INOVYN Limited

Annual report and financial statements

Registered number 08696245

Year ended – 31 December 2021

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INOVYN LIMITED

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Section 1 – Strategic Report and Directors' Report

The Directors present their strategic report of INOVYN Limited (the "Company") and its subsidiary undertakings (together the "Group") for the year ended 31 December 2021.

Results for the year

The results of the Group are set out in the consolidated income statement on page 26 which shows a profit for the year of €453.9 million (2020: €288.7 million).

Review of the business

Review of trading results

Revenue from continuing operations was €4,225.6 million for the year ended 31 December 2021 (2020: €2,878.2 million) and earnings before interest, tax, depreciation, amortisation and exceptional items ("EBITDA before exceptional items") was €974.4 million for the year ended 31 December 2021 (2020: €602.6 million). A reconciliation of EBITDA before exceptional items to profit before tax can be found in note 2 to the financial statements.

Revenue for the INOVYN group increased by €1,347.4 million, or 46.8%. Whilst sales volumes of general purpose PVC remained at comparable levels to 2020, a short market led to significantly higher contract prices globally. There was worldwide tightness in the PVC market, as supply was limited by planned and unplanned maintenance both in the US and in Europe. In addition, a greater proportion of sales were made into European markets, which further increased average sales prices. Average sales prices for general purpose PVC reached record levels in the second half of the year, due to high demand, global supply shortages and low imports into Europe. Global demand for specialty PVC was also strong with higher volumes and prices achieved, compared to 2020.

In contrast, caustic soda markets were long, with average sales prices reduced compared to the previous year, although sales volumes were at similar levels. However, caustic soda demand had largely recovered to pre-COVID levels in the second half of 2021. Significant price increases were implemented in the final quarter of 2021, driven by higher and volatile energy prices.

Sales volumes of chlorine derivatives were reduced overall, with reductions in volumes of Cereclor and epichlorohydrin. However, average sales prices increased across most products.

Despite the ongoing COVID-19 pandemic, all of the Group's plants, with the exception of maintenance, were fully available during 2021.

EBITDA before exceptional items for the Group increased by €371.8 million, or 61.7%. Business profitability was the highest performance since the formation of INOVYN on 1 July 2015 as a consequence of the extremely tight global market for general purpose PVC, which pushed margins over ethylene to record levels in domestic markets. Export margins were also higher than 2020. Global demand for specialty PVC was also strong, with tightness in these markets also leading to margin increases in both export and domestic markets. These positive factors were partially offset by lower pricing of caustic soda and higher energy costs. The final quarter of 2021 was characterised by volatile, high energy prices, with unprecedented levels for both electricity and gas. Caustic soda quarterly contract price increases were implemented and then further increases were sought, driven by historically high electricity prices across Europe impacting costs.

At 31 December 2021, the Group has total equity of €156.6 million (2020: €181.1 million). Net debt at 31 December 2021 was €836.5 million (2020: €984.3 million), EBITDA before exceptional items was €974.4 million (2020: €602.6 million) and net leverage was 0.9 times (2020: 1.6 times).

Key exceptional items

Net exceptional charges of €145.5 million have been recognised in 2021 (2020: €25.9 million).

Plant closure costs of €19.0 million were charged in the year. A charge of €14.0 million has been recognised for the closure of the sulphur chemicals plant at Runcorn, United Kingdom. This charge includes a provision of €11.9 million made for the cost of exiting certain commercial agreements and the safe decommissioning of the plant and €2.1 million for redundant stock write-downs. In addition, €5.0 million has also been provided for costs associated with the waste water plant at the Group's site in Wilhelmshaven, Germany.

Review of the business (continued)

Key exceptional items (continued)

Environmental costs of €121.6 million have been recognised relating to the following provisions that have been made in the year:

- Following a full review and assessment of scope, a provision of €25.8 million was recognised for the demolition of the Group's mercury cellroom in Runcorn, United Kingdom, including safe disposal of hazardous waste and elemental mercury.
- Provisions of €9.1 million have been provided for the dismantling costs associated with the sulphur chemicals plant in Runcorn, United Kingdom.
- Dismantling provisions of €22.6 million have been provided for the Weston Point Power Station in Runcorn, United Kingdom.
- The Group approved plans for the dismantling of the previously closed mercury cell room in Wilhelmshaven, Germany and have provided for €25.0 million for the dismantling costs.
- In 2020, the Group recognised a provision for the costs associated with the construction of a sealed cell for a sedimentation basin and a pilot plant for the treatment of contaminated ground water. Having successfully demonstrated the feasibility and operational aspects of this project during 2021, the scope of the project was extended to include an industrial scale waste water treatment plant and the sealing of further sedimentation basins. A further provision of €21.8 million was recognised for these costs. Grants receivable of €3.3 million have been offset against these exceptional costs.
- Further exceptional charges of €20.6 million (€23.4 million of new provisions less €2.8 million of grants receivable) were created in 2021 at the Group's sites at Lillo, Belgium, Zandvliet, Belgium Tavazzano, Italy. Ferrara, Italy, Tavaux, France and Runcorn, United Kingdom for various remediation related projects mostly associated with mercury contamination.

On 29 January 2021, the Group repaid its Term Loan B borrowings and €5.7 million was written off to exceptional finance costs of unamortised debt issue costs.

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.

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 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 2021, the Group received €6.7 million (2020: €1.6 million) relating to a part repayment of the loans payable by INEOS Runcorn (TPS) Limited, an associated undertaking.

Review of the business (continued)

Financial arrangements (continued)

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.

On 29 June 2021, the Group renegotiated its trade receivables securitisation programme. 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 17 for further details.

Other material events

In March 2021, the Group announced the closure of its sulphur chemicals plant at Runcorn, United Kingdom and its withdrawal from the UK sulphur chemicals market. The decision followed a detailed management review of the business in light of an incident whereby the plant suffered significant damage following an unexpected power supply interruption.

The Group launched a new Hydrogen business to develop and build clean hydrogen capacity across Europe, in support of the drive towards a zero-carbon future. There are a number of projects that have been launched by this business, which involve 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. See the section on Strategic future developments of the Strategic Report.

In October 2021, the Group published its debut sustainability report outlining the significant progress that the Group has made across a wide range of sustainability programmes including responsible production, carbon neutrality, circularity and value to society. The report uses the international framework established by the Global Reporting Initiative, which is the independent body that sets the benchmark for transparent sustainability reporting. The report is publicly available on Group's external website: https://www.inovyn.com/about/sustainability/

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:

- 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.
- Raw materials and suppliers – if the Group is unable to pass on increases in raw material prices, or to retain or replace its key suppliers, its results of operations may be negatively affected.
- International operations and currency fluctuations – the Group is exposed to currency fluctuation risks as well as to economic downturns and local business risks in several different countries that could adversely affect its profitability.
- Competition – significant competition in the Group's industries, whether through efforts of new and current competitors or through consolidation of existing customers, may adversely affect its competitive position, sales and overall operations.
- Inability to maximise utilisation of assets – the Group may be adversely affected if it is unable to implement its strategy to maximise utilisation of assets.
- Synergies – the Group may not realize anticipated revenue and cost synergies, benefit from anticipated business opportunities or experience anticipated growth from any of its acquisitions.
- Outbreaks of disease – the outbreak of contagious diseases may have a negative impact on the Group's business and performance, and an adverse impact on the global economy generally. During the course of 2021 and into 2022, the Group has managed the outbreak of the COVID-19 coronavirus by implementing various measures to ensure the safety of employees and the ongoing operation of the plants.
- Substantial debt — the Group's substantial debt could adversely affect its financial position and prevent it from fulfilling its debt obligations.
- Cyber security risks – a cyber incident could occur and result in information theft, data corruption, operational disruption and/or financial loss.

Principal risks and uncertainties (continued)

- Climate change – existing and proposed regulations to address climate change by limiting greenhouse gas emissions may cause the Group to incur significant additional operating and capital expenses.
- Regulation – the Group is highly regulated and may have significant obligations and liabilities arising from health, safety, security and environmental ("HSSE") laws, regulations and permits applicable to its operations.
- Customers — the Group is subject to the risk of loss resulting from non-payment or non-performance by its customers. The credit procedures and policies may not be adequate to minimize or mitigate customer credit risk. The Group's customers may experience financial difficulties, including bankruptcies, restructurings and liquidations.
- Employees — the success of the Group depends on the continued service of certain key personnel and on good relations with its workforce as any significant disruption could adversely affect the Group.
- Joint ventures — some of the Group's facilities are owned and operated in joint ventures with third parties. The Group does not control these joint ventures, and actions taken by its joint venture partners in respect of these joint ventures could materially adversely affect the Group's business.

Section 172(1) statement

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

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

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

Long term factors

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

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

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

Stakeholder considerations

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

Section 172(1) statement (continued)

Stakeholder considerations (continued)

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

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

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

The Company is committed to protecting and maintaining the quality of the environment and to promoting the health and safety of its employees, contractors, suppliers, customers, visitors and the communities in which it operates. Compliance with all legislation intended to protect people, property and the environment is one of the 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.

