Suite 204, Wilmington, Delaware 19801, USA
(G)	New Horizons House, New Bridge Road, Ellesmere Port, Cheshire, CH65 4LT
(H)	Calle Marie Curie 1-3-5, 08760 Martorell, Barcelona, Spain
(I)	Schottengasse 1, 4. Stock, 1010 Wien, Austria
(J)	Avenue des Olympiades 20, 1140 Brussels, Belgium
(K)	2 Avenue de la République, 39500 Tavaux, France
(L)	Rua do Centro Cultural n° 5 – R/C, sala 8, 1700-106 Lisboa, Portugal
(M)	Via Marconi 73, 44122 Ferrara (FE), Italy
(N)	Via Piave 6, CAP 57016, Rosignano Marittimo, Italy
(O)	Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland

8 DEBTORS

	<u>2020</u>	<u>2019</u>
	€m	
Amounts falling due within one year		
Group relief balance owed by group undertakings.....	<u>2.9</u>	<u>2.8</u>

9 INTEREST-BEARING LOANS AND BORROWINGS

	<u>2020</u>	<u>2019</u>
	€m	
Amounts owed to group undertakings.....	<u>21.0</u>	<u>20.3</u>

The amounts owed to group undertakings is an unsecured interest-bearing loan, which is measured at amortised cost. There is no fixed schedule of repayment.

Term and debt repayment schedule

	<u>Currency</u>	<u>Nominal interest rate</u>	<u>Year of maturity</u>	<u>Face value 2020</u>	<u>Carrying amount 2020</u>	<u>Face value 2019</u>	<u>Carrying amount 2019</u>
	€m						
Amount owed to group undertaking	€	3.5%	Not fixed	21.0	21.0	20.3	20.3

INOVYN LIMITED
NOTES TO THE COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020

10 AMOUNTS OWED TO GROUP UNDERTAKINGS

	2020	2019
	€m	
Amounts owed to group undertakings.....	2.5	0.4

The amounts owed to group undertakings is an unsecured non-interest bearing loan, which is measured at amortised cost. There is no fixed schedule of repayment.

Term and debt repayment schedule

	Currency	Nominal interest rate	Face value 2020	Carrying amount 2020	Face value 2019	Carrying amount 2019
	€m					
Amount owed to group undertaking	€	nil	2.5	2.5	0.4	0.4

11 CAPITAL AND RESERVES

Share capital

	As at 31 December 2020	As at 31 December 2019
	€	
10,001,001 (2019: 10,001,001) authorised and issued A Ordinary shares of £0.00001 each.....	117	117

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

Dividends

The following dividends were recognised during the year:

	2020	2019
	€m	
Dividends declared.....	372.1	312.0

An interim dividend of €372.1 million was declared during the year (2019: €312.0 million declared). This took the form of a cash dividend of €100.0 million and a dividend of €272.1 million as net settlement of the outstanding loan and receivable principal balances (plus accrued interest) with INEOS related party entities. The dividend declared equates to €37.2 per A Ordinary share (2019: €31.2 per A ordinary share).

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12 CONTROLLING PARTIES

On 31 December 2020, INEOS Group Investments Limited sold 94.9% of its ownership interest in the Company to INEOS Industries Limited. On the same date, through a series of share-for-share exchange transactions the 94.9% ownership of the Company was transferred to INEOS Industries Holdings Limited, who then transferred it to INEOS Quattro Holdings Limited, who then transferred it to INEOS Quattro Financing Limited. Following these transactions, INEOS Quattro Financing Limited and INEOS Group Investments Limited owned a 94.9% and 5.1% ownership interest in the Company respectively. Both companies are registered in the United Kingdom.

On 14 April 2021, INEOS Group Investments Limited transferred its 5.1% shareholding in the Company to INEOS Intermediate ChlorVinyls Limited, a company incorporated in the Isle of Man.

The ultimate parent undertaking of the Company is INEOS Limited, a company incorporated in the Isle of Man. The directors regard Mr J A Ratcliffe as the ultimate controlling party by virtue of his majority shareholding in INEOS Limited.

The smallest group in which the results of the Company are consolidated is that headed by INOVYN Limited. The largest group in which the results of the Company are consolidated is that headed by INEOS Quattro Holdings Limited.