Principal decisions

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

1. INOVYN took the decision to launch a new product offering featuring enhanced sustainability credentials under the brand name REODRIN™, producing bio-attributed epichlorohydrin from renewable feedstock. This product was developed following requests in the form of virtual meetings from epichlorohydrin customers to offer a more sustainable product. The Group took this feedback from customers and the Group's research and development team developed a solution to meet these customer needs. Another key stakeholder was the Roundtable on Sustainable Biomaterials ("RBS"), which is a European Commission-approved voluntary scheme used to demonstrate compliance with the sustainability criteria of the EU's Renewable Energy Directive. The RBS were engaged by INOVYN to ensure its production principles for REODRIN™ were audited against stringent sustainability criteria and to obtain the relevant product certification. Meetings were held face-to-face and on-site audits were conducted. This was critical to drive product strategy. In addition to the customers who requested the product offering and the RBS, the stakeholders were other potential customers of the product, who might be interested in the new product offering, employees via email communications and the European Works Council via virtual meetings.
2. The Group decided to invest in a new mechanical vapour recompression unit to decarbonise its solid salt process at Tavaux, France, to deliver improvements in the energy efficiency of the Tavaux operations and to deliver reductions in primary energy consumption and CO2 emissions. The project has been part financed under the "France Relance" plan, a State support fund which is administered by *Agence de la transition ecologique* ("ADEME"). ADEME was therefore a key stakeholder who requested and selected projects to reduce the country's carbon emissions. Various communications with ADEME were undertaken including virtual or face-to-face meetings with the purpose of suggesting a project that would meet ADEME's objective of reduction in carbon emissions. A carbon reduction of 60 kilo tonnes per annum would be achieved through the project which was a key trigger for ADEME to support the project. The support given by ADEME and the subsequent allocation of a grant was a key trigger for the project to go ahead. Another key stakeholder was a customer who wanted to buy energy saving certificates. Virtual meetings were held to discuss the scope of the project and the levels of energy reductions. These communications were vital in ensuring the financial viability of the project and to demonstrate INOVYN's commitment to carbon reduction. Stakeholders also included supplier of the new unit and employees.

Section 172(1) statement (continued)

Principal decisions (continued)

3. INOVYN took the decision to close its sulphur chemicals plant in Runcorn, United Kingdom and withdraw from the UK sulphur chemical market. The key stakeholders were shareholders, customers, suppliers, employees, employee representatives and the European Works Council, local and central government. Shareholders were involved and influenced the decision making regarding the closure via the regular management meetings. Customers and suppliers were contacted initially with calls, followed up with letters. Customers were contacted to discuss offtake and manage the shutdown process, with some discussions around taking lower grade product to help manage their transition to a new supplier and to continue supply in the short term. Suppliers were contacted to communicate the Group's plans but also to ensure supplies continued for safe closure of the plant. Employee representatives and employees directly impacted by the closure were communicated to via face-to-face meetings, the European Works Council via a virtual meeting and then the general employees population were informed via email. As part of the Group's security of employment approach, all affected employees will be reassigned to alternative roles. Employees were able to make a direct contribution to this process by stating their preferences in terms of an ongoing role, which the Group took into account when assigning individuals to their new position. In terms of local government and central government, two local Members of Parliament and regional development agency were contacted via a telephone call, with a follow up letters to inform them of the decision.

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 produced by-product steam that was used within the site network, but this unit ceased operation in late 2020, thus losing a source of free energy in 2021. 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 49% 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.

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 2021 to 31 December 2021.

Streamlined Energy and Carbon Reporting (continued)

	2021	2020
Gross energy consumptions (kWhr)		
Scope 1 energy consumption used to report emissions[1]	734,304,439	700,948,957
Memo: Scope 1 energy exports (to third parties as Scope 2 (net))[2]	(224,847,588)	(260,935,826)
Scope 2 energy consumption used to report emissions[3]	563,088,842	518,450,624
Scope 3 energy used to report emissions (private vehicles)	62,108	59,675
Total Scopes 1, 2 and 3 energy consumptions used to report emissions (including exported energy)	1,297,455,389	1,219,459,256
Scope 1 Emissions (Te CO_2e)[4]		
Emissions from the combustion of gas[5]	83,879	72,891
Emissions from combustion of fuel for transport purposes[6]	871	717
Memo: Scope 1 emissions associated with energy exports (to third parties)[5, 6, 7]	(20,082)	(15,947)
Scope 2 Emissions (Te CO_2e)		
Emissions from purchased electricity[8]	22,415	34,295
Emissions from purchased steam (from energy from waste CHP)	105,134	102,962
Scope 3 Emissions		
Emissions from business travel in rental cars or employee owned vehicles where company is responsible for purchasing the fuel[9]	14	17
Total production (Te as 100%)[10]	2,546,900	2,631,002
Emission Intensities (combined Scopes 1, 2 and 3) (Te CO_2e/Te product[9])		
Emissions intensity ratio[8]	0.083	0.080
Emissions intensity ratio excluding energy exports outside of reporting entity[8]	0.075	0.074

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 calorific value provided 38.8% of fuel energy used in 2021 (2020: 43.7%) 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. Note the sulphuric acid plant ceased production in 2020.
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 30.6% (2020: 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 EU ETS and CCA submissions for production emissions. Non EUETS and CCA emissions calculated using the standard UK Government GHG Conversion Factors for Company Reporting (2021).
5. Loss of the sulphur chemicals plant exothermic heat in 2021 resulted in an increase in demand for steam form the RBP and EfW steam production facilities. Coupled with a planned outage of the EfW plant, the RBP natural gas consumption increased resulting in an increase in Scope 1 emissions.
6. The Scope 2 emissions from liquid fuels include stationary sources, for example, emergency generators and office heating as well as from site vehicles.
7. Exported energy equates to 23.9% (2020: 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.
8. Energy purchases from Grid at Runcorn, Northwich and Newton Aycliffe, from the Energy from Waste CHP (49% biomass) at Runcorn and third party CHP at Northwich. Mandator "location" based imported power emission factor of 0.21233 kg CO_2e/kWhr for 2021 imported electricity. Correction to 2020 EfW power emission factor. Actual emission factor used for import electricity, rather than the agreed mandatory "location" based imported power emission factor of 0.23314 kg CO_2e/kWhr (2020 value). There is a resultant small change to the intensity values quoted.
9. Car emissions based on standard emissions for medium sizes petrol car. Data from UK Government GHG Conversion Factors for Company Reporting (2021).
10. Products included are PVC, sulphur chemicals (for 2020), 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.

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 EU ETS 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. The energy efficiency measures described related to the current year and the prior year. 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

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

The main financial KPI for the business is earnings before interest, taxation, depreciation, amortisation and exceptional items ("EBITDA before exceptional items"). EBITDA before exceptional items for the Group for the year ending 31 December 2021 was €974.4 million (2020: €602.6 million). The Group also closely monitors fixed costs against budget and prior year.

The Group uses a number of other non-financial key performance indicators to measure performance including health, safety and environmental ("SHE") metrics such as Occupational Safety and Health Administration ("OSHA") incident and injury rates to measure the safe working of employees and contractors. Other KPIs include monitoring the reliability of operating assets and working capital ratios of the Group.

Strategic future developments

The Group continues to investigate potential growth opportunities. In 2021, the Group launched a new Hydrogen business to develop and build clean hydrogen capacity across Europe, in support of the drive towards a zero-carbon future. There are a number of ongoing projects that are being assessed including, but not limited to:

- A new clean hydrogen supply hub at Rafnes, Norway, which involves building a 20MW electrolyser to produce clean hydrogen through the electrolysis of water, power by zero-carbon electricity.
- A 100MW electrolyser to produce green hydrogen at the INEOS site in Koln, Germany. Hydrogen from the unit will be used in the production of green ammonia.
- Upgrade its existing low-carbon hydrogen supply at its site in Runcorn, United Kingdom to fuel transport in the United Kingdom.
- A bulk liquid chemical barge powered by hydrogen, which will transport raw materials between the Group's Antwerp and Jemeppe sites in Belgium, in partnership with Netherlands based VT Group.
- Part of a consortium of partners in the United Kingdom to develop the HyNet North West hydrogen and carbon capture and storage project.

The financing for the above projects is still to be determined, but could include support from the wider INEOS Group and publicly available finance.

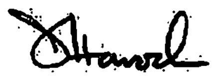
Strategic future developments (continued)

The Group produces one million tonnes a year of essential chemicals through the electrolysis of brine at its Tavaux, France site. A project commenced in 2021 to invest in a new mechanical vapour recompression unit to decarbonise its solid salt process at Tavaux. The aim of the project is to 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, which will deliver a reduction in primary energy consumption and a reduction in CO_2 emissions. The new unit is expected to be operational at the end of 2023.

A Specialty Vinyls growth plan was announced in 2017 to increase capacity by 120 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. The Group announced a further planned step increase in its European specialty PVC production capacity. This will be delivered through expansions across the Group's entire specialty PVC production network by 2027.

The Group is also undertaking a project 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 further 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 by mid-2022, together with approximately 65 kilo tonnes per annum of additional VCM capacity. The second phase, consisting of the remaining VCM capacity to fully use the PVC capacity, is currently under study.

Approved by the Board and signed on its behalf by:



D J Horrocks
Director
4 May 2022

INOVYN LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the audited consolidated financial statements of INOVYN Limited (the "Company") and its subsidiary undertakings (together the "Group") for the year ended 31 December 2021.

Principal activities

The principal activities of the Group are the manufacture and sale of a range of chemicals used in a variety of applications. The principal activity of the Company is to act as a holding company.

Dividends

Total interim dividends of €515.4 million were declared during the year (2020: €372.1 million), of which €489.1 million was paid to INEOS Quattro Financing Limited and €26.3 million remains payable to INEOS Intermediate ChlorVinyls Limited. The Directors do not recommend the payment of a final dividend (2020: €nil).

Future developments

Future developments are discussed in the Strategic Report.

COVID-19 coronavirus

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

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

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

Going concern

The Group financial statements have been prepared on a going concern basis and approved by the Board of Directors in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom ("Adopted IFRSs") effective 31 December 2021 and with the Companies Act as applicable to companies using Adopted IFRSs.

The Group meets its day to day working capital requirements through its intercompany loan and external financing facilities, along with cash generated by its subsidiaries' operations. The Group held cash balances of €267.8 million at 31 December 2021 (2020: €118.3 million) and gross loans and borrowings of €1,104.3 million at 31 December 2021 (2020: €1,102.6 million). The Directors have considered the Group's projected future cash flows and working capital requirements and are confident that the Group has sufficient cashflows to meet its working capital requirements for the next twelve months from the date of signing the financial statements. In particular, the Directors have stress tested the forecasts through taking account of reasonable possible changes in trading performance on the impact on EBITDA before exceptional items, cash flow and debt. The stress tests show that the Group will still have sufficient cash flow to meet all of its obligations as they fall due within the next 12 months from the date of signing the financial statements.

On the basis of this assessment together with net assets of €156.6 million as at 31 December 2021 (2020: €181.1 million) the Directors have concluded that the Group can operate within its current facilities for a period of at least 12 months from the date of this report. Therefore, these financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

Research and development

The Group's research and development team develops new applications for its higher margin and less cyclical speciality chemicals, provides support to the Group's customers and seeks to improve the efficiency of the Group's manufacturing processes. The research and development team also leads the Group's efforts with respect to the development and capacity expansions of the plants and maintaining and improving safety and environmental standards. The Group spent approximately €14.4 million (2020: €15.1 million) on research and development in the year, of which €13.4 million (2020: €13.4 million) was expensed to the income statement.

Donations

The Group made no political contributions (2020: €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 short term 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	
F M F Constant	(resigned 1 March 2022)
P M Daniels	
M J Maher	(resigned 1 March 2021)
J D Taylorson	(resigned 4 January 2022)
D J Horrocks	(appointed 1 March 2021)

D H De Clerk was appointed as a Director on 4 January 2022. A G Valenduc was appointed as a Director on 1 March 2022.

Employees

The Group places considerable importance on communication with employees. This is to ensure that employees at all levels of the organisation are kept aware of key business developments, and in particular financial performance, so as to focus attention on key performance metrics. Town hall sessions, virtual in 2021 and in the future at each site, are held at various points in the year that are hosted by members of the Executive Committee, regional leadership teams and site management. Business news items are also communicated in local language to the organisation either via cascade or direct to individuals via email, Bulletin Boards and Intranet facilities. Work groups in the manufacturing areas have daily "toolbox talks" that cover SHE, critical operational items for the day and business developments. The Group undertakes employee surveys on a regular basis and there are action plans in place to address issues arising. INEOS is committed to an environment where open, honest communications are the expectation, not the exception. There is encouragement to discuss issues with line managers or other managers. In addition, there is an "INEOS Speak UP!" service for those employees wishing to report more serious unethical or improper behaviours. The Group has regard to employees' interests and take employee views into account when making decisions.

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

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

It is the Group's practice to give full and fair consideration to applications for employment received from disabled persons, subject to the Group's requirements and to the qualifications, ability and aptitude of the individual in each case. In the event of 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.

Employees (continued)

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 and 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 others 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.

Health and safety

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

The Group's operations are currently in material compliance with all HSSE laws, regulations and permits. The Group actively addresses compliance issues in connection with its operations and properties and believe that it has systems in place to ensure that environmental costs and liabilities will not have a material adverse impact on the Group.

Sustainability

Following the Paris Climate Agreement of 2015, many nation states have set the goal to achieve a Net Zero Emission Economy by 2050, and are adopting regulations and legislation to support this.

In response, INEOS, the ultimate parent company of the Company, has announced a target to be climate neutral by 2050. INEOS's businesses have put in place roadmaps to achieve this while staying ahead of evolving regulations and legislation, and remaining profitable by seizing the new business opportunities arising. INEOS has already undertaken actions and improvements are already in hand. On a like-for-like basis, as compared to 2019, INEOS aims to reduce GHG emissions by 10% by no later than 2025, investing as required to achieve this. By 2030, INEOS aims to meet the EU's target of a 55% reduction in GHG emissions compared to 1990. As part of this effort, INEOS is also investing in new products and technologies to drive the industry to a circular economy in which materials are re-used to the maximum extent, and no products, once used, enter the natural environment.

INEOS believes that the products it makes are essential for a myriad of applications on which society relies. That is why Governments worldwide regard the industry as a critical industry, as it has been seen during the recent pandemic. The range of applications includes the following:

- health and medical devices;
- clean water;
- food conservation and preservation;
- renewable energy technologies;
- lighter energy saving materials for transport and mobility;
- affordable clothing and apparel;
- construction and transmission of water and gases;
- electrical insulation; and
- household and electrical goods.

Sustainability (continued)

The products are essential for these applications because, based on performance, affordability, and environmental footprint, they are the best available materials for the applications concerned. In some cases, especially in the medical sphere, they are the only available materials. It has been estimated that if polymers and plastics were to be replaced to the maximum extent in applications where they can be substituted, overall life-cycle GHG emissions in Europe would increase by more than 50%.

Product recycling

INOVYN continues to have a pivotal role in the European-wide VinylPlus® voluntary industry initiative. In 2020, VinylPlus achieved 731 kilotonnes PVC recycling, slightly down on the original target of 800 kilotonnes which was largely due to the impact of Covid which provoked disruption to recycling markets. Over 6.5 million tonnes of PVC have now been recycled since the start of the PVC industry voluntary commitments over a 20-year horizon.

In 2021 INOVYN was a signatory to VinylPlus Pathways 2030, the new 10 year voluntary commitment of the European PVC value chain. The commitment consists of 3 Pathways; Circularity, Decarbonization and minimization of the environmental footprint and Partnerships. Each Pathway has its own set of priorities which consists of 12 action areas and 39 targets. In line with the European Circular Plastics Alliance, which commits to recycle 10 million tonnes of plastics by 2025, VinylPlus commits to 900 kilotonnes PVC recycling by 2025 which is proportional to the PVC demand versus other plastics in Europe.

Progress does not stop with the VinylPlus initiative as INOVYN also plans to make key investments to address difficult-to-recycle PVC which cannot be easily recycled by mechanical means. The Group sees closing the loop and ensuring PVC, an intrinsically low carbon polymer, continues to play a vital role in society as paramount to its future success.

Improving energy efficiency in existing operations

INEOS is working aggressively across all its business and sites to make important reductions in energy use and associated GHG emissions. In addition, each of INEOS' sites is measured against previous emission years, other production sites in the business, and its profile in a country. Emissions data for each business are compared against all INEOS businesses. The data also makes it possible to compare sites and units, suggest reduction pathways, prioritize at source or end of pipe solutions, set targets and track roadmap progress. Moreover, site optimisation plans are made and discussed on a regular basis and result in reduction measures.

INOVYN is also making key investments in decarbonization, such as at the site in Tavaux, France. The results of which will see an emission reduction equivalent to taking 40,000 cars off the road each year.

Investing in new manufacturing assets.

The hallmark of a sustainable business is the ability to invest in new state of the art manufacturing assets to create a step change improvement in efficiency and environmental footprint. Investing in the Group's assets is at the heart of what INOVYN does. Over the past five years, the Group has spent more than €1 billion to improve its competitiveness, drive innovation and deliver significant improvements in its safety and sustainability performance.

The recent launch of a new clean hydrogen business allows the Group to use its existing capabilities to facilitate the use of hydrogen as a key part of the transition to net-zero. The recently announced commitment of €2 billion from INEOS Group will be coordinated by the newly created Hydrogen Business Function within INOVYN. The first plants will be built in Norway, Germany and Belgium in the next 10 years with investment also planned in the UK and France. INOVYN is already Europe's largest existing operator of electrolysis, the critical technology necessary to produce green hydrogen for power generation, transportation, and industrial use. The Group also has extensive experience in the storage and handling of hydrogen which puts the Group in a unique position to drive progress towards a carbon-free future based on hydrogen.

The first unit to be built will be a 20MW electrolyser to produce clean hydrogen through the electrolysis of water, powered by zero-carbon electricity in Norway. This project will lead to a minimum reduction of an estimated 22,000 tonnes of CO2 per year by reducing the carbon footprint of INEOS' operations at Rafnes and serving as a hub to provide hydrogen to the Norwegian transport sector.

Sustainability (continued)

Using renewable bio-sourced feedstocks

In 2021, INOVYN doubled the number of sites from two to four audited to the highly accredited Roundtable for Sustainable Biomaterials Standard to produce BIOVYN™. This is the world's first bio-attributed PVC and represents a paradigm shift for the PVC industry. BIOVYN™ delivers a greenhouse gas saving of over 90%, moving the Group towards a carbon-neutral, circular economy and offers customers an immediate choice should they wish to invest in a PVC resin with an almost zero carbon footprint. The feedstock from BIOVYN™ is derived from second generation biomass from the timber industry. This has the advantage of not competing with the food chain. A wide range of INOVYN customers are now taking delivery of BIOVYN™ feedstock for use in pipes, flooring, automotive as well as a wide range of other applications.

Developing alternative low emission energy sources

Most of INEOS' sites use clean energy according to the local electricity mix. Some of these clean energy sources include: own investments in green power, such as wind turbines and solar panels (for example, at INOVYN's site at Jemeppe, Belgium, the Group is investing in a new solar farm that will provide 44GWh/year of renewable energy), the use of biomass or landfill gas as fuel for power plants, the purchase of bio-based steam or refuelling with hydrogen. In addition, sites have invested in electrical site cars to promote low-carbon energy sources.

Capture, utilisation or storage of carbon dioxide

While the goal is to cut emissions at their sources, INEOS recognizes that carbon capture and storage will still play an important role in mitigating GHG emissions in the short run, as will utilizing captured carbon in the long run. As such, INEOS has been operating carbon capture at several of its sites.

INEOS believes that this package of actions will bring substantial benefits to its customers, to the communities in which it operates, and to all its stakeholders, and help ensure that its businesses remain competitive and sustainable in transition to Net Zero Emission Economy by 2050.

In 2021, INOVYN launched a new series of Environmental Product Declarations (EPDs) for most of its products. These EPDs provide customers with a raft of new environmental data for INOVYN products which offer significant reductions against European industry average data such as for greenhouse gas emissions. INOVYN's EPDs were prepared using industry best practice methodology by the Institute for Energy & Environmental Research, Heidelberg, one of Europe's most respected and independent ecological institutes. The same methodology has been used by the European trade associations of PlasticsEurope and Euro Chlor. With these new EPDs, INOVYN is able to offer its industrial customers the benefit of being able to report significantly improved eco-profiles based on credible, independently verified data.

Ecovadis Gold Award

INOVYN is rated annually by EcoVadis, the world's leading sustainability ratings provider. INOVYN have achieved Gold Merit status in 2021 for a third consecutive year in relation to EcoVadis's independent assessment of environmental and labour practices, ethics and supplier sustainability.

Governance

Safety, health and environment ("SHE") is governed at a INEOS group level and implemented by each business. Each business determines its own sustainability strategy. Group-wide, this is coordinated through the climate and energy network ("CEN"). The CEN works with all of the INEOS group's businesses on climate and energy matters. CEN 'issue teams' work at the policy and advocacy level, sharing best practice, new business opportunities and innovation. The network covers greenhouse gas (GHG) emissions, heat and power, sustainability, innovation, policy, advocacy and more. Updates from the CEN and SHE performance are both shared at the half-yearly meetings bringing together the CEOs of all of INEOS's businesses. Every year, the CEO of each of its businesses ensures the compliance of each of their manufacturing sites with the INEOS group's highest operational and financial standards.

In addition, INEOS has developed a science base to calculate carbon footprints and prepare consistent emission reduction roadmaps. The science base is a robust method for emissions accounting in carbon dioxide equivalent (CO2-eq) terms aligned with the Greenhouse Gas Protocol. The data collection is managed centrally through the CEN, using a shared online platform. The reporting is in line with the Global Reporting Initiative (GRI) guidelines, which are set by an international independent standard organization and which aim to enable third parties to assess environmental impact from the activities of the company and its supply chain. Furthermore, INEOS has completed the CDP climate change survey in order to gain external validation for its initiatives.

Sustainability (continued)

Governance (continued)

INEOS's efforts are aligned with 10 of the United Nations Sustainable Development Goals (United Nations SDGs), with particular emphasis on the following areas: good health and wellbeing, clean water and sanitation, affordable and clean energy, decent work and economic growth, industry, innovation and infrastructure, sustainable cities and communities, responsible consumption and production, climate action, life below water and partnerships for the goals. In addition to the United Nations SDGs, INEOS also supports the 10 principles of the United Nations Global Compact.

INEOS also engages with key stakeholders to understand sustainability topics relating to the business that are important to them. In 2020, INEOS performed a formal materiality assessment in which 19 topics were assessed across nine stakeholder groups and ranked relative to stakeholder interest. The results of the assessment are reviewed periodically with key stakeholders to maintain relevance and where practical INEOS sets quantitative targets for these priorities to help measure and report upon future performance.

In addition, INEOS has also made strides in its approach to product stewardship. INEOS carries out a comprehensive technical and safety audit of each potential customer before deliveries commence. This check ensures that equipment, safety protocols and procedures meet stringent standards, and INEOS works together to be sure deliveries can be safely received, stored and handled. INEOS also audits safety standards at all the major transport hubs that its products pass through, such as ports, terminals and warehouses.

INEOS is also a signatory to the International Council of Chemical Associations' (ICCA) Responsible Care Global Charter. By following the guidelines and measures of Responsible Care INEOS commits to safely conducting its business in an ethical and environmentally responsible manner and providing the foundation for development and capital investments. INEOS is committed to fulfilling the REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) obligations which ensures that companies manage the risks associated with their products and provide customers with the information they need to handle them in a safe and sustainable way. INEOS is also a signatory of Operation Clean Sweep, a voluntary stewardship program of the Plastics Industry Association (PLASTICS) and the American Chemistry Council. INEOS applies this commitment to achieve zero pellet, flake and powder loss across its sites and supply chain. INEOS is committed to keeping this material out of the marine environment.

Safe handling and containment of chemicals and products is of critical importance to INEOS. To monitor its performance, INEOS has developed a measure to give early warning of any risks and opportunities to improve. Each of the materials INEOS uses has a maximum legally permitted level at which its leakage into the environment is tolerated. However, leakage of materials to that level is extremely rare. INEOS's processes, operating procedures and working practices are all designed to secure containment of all products and raw materials. The loss of containment of any materials is extremely rare but each has a level that is legally reportable to the authorities. INEOS closely monitors all systems and it has internal reporting systems that trigger full internal investigation and reporting where there is any loss of containment that is 10% of the reportable level.

Business relationships

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

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.

Subsequent events

The Group does not have operations in Belarus, Russia or Ukraine. During 2021 revenue generated in these countries was not material to the Group. The Group is not currently experiencing any material disruption to its operations and does not foresee any direct impact as a result of the conflict, but will continue to monitor the evolving situation closely. The conflict has led to a significant increase in energy prices; however the Group is currently attempting to manage these increases by passing them onto customers through higher prices. Therefore the Group is not expecting any material indirect impact on its operations or performance as a result of the conflict, but is monitoring this closely.

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 United Kingdom 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.

Registered address
INOVYN Limited
Bankes Lane Office
Bankes 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
4 May 2022

Section 2 – Consolidated Financial Statements

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 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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 32;
- 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 13.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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.

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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.

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, environmental legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

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.

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

As a result of performing the above, we identified the greatest potential for fraud in the following areas:
- Existence of non-routine revenue transactions; and
- Existence and accuracy of provisions.

Our specific procedures performed to address the existence of non-routine revenue transactions are described below:
- Assessed the design and implementation of the key controls in place around the revenue recognition process;
- Performed an analytical test to match revenue transactions through to receivables and cash postings; and
- Performed testing over the reports used in the matching analytic. For items that did not match, a substantive test of detail was performed with agreement through to invoice, payment and an understanding of the transaction was obtained, in particular to understand the reason the transaction didn't directly agree and was flagged from the analytic.

Our specific procedures performed to address the existence and accuracy of provisions are described below:
- Assessed the design and implementation of the key controls in place around the provisions recognition and monitoring process;
- Reviewed and challenged management's judgement papers and assessed how the provisions have met the criteria for recognition under IAS 37;
- Performed substantive tests of details over the accuracy and existence of provisions held at the year-end. Agreed samples through to quotes and evidence of historic costing, proving that there will be a future outflow of funds resulting from past operations or events that can be reliably estimated; and
- Performed substantive tests of details over the amounts utilised within the year through agreement to third party evidence where available.

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

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
4 May 2022

INOVYN LIMITED
CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		€m	
Revenue	2	**4,225.6**	**2,878.2**
Cost of sales		(2,942.9)	(1,963.4)
Exceptional cost of sales	5	(140.6)	(9.2)
Total cost of sales		(3,083.5)	(1,972.6)
Gross profit		**1,142.1**	**905.6**
Distribution costs		(351.7)	(350.9)
Administrative expenses before exceptional items		(162.4)	(146.6)
Exceptional administrative expenses	5	0.8	-
Total administrative expenses		(161.6)	(146.6)
Operating profit	6	**628.8**	**408.1**
Share of (loss)/profit of associates and joint ventures using the equity method	13	(0.5)	1.5
Impairment of investments	13	(1.0)	-
Profit/(loss) on disposal of property, plant and equipment	11	1.5	(0.5)
Profit before net finance costs		**628.8**	**409.1**
Finance income	9	11.3	22.4
Finance costs before exceptional items	9	(78.4)	(50.7)
Exceptional finance costs	5, 9	(5.7)	(16.7)
Total finance costs		(84.1)	(67.4)
Net finance costs		(72.8)	(45.0)
Profit before tax		**556.0**	**364.1**
Tax charge	10	(102.1)	(75.4)
Profit for the year		**453.9**	**288.7**

All activities of the Group relate to continuing operations.

The notes on pages 32 to 86 are an integral part of these consolidated financial statements.

INOVYN LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		€m	
Profit for the year		**453.9**	**288.7**
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations	20	20.0	21.3
Deferred taxes on remeasurement of post-employment benefit obligations	14	(3.4)	(3.4)
Items that may be subsequently reclassified to profit or loss			
Foreign exchange translation differences of subsidiaries		20.4	(20.7)
Total other comprehensive income/(expense) for the year, net of tax		**37.0**	**(2.8)**
Total comprehensive income for the year		**490.9**	**285.9**

The notes on pages 32 to 86 are an integral part of these consolidated financial statements.

INOVYN LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021

	Note	2021	2020
		€m	
Non-current assets			
Property, plant and equipment	11	1,433.8	1,439.0
Intangible assets	12	14.5	40.1
Investments in equity-accounted investees	13	14.3	14.9
Other investments	13	4.6	4.9
Other receivables	16	47.6	38.5
Deferred tax assets	14	161.0	137.4
Employee benefits	20	56.9	33.0
Total non-current assets		**1,732.7**	**1,707.8**
Current assets			
Inventories	15	374.6	250.0
Trade and other receivables	16	789.9	512.8
Tax receivables for current tax		3.4	3.9
Cash and cash equivalents	26	267.8	118.3
Total current assets		**1,435.7**	**885.0**
Total assets		**3,168.4**	**2,592.8**
Equity attributable to owners of the parent			
Share capital	23	-	-
Share premium reserve		84.5	84.5
Merger reserve	24	(434.8)	(434.8)
Retained earnings		403.6	465.1
Other reserves		103.3	66.3
Total equity		**156.6**	**181.1**
Non-current liabilities			
Interest-bearing loans and borrowings	17	1,104.0	1,096.9
Lease liabilities	18	45.9	60.8
Trade and other payables	19	123.7	111.3
Employee benefits	20	178.0	220.5
Provisions	21	163.4	68.9
Deferred tax liabilities	14	83.0	83.4
Total non-current liabilities		**1,698.0**	**1,641.8**
Current liabilities			
Lease liabilities	18	27.5	27.4
Trade and other payables	19	1,175.6	674.1
Tax liabilities for current tax		7.4	30.2
Other financial liabilities	22	52.8	11.5
Provisions	21	50.5	26.7
Total current liabilities		**1,313.8**	**769.9**
Total liabilities		**3,011.8**	**2,411.7**
Total equity and liabilities		**3,168.4**	**2,592.8**

The notes on pages 32 to 86 are an integral part of these consolidated financial statements.

These financial statements were approved by the Board of Directors on 4 May 2022 and were signed on its behalf by:

D J Horrocks
Director

G Tuft
Director

INOVYN Limited

Registered number: 08696245

INOVYN LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Share capital	Share premium reserve	Merger reserve	Retained earnings	Other reserves	Total equity
Balance at 31 December 2020		-	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	20	-	-	-	-	21.3	21.3
Deferred taxes on remeasurement of post-employment benefit obligations	14	-	-	-	-	(3.4)	(3.4)
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	23	-	-	-	(372.1)	-	(372.1)
Balance at 31 December 2020		-	**84.5**	**(434.8)**	**465.1**	**66.3**	**181.1**
Profit for the year		-	-	-	453.9	-	453.9
Other comprehensive income/(expense):							
Remeasurement of post-employment benefit obligations	20	-	-	-	-	20.0	20.0
Deferred taxes on remeasurement of post-employment benefit obligations	14	-	-	-	-	(3.4)	(3.4)
Foreign exchange translation differences of subsidiaries		-	-	-	-	20.4	20.4
Total other comprehensive income		-	-	-	-	**37.0**	**37.0**
Transactions with owners, recorded directly in equity:							
Dividends	23	-	-	-	(515.4)	-	(515.4)
Balance at 31 December 2021		**-**	**84.5**	**(434.8)**	**403.6**	**103.3**	**156.6**

The notes on pages 32 to 86 are an integral part of these consolidated financial statements.

INOVYN LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

Analysis of other reserves:

	Note	Translation reserve	Actuarial reserve	Total other reserves
			€m	
Balance at 1 January 2020		(5.9)	75.0	69.1
Remeasurement of post-employment benefit obligations	20	-	21.3	21.3
Deferred taxes on remeasurement of post-employment benefit obligations	14	-	(3.4)	(3.4)
Foreign exchange translation differences of subsidiaries		(20.7)	-	(20.7)
Balance at 31 December 2020		**(26.6)**	**92.9**	**66.3**
Remeasurement of post-employment benefit obligations	20	-	20.0	20.0
Deferred taxes on remeasurement of post-employment benefit obligations	14	-	(3.4)	(3.4)
Foreign exchange translation differences of subsidiaries		20.4	-	20.4
Balance at 31 December 2021		**(6.2)**	**109.5**	**103.3**

The notes on pages 32 to 86 are an integral part of these consolidated financial statements.

INOVYN LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		€m	
Cash flows from operating activities			
Profit for the year		453.9	288.7
Adjustments for:			
Depreciation and impairment	11	204.4	182.0
Amortisation	12	1.9	1.8
Net finance costs	9	72.8	45.0
Share of loss/(profit) of associated undertakings	13	0.5	(1.5)
(Profit)/loss on disposal of fixed assets		(1.5)	0.5
Impairment of investment	13	1.0	-
Tax charge	10	102.1	75.4
Increase in trade and other receivables		(267.8)	(41.1)
(Increase)/decrease in inventories		(122.0)	10.4
Increase in trade and other payables		458.5	62.9
Increase/(decrease) in provisions and employee benefits		68.5	(63.9)
Tax paid		(120.1)	(42.6)
Net cash from operating activities		**852.2**	**517.6**
Cash flows from investing activities			
Interest and other finance income received		0.7	0.3
Disposal of businesses, net of cash disposed of	3	-	1.5
Proceeds from sale of property, plant and equipment		2.4	-
(Acquisition)/reduction of other investments	13	(0.7)	0.1
Repayment of loans made to related parties		6.7	1.6
Acquisition of other business	4	-	(3.6)
Acquisition of intangible assets		(1.5)	(44.0)
Acquisition of property, plant and equipment		(175.6)	(199.7)
Net cash used in investing activities		**(168.0)**	**(243.8)**
Cash flows from financing activities			
New Senior Secured Term Loan	17	-	250.0
Repayment of Senior Secured Term Loan	17	(1,064.3)	-
Debt issue costs		-	(6.6)
Net repayment of securitisation facility	17	-	(55.2)
Cash inflows/(outflows) to INEOS Group*		1,066.1	(250.3)
Other loans	17	(0.1)	0.2
Interest paid		(23.8)	(30.3)
Capital element of lease payments		(28.9)	(24.9)
Dividend paid	23	(489.1)	(100.0)
Net cash used in financing activities		**(540.1)**	**(217.1)**
Net increase in cash and cash equivalents	26	144.1	56.7
Cash and cash equivalents at 1 January	26	118.3	64.2
Effect of exchange rate fluctuations on cash held	26	5.4	(2.6)
Cash and cash equivalents at 31 December	26	**267.8**	**118.3**

* 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 long-term loan of €1,064.3 million from INOVYN Limited's 94.9% shareholder, INEOS Quattro Financing Limited. A further €1.8 million was received from INEOS Quattro Financing Limited in the form of short-term funding (see note 26). In 2020, the Group 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 notes on pages 32 to 86 are an integral part of these consolidated financial statements.

1 ACCOUNTING POLICIES

1.1 Overview

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.

INOVYN 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 INOVYN 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 INOVYN 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 or joint ventures. The parent company financial statements present information about the Company as a separate entity and not about its Group.

The Group financial statements have been prepared on a going concern basis and approved by the Board of Directors in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom ("Adopted IFRSs") effective 31 December 2021 and with the Companies Act as applicable to companies using Adopted IFRSs.

The Group meets its day to day working capital requirements through its intercompany loan and external financing facilities, along with cash generated by its subsidiaries' operations. The Group held cash balances of €267.8 million at 31 December 2021 (2020: €118.3 million) and gross loans and borrowings of €1,104.3 million at 31 December 2021 (2020: €1,102.6 million). The Directors have considered the Company's projected future cash flows and working capital requirements and are confident that the Company has sufficient cashflows to meet its working capital requirements for the next twelve months from the date of signing the financial statements. In particular, the Directors have stress tested the forecasts through taking account of reasonable possible changes in trading performance on the impact on EBITDA before exceptional items, cash flow and debt. The stress tests show that the Group will be compliant with its debt covenants and will still have sufficient cash flow to meet all of its obligations as they fall due within the next 12 months from the date of signing the financial statements.

On the basis of this assessment together with net assets of €156.6 million as at 31 December 2021 (2020: €181.1 million) the Directors have concluded that the Group can operate within its current facilities for a period of at least 12 months from the date of this report. Therefore, these financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom in response to the IAS regulation (EC 1606/2002) effective as of 31 December 2021 and have been approved for issuance by the Board of Directors on 4 May 2022.

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

1.3 Measurement convention

The financial statements are prepared on the historical cost basis except for derivative financial instruments classified at fair value through the profit or loss.

1.4 Functional and presentation currency

The presentation currency of the Group is the Euro, which is the functional currency of the majority of operations. The functional currency of the Company and its subsidiaries is determined in line with IAS 21 The Effects of Changes in Foreign Exchange Rates.

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

The Group financial statements have been prepared using consistent accounting policies with those of the previous financial year. The Group has adopted the following amendments to accounting standards for the first time in 2021 with effect from 1 January 2021, although there has been no material effect on the Group's financial statements:

- Amendment to IFRS 16- COVID-19- Related Rent Concessions - beyond 30 June 2021 (effective date 1 April 2021). The amendment introduces an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19.
- Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 has been adopted and has been applied retrospectively. The amendments introduce a practical expedient relating to modifications of financial instruments and lease contracts and specific hedge accounting requirements which is triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate. The details of the accounting policies are disclosed in Note 1 - "Derivative financial instruments and hedging."

1.6 Basis of consolidation

Subsidiaries

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations, except acquisitions under common control which are outside the scope of IFRS 3. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in the profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated.

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

1.6 Basis of consolidation (continued)

Subsidiaries (continued)

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

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

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

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

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

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

Joint arrangements

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

1.6 Basis of consolidation (continued)

Joint arrangements (continued)

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.

1.7 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 reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated income statement except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign exchange are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

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

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

1.8 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.

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

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.

Trade and other receivables

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

Trade and other payables

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

Investments in debt and equity securities

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

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

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

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

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

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

Cash flows entered into by a third party on behalf of the Group (as it's 'agent') are presented 'gross'. These are typically cash flows arising from financing activities, undertaken by agent banks

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.

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

Non-derivative financial instruments (continued)

Debt restructuring

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

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.

1.9 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:

1.9 Property, plant and equipment (continued)

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

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

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

1.10 Business combinations, goodwill and intangible assets

All business combinations are accounted for by applying the Acquisition method, except acquisitions under common control which are outside the scope of IFRS 3. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures.

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 a distributable merger reserve. The Group has elected not to include the results of businesses acquired under common control transactions within the Group income statement for any periods prior to the date of acquiring control.

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

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

Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses. These intangible assets principally comprise intellectual property rights, customer relationships, non-compete agreements and license fees.

Intangible assets acquired separately from a business are carried initially at cost. The initial cost is the aggregate amount paid and the fair value of other consideration given to acquire the assets. An intangible asset acquired as part of a business combination is recognised separately from goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Amortisation

Amortisation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. The estimated useful lives are 5 to 10 years. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each reporting date.

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.

1.11 Research and development

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

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

1.12 Impairment

Impairment of financial assets

A financial asset not classified at fair value through profit and loss is assessed at each reporting date to determine whether there is evidence that it is impaired.

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.

Where the Group has assessed the probability of default of a financial asset to be low, the loss allowance is considered immaterial.

The Group assesses on a forward looking basis the expected credit losses associated with the financial assets classified at amortised cost at each balance sheet date and adjusts the allowance accordingly.

Investments in debt and equity securities

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

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

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

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

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

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

Calculation of recoverable amount

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

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

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

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 Leases

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

Group as a lessee

Right-of-use assets

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

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

1.15 Leases (continued)

Lease liabilities

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

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

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

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

Short-term leases and leases of low-value assets

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

1.16 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.

1.17 Employee benefits

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

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

Defined contribution plans

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

1.17 Employee benefits (continued)

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 (at bid price) are deducted. The liability discount rate is the yield at the reporting date on AA credit rated bonds denominated in the currency of, and that have maturity dates approximating to the terms of, the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

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

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

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

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

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

Certain of the Group's pension plans include multi-employer schemes for employees of the Group and other INEOS or third-party 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-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.18 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. The timing of recognition requires the application of judgement to existing facts and circumstances, which can be subject to change. Provisions are determined by discounting the expected future cash flows 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.

1.19 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.

1.20 Revenue

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

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

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

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

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

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

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

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

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

1.21 Finance income and costs

Interest income and interest expense are recognised in the consolidated income statement as it accrues, using the effective interest method. Dividend income is recognised in the consolidated income statement on the date the entity's right to receive payments is established. Foreign exchange gains and losses are reported on a net basis.

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

Finance income comprises interest receivable on funds invested and from related party loans, net fair value gains on derivatives and net foreign exchange gains.

1.22 Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are offset if it is possible that there is a legally enforceable right to offset current tax liabilities and assets because they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

1.23 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 Quattro Financing Limited.

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

1.24 Exceptional items

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

1.25 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-subsidiary.

1.26 Emissions Trading schemes

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

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

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

1.27 Accounting standards not applied

A number of new standards and amendments are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

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

- 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).
- Amendments to IAS 12: Income taxes—deferred tax related to assets and liabilities arising from a single transaction (effective date 1 January 2023).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (effective date 1 January 2023).
- Amendments to IAS 8: Definition of Accounting Estimates (effective date 1 January 2023).

2 OPERATING SEGMENTS

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.

2 OPERATING SEGMENTS (continued)

For segmental reporting of EBITDA before exceptional items, 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:

	2021			2020		
	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/potas h allocation
	€m					
General Purpose Vinyls......	2,202.2	375.6	2,577.8	1,208.1	394.4	1,602.5
Specialty Vinyls	558.6	107.5	666.1	348.5	95.7	444.2
Other Chemicals	693.0	288.7	981.7	509.9	321.6	831.5
Caustic soda and caustic potash................................	771.8	(771.8)	-	811.7	(811.7)	-
	4,225.6	**-**	**4,225.6**	**2,878.2**	**-**	**2,878.2**

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

	2021	2020
	€m	
EBITDA before exceptional items		
General Purpose Vinyls..	721.7	278.7
Specialty Vinyls	204.8	156.8
Other Chemicals	47.9	167.1
	974.4	**602.6**

Reconciliation of earnings before operating exceptional items, interest, taxation, impairment, depreciation and amortisation and after the share of profit/loss of associated undertakings and joint ventures using the equity accounting method ("EBITDA before exceptional items") to profit before tax:

	2021	2020
	€m	
EBITDA before exceptional items	974.4	602.6
Depreciation, amortisation and impairment charges	(206.3)	(183.8)
Exceptional items within operating profit (note 5)..	(139.8)	(9.2)
Profit/(loss) on disposal of property, plant and equipment................................	1.5	(0.5)
Impairment of investments	(1.0)	-
Net finance costs (note 9)...	(72.8)	(45.0)
Profit before tax..	**556.0**	**364.1**

2 OPERATING SEGMENTS (continued)

Geographical analysis - revenues

Geographical information by location of customers	**2021**	**2020**
	€m	
UK	625.4	420.0
Rest of Europe	3,053.2	1,979.1
Rest of World	547.0	479.1
Total	**4,225.6**	**2,878.2**

Geographical information by location of trading legal entity	**2021**	**2020**
	€m	
UK	2,937.0	2,484.7
Rest of Europe	1,233.8	344.8
Rest of World	54.8	48.7
Total	**4,225.6**	**2,878.2**

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.

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

3 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.

4 ACQUISITION OF BUSINESSES

On 1 May 2017, the Group acquired 100% of the shares in Solvay Tavaux SAS from Solvay. The deferred consideration of €3.6 million was settled in 2020 following the completion of working capital and other negotiations with Solvay.

5 EXCEPTIONAL ITEMS

	2021	2020
	€m	
Exceptional items included in cost of sales:		
Plant closure costs[1]	19.0	(1.2)
Environmental costs[2]	121.6	10.4
	140.6	9.2
Exceptional items included in administrative expenses:		
Other[3]	(0.8)	-
Exceptional items excluding finance costs	139.8	9.2
Exceptional finance costs:		
Charge on early settlement of debt[4]	5.7	16.7
Total exceptional expenses	145.5	25.9

Exceptional cost of sales and administrative expenses:

(1) In March 2021, the Group announced the closure of the sulphur chemicals plant at Runcorn, United Kingdom and its withdrawal from the UK sulphur chemicals market. As a consequence, exceptional provisions of €11.9 million were recognised to cover the cost of exiting certain commercial agreements and the safe decommissioning of the plant. A further exceptional charge of €2.1 million was incurred in respect of redundant stock write-downs. Moreover, included in depreciation for the year ended 31 December 2021 is €12.5 million of impairment charges in respect of the closed plant (see note 11).

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

The €1.2 million of plant closure credits in 2020 primarily relates to the release of excess provisions associated with the closure of the chloromethane's facility at Runcorn, United Kingdom in 2015.

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

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

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

In order to comply with the obligations of the EU Waster Water Directive, the Group recognised a €10.4 million provision at Tavaux, France in 2020 to cover costs associated with the construction of a sealed cell for a sedimentation basin and a pilot plant for the treatment of contaminated ground water. Having successfully demonstrated the feasibility and operational aspects of the project using the pilot plant and sealed cell technology during 2021, the scope of the project was subsequently increased to include an industrial scale waste water treatment plant and the sealing of further sedimentation basins resulting in the recognition of further exceptional costs of €18.5 million (€21.8 million of new provisions less €3.3 million of grants receivable) in 2021.

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

(3) The exceptional credit of €0.8 million relates to the release of provisions made in prior years for legal claims and commercial disputes.

5 EXCEPTIONAL ITEMS (continued)

Exceptional finance costs:

(4) On 9 March 2020 the Group renegotiated an amendment and upsizing of its Senior Secured Term Loan B borrowings by €250.0 million from €814.3 million to €1,064.3 million. See note 17 for further information. The amendment was 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.

Exceptional finance costs of €5.7 million in 2021 relate to the write-off of unamortised debt issue costs associated with the Senior Secured Term Loan B facility which was repaid early and in full on 29 January 2021.

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

6 OPERATING PROFIT

Included in operating profit are the following:

	2021	2020
	€m	
Research and development costs expensed as incurred	13.4	13.4
Amortisation of intangible assets	1.9	1.8
Amortisation of government grants	(4.0)	(4.6)
Expenses relating to short-term leases	3.8	7.7
Expenses relating to leases of low value assets	0.2	0.3
Expenses relating to variable lease payments not included in the measurement of the lease liability	5.2	5.1
Depreciation and impairment of property, plant and equipment - within cost of sales, distribution costs and administrative expenses		
Owned assets - depreciation	153.5	156.5
Right-of-use assets	29.3	25.5
	182.8	182.0
Owned assets - impairment	21.6	-
	204.4	**182.0**

	2021	2020
	€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	1.0
All other services - tax	0.2	0.2
	1.4	**1.4**

The audit fee above includes the audit fee of €5,977 (2020: €5,450) 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:

	2021	2020
	Number	
Research and development	90	88
Administration	597	578
Production, engineering and distribution	3,432	3,383
	4,119	4,049

The aggregate payroll costs of these persons were as follows:

	2021	2020
	€m	
Wages and salaries	325.4	313.5
Social security costs	70.8	67.1
Contributions to defined contribution plans	16.8	17.4
Items related to defined benefit plans:		
Current service cost (note 20)	12.1	12.4
	425.1	410.4

8 DIRECTORS' REMUNERATION

	2021	2020
	€m	
Salaries and other short term benefits	6.5	5.9
Company contributions to money purchase schemes	0.4	0.4
	6.9	6.3

Highest paid Director	2021	2020
	€m	
Aggregate emoluments	2.3	1.7

Two Directors have benefits accrued under defined benefit schemes (2020: three). Two Directors have benefits accruing under defined contribution schemes (2020: two). In respect of the highest paid Director, there is €nil (2020: €0.1 million) of accrued pension at the end of the year.

9 FINANCE INCOME AND COSTS

	2021	2020
	€m	
Finance income		
Interest receivable from associated undertakings	2.0	2.4
Interest receivable from related parties	0.2	19.9
Other interest income	-	0.1
Total interest income on financial assets not at fair value through profit or loss	2.2	22.4
Net change of rate and unwind of discount on long term provisions	0.2	-
Net exchange movements	8.9	-
Total finance income	**11.3**	**22.4**
Finance costs		
Interest payable on Senior Secured Term Loans	2.1	25.9
Interest payable on securitisation facility	1.2	1.6
Interest payable to parent undertaking	26.8	-
Interest payable to related parties	1.8	1.8
Amortisation of debt issue costs	-	1.6
Interest payable on right-of-use assets	2.7	2.6
Net fair value loss on derivatives	41.9	7.8
Net change of rate and unwind of discount on long term provisions	-	0.8
Net exchange movements	-	5.4
Interest expense on pension schemes	1.0	2.9
Other interest expense	0.9	0.3
Total finance costs before exceptional items	**78.4**	**50.7**
Exceptional finance costs (note 5)	5.7	16.7
Total finance costs	**84.1**	**67.4**
Net finance costs	**72.8**	**45.0**

The exchange movements reflect foreign exchange gains or losses associated with short term intra group funding.

Net gains and losses on financial instruments are included in note 25.

10 TAX CHARGE

Recognised in the consolidated income statement

	2021	2020
	€m	
Current tax expense		
Current tax expense	131.8	52.7
Adjustments in respect of prior years	(1.0)	7.1
Current tax expense	130.8	59.8
Deferred tax expense		
Origination and reversal of temporary differences	(0.9)	28.8
Change in tax rates applied to temporary differences	(27.9)	(12.2)
Adjustments in respect of prior years	0.1	(1.0)
Deferred tax (credit)/charge (note 14)	(28.7)	15.6
Total tax charge	102.1	75.4

Reconciliation of effective tax rate	2021	2020
	€m	
Profit before taxation	556.0	364.1
Tax using the UK corporation tax rate of 19.0% (2020: 19.0%)	105.6	69.2
Effect of tax rates in foreign jurisdictions	17.6	14.9
Permanent differences	11.7	(2.3)
Change in tax rate applied to temporary differences	(27.9)	(12.2)
Current year losses not recognised	(0.2)	-
Recognition of previously unrecognised deferred tax	(3.8)	-
Adjustments in respect of prior years	(0.9)	6.1
Associated undertakings results, reported net of tax	-	(0.3)
Total tax charge	102.1	75.4

Deferred taxes in the United Kingdom were 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. The Finance Bill 2021 which increased the rate of corporation tax to 25% on profits over £250,000 from April 2023 was substantively enacted on 24 May 2021. As a result, deferred taxes in the United Kingdom at 31 December 2021 are measured at 25%. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Taxation recognised in other comprehensive income

	2021			2020		
	Gross	Tax	Net	Gross	Tax	Net
			€m			
Remeasurement of post-employment benefit obligations net of taxes	20.0	(3.4)	16.6	21.3	(3.4)	17.9
Foreign exchange translation differences of subsidiaries	20.4	-	20.4	(20.7)	-	(20.7)
	40.4	(3.4)	37.0	0.6	(3.4)	(2.8)

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 2020	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**
Additions	4.1	34.6	123.9	5.9	168.5
Lease modifications and reassessments	-	-	-	6.9	6.9
Reclassification	42.4	92.7	(135.1)	-	-
Aborted capital expenditure	-	-	(1.2)	-	(1.2)
Disposals	(2.3)	(125.9)	-	(2.6)	(130.8)
Effects of movements in foreign exchange	1.2	30.0	5.9	1.3	38.4
At 31 December 2021	**588.2**	**4,018.3**	**252.5**	**145.0**	**5,004.0**
Accumulated depreciation and impairment					
At 1 January 2020	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**
Depreciation charge for the year	10.0	143.5	-	29.3	182.8
Impairment charge for the year	-	21.6	-	-	21.6
Disposals	(1.6)	(125.7)	-	(2.6)	(129.9)
Effects of movements in foreign exchange	0.2	11.8	-	0.5	12.5
At 31 December 2021	**360.6**	**3,134.0**	**-**	**75.6**	**3,570.2**
Net book value					
At 31 December 2020	190.8	904.1	259.0	85.1	1,439.0
At 31 December 2021	**227.6**	**884.3**	**252.5**	**69.4**	**1,433.8**

Impairment charge for the year

In December 2017, the Group closed its mercury cellroom at Martorell, Spain pursuant to EU legislation mandating the closure of mercury-based chlor-alkali cellrooms. In the preceding years the Group investigated the economic viability of a cellroom conversion project at Martorell utilising membrane technology and had capitalised costs related to preliminary studies and basic engineering works. In 2021, the project was aborted resulting in an impairment charge of €9.1 million. In addition, in 2021, an impairment charge of €12.5 million was recognised in respect of plant and equipment for the sulphur chemicals plant at Runcorn, United Kingdom following the Group's decision to close the business in March 2021.

Property, plant and equipment under construction

In the year ended 31 December 2021, the Group acquired €123.9 million of property, plant and equipment under construction. The most significant expenditures consisted of a 78 kilo tonne SPVC capacity expansion project at Jemeppe, Belgium, a brine borehole drilling program at Northwich, UK, initial spend on a new mechanical vapor recompression salt plant at Tavaux, France, turnarounds at Tavaux, Jemeppe, Belgium and Runcorn, UK and a new office complex at Runcorn.

11 PROPERTY, PLANT AND EQUIPMENT (continued)

The main capital expenditures in the prior year related to the expansion of electrolysis/VCM capacity at Rafnes, Norway, the expansion of SPVC capacity at Jemeppe, a new office complex at Runcorn and a brine borehole drilling program at Northwich. Capacity improvements to the Group's specialty PVC plant at Porsgrunn, Norway were also completed.

No borrowing costs were capitalised during the year (2020: €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.

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

Right-of-use assets

	Land and buildings	Plant and equipment, fixtures and fittings	Total
		€m	
Cost			
At 1 January 2020	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)
Effect of movement in foreign exchange	(0.2)	(0.7)	(0.9)
At 31 December 2020	**10.0**	**123.5**	**133.5**
Additions	-	5.9	5.9
Lease modifications and remeasurements	0.1	6.8	6.9
Disposals	(0.1)	(2.5)	(2.6)
Effects of movement in foreign exchange	0.3	1.0	1.3
At 31 December 2021	**10.3**	**134.7**	**145.0**
Accumulated depreciation and impairment			
At 1 January 2020	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**
Depreciation charge for the year	0.6	28.7	29.3
Disposals	(0.1)	(2.5)	(2.6)
Effects of movement in foreign exchange	-	0.5	0.5
At 31 December 2021	**2.0**	**73.6**	**75.6**
Net book value			
At 31 December 2020	8.5	76.6	85.1
At 31 December 2021	**8.3**	**61.1**	**69.4**

See note 18 for lease obligations related to right-of-use assets.

12 INTANGIBLE ASSETS

	Development costs	Intellectual property rights	Regulatory licences	Software	Environmental certificates	Other	Total
				€m			
Cost							
At 1 January 2020	5.1	4.2	5.1	9.8	-	2.7	26.9
Additions	1.7	-	-	1.3	41.0	0.6	44.6
Disposals	-	-	-	-	(11.5)	-	(11.5)
At 31 December 2020	**6.8**	**4.2**	**5.1**	**11.1**	**29.5**	**3.3**	**60.0**
Additions	1.0	-	-	0.2	0.3	-	1.5
Disposals	-	-	-	-	(25.2)	-	(25.2)
At 31 December 2021	**7.8**	**4.2**	**5.1**	**11.3**	**4.6**	**3.3**	**36.3**
Accumulated amortisation and impairment							
At 1 January 2020	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**
Amortisation for the year	1.2	0.4	0.1	0.2	-	-	1.9
At 31 December 2021	**5.6**	**1.5**	**4.9**	**9.8**	-	-	**21.8**
Net book value							
At 31 December 2020	2.4	3.1	0.3	1.5	29.5	3.3	40.1
At 31 December 2021	**2.2**	**2.7**	**0.2**	**1.5**	**4.6**	**3.3**	**14.5**

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

Other intangible assets mainly relate to costs incurred with obtaining access to pipelines owned by third parties.

Amortisation

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

13 INVESTMENTS

13(a) Investments in subsidiary undertakings

As at 31 December 2021, the Group has the following investments in subsidiaries:

Company	Country of incorporation	Principal activity	Class of shares held	Ownership 2021	Ownership 2020	Registered office reference
INOVYN Holdings Limited* # (1)	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 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	UK	Manufacture of salt and sulphur chemicals	Ordinary	100%	100%	(A)
Keuper Gas Storage Limited	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(1)	UK	Non-trading	Ordinary	100%	100%	(A)
INEOS Chlor Trustees Limited	UK	Pension trustee	Ordinary	100%	100%	(A)
INEOS Vinyls UK Ltd(1)	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)
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	Manufacturer of chemicals and PVC	Ordinary	100%	100%	(E)
INOVYN España S.L.	Spain	Manufacture of chemicals and PVC	Ordinary	100%	100%	(G)

13 INVESTMENTS (continued)

13(a) Investments in subsidiary undertakings (continued)

Company	Country of incorporation	Principal activity	Class of shares held	Ownership 2021	Ownership 2020	Registered office reference
INOVYN Osterreich GmbH	Austria	Sales office	Ordinary	100%	100%	(H)
INOVYN Belgium SA*	Belgium	Manufacture of chemicals	Ordinary	100%	100%	(I)
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(1)	Italy	PVC Recycling	Ordinary	100%	100%	(L)
TTE Training Limited	UK	Training company	Limited by Guarantee	100%	100%	(O)
TTE Apprenticeship Training Agency Limited	UK	Apprenticeship company	Limited by Guarantee	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 before their redemption on 29 January 2021. Subsequent to this date, the entities became guarantors of debt issued by companies of the wider Quattro group including INEOS Quattro Finance 1 plc, INEOS Quattro Finance 2 plc, INEOS Quattro Holdings UK Limited and INEOS US Petrochem LLC.

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

(1) In the process of being liquidated.

13 INVESTMENTS (continued)

13(b) Investments in equity-accounted investees, joint operations and other investments

Details of the Group's investments in associated undertakings, joint operations and other investments:

Investment	Country of registration or incorporation	Principal activity	Class/ percentage of shares held	Registered office reference
Associated undertakings:				
INEOS Runcorn (TPS) Holdings Limited	UK	Thermal Power Station operator	Ordinary/ 60%(1)	(A)
Joint operations:				
Runcorn MCP Limited	UK	Cell room operator	Ordinary/ 50%(2)	(A)
GIE Cancel-Bresse	France	Brine solution mining services	Ordinary/ 50%(3)	(V)
Other investments:				
IndustriEl AS	Norway	Energy consultancy	Ordinary/ 12.5%	(P)
Sociedad Española de Materiales Plasticos 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 Runcorn 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 Runcorn 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.

	Associated undertakings	Other investments	Total
		€m	
At 1 January 2020	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**
Share of retained earnings	(0.5)	-	(0.5)
Additions	-	0.7	0.7
Impairments	-	(1.0)	(1.0)
Exchange	(0.1)	-	(0.1)
At 31 December 2021	**14.3**	**4.6**	**18.9**

13 INVESTMENTS (continued)

13(b) Investments in equity-accounted investees, joint operations and other investments (continued)

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 2020 and 2021. Runcorn TPS is the owner and operator of a waste to energy plant in the United Kingdom.

Summarised balance sheet

	2021	2020
	Runcorn TPS	
	€m	
Current assets	6.2	9.0
Non-current assets	28.2	27.9
Current liabilities	(1.7)	(1.9)
Non-current liabilities	(18.4)	(20.1)
Net assets	**14.3**	**14.9**

Summarised income statement

	2021	2020
	Runcorn TPS	
	€m	
Revenue	10.8	9.4
Expenses	(11.3)	(7.9)
Profit for the year	(0.5)	1.5

Other investments primarily consist of the Group's 7.3% shareholding in Energy For Growth Societa' Consortile A Responsabilita' Limitata and 14.3% shareholding in Power to Methanol Antwerp B.V.

Energy For Growth Societa' Consortile A Responsabilita' Limitata is a consortium of Italian chemical companies which contributes to the funding of new interconnector construction projects between Italy and neighbouring countries, whilst Power to Methanol Antwerp B.V. is a consortium of seven partners who are investigating the feasibility of producing methanol from a combination of captured carbon dioxide and sustainably generated hydrogen using a demonstration-scale production facility at Antwerp, Belgium. The Group made further capital injections totalling €0.7 million to these two projects in 2021. An impairment charge of €1.0 million was made in respect of the Group's investment in Energy For Growth Societa' Consortile A Responsabilita' Limitata.

13 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, 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)	Rue Solvay 39, 5190 Jemeppe-sur-Sambre, 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
(S)	Mainzer Landstraße 55, 60329 Frankfurt am Main, Germany
(T)	Xantener Str. 237, 47495 Rheinberg, Germany
(U)	Paniglgasse 24/I/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:

	2021	2020	2021	2020
	Assets		Liabilities	
		€m		
Property, plant and equipment	40.6	40.8	(66.1)	(65.9)
Inventories	-	(0.6)	-	0.3
Provisions	8.6	2.5	(1.1)	(2.5)
Tax value of loss carry-forwards	82.1	52.3	-	-
Employee benefits	24.0	39.2	(5.8)	(4.9)
Untaxed reserves	-	-	(9.4)	(9.6)
Other	5.7	3.2	(0.6)	(0.8)
Net tax assets/(liabilities)	**161.0**	**137.4**	**(83.0)**	**(83.4)**

14 DEFERRED TAX ASSETS AND LIABILITIES (continued)

Movement in deferred tax during the year

	2021				
	1 January	Recognised in income statement	Recognised in equity – translation exchange	Recognised in equity – actuarial	31 December
			€m		
Property, plant and equipment	(25.1)	1.0	(1.4)	-	(25.5)
Inventories	(0.3)	0.3	-	-	-
Provisions	-	7.5	-	-	7.5
Tax value of loss carry-forwards	52.3	29.8	-	-	82.1
Employee benefits	34.3	(12.7)	-	(3.4)	18.2
Untaxed reserves	(9.6)	-	0.2	-	(9.4)
Other	2.4	2.8	(0.1)	-	5.1
	54.0	**28.7**	**(1.3)**	**(3.4)**	**78.0**

	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**

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 €194.5 million (2020: €203.2 million), the majority of which relate to trading losses.

15 INVENTORIES

	2021	2020
	€m	
Raw materials and consumables	139.4	127.0
Work in progress	60.6	25.3
Finished goods	174.6	97.7
	374.6	**250.0**

Raw materials and consumables of €46.3 million (2020: €48.4 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 €2,942.9 million (2020: €1,963.4 million). The write-down of inventories to net realisable value amounted to €nil (2020: €nil). The reversal of previous write-downs of inventories to net realisable value amounted to €nil (2020: €nil).

16 TRADE AND OTHER RECEIVABLES

	2021	2020
	€m	
Current		
Trade receivables	546.8	350.4
Amounts owed by related parties and associated undertakings	57.2	34.7
Other receivables	178.6	109.1
Prepayments and accrued income	7.3	18.6
	789.9	512.8
Non-current		
Amounts owed by related parties and associated undertakings	30.8	34.5
Other receivables	15.4	2.5
Prepayments and accrued income	1.4	1.5
	47.6	38.5

Credit quality of financial assets and impairment losses

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

	2021			2020		
	Gross	Impairment	ECLR	Gross	Impairment	ECLR
	€m	€m	%	€m	€m	%
Not past due	537.9	-	-	341.9	-	-
Past due 0 – 30 days	8.5	-	-	5.8	-	-
Past due 31 – 90 days	0.1	-	-	1.6	(0.1)	6.3%
Past due more than 90 days	7.4	(7.1)	95.9%	8.5	(7.3)	85.9%
	553.9	(7.1)	1.3%	357.8	(7.4)	2.1%

There were no allowances made against amounts owed by related parties and other receivables during the year (2020: €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 25(c)). At 31 December 2020 and 2021 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 (2020: nil).

During 2020 and 2021 there were no significant trade balances that were subject to material renegotiation of terms.

Trade receivable balances totalling €243.2 million (2020: €169.3 million) have been pledged as security against amounts drawn under the Securitisation Facility, totalling €nil (2020: €nil). In accordance with IFRS 9 *"Financial Instruments"* the trade receivable balances pledged as security do not qualify for derecognition and are included within the trade receivable balances above.

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

	2021	2020
	€m	
Balance at 1 January	(7.4)	(8.0)
Reversal of impairment/(impairment loss recognised)	0.4	(1.2)
Utilised	-	1.7
Effects of movement in foreign exchange	(0.1)	0.1
Balance 31 December	(7.1)	(7.4)

16 TRADE AND OTHER RECEIVABLES (continued)

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.

Credit risk of trade receivables

	2021	2020
	€m	
Low	546.5	349.0
Medium	2.9	1.8
High	4.5	7.0
Impairment allowance	(7.1)	(7.4)
	546.8	350.4

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

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

There were no allowances made against amounts due from other receivables during the year (2020: €nil).

There were no allowances made against amounts due from related parties during the year (2020: €nil).

17 INTEREST-BEARING LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk see note 25(e).

	2021	2020
	€m	
Non-current liabilities		
Senior Secured Term Loan B	-	1,064.3
Loan from parent undertaking	1,064.3	-
Loan from related party	39.8	38.0
Securitisation facility	-	-
Other loans	0.2	0.3
Gross borrowings	**1,104.3**	**1,102.6**
Less: unamortised finance costs	(0.3)	(5.7)
Net borrowings	**1,104.0**	**1,096.9**

17 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Gross debt and issue costs	**2021**		
	Gross loans and borrowings	**Issue costs**	**Net loans and borrowings**
		€m	
Loan from parent undertaking	1,064.3	-	1,064.3
Loan from related party	39.8	-	39.8
Securitisation facility	-	(0.3)	(0.3)
Other loans	0.2	-	0.2
	1,104.3	**(0.3)**	**1,104.0**

Gross debt and issue costs	**2020**		
	Gross loans and borrowings	**Issue costs**	**Net loans and borrowings**
		€m	
Senior Secured Term Loan B	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**

Terms and debt repayment schedule as at 31 December 2021	**Currency**	**Nominal interest rate**	**Year of maturity**
Loan from parent undertaking	€	2.7%	No fixed repayment date
Loan from related parties	€	4.5%	No fixed repayment date
Securitisation facility	\$/€/£	Variable	2024

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 (formerly INOVYN Finance plc) 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 were guaranteed by INOVYN Limited and certain of its subsidiaries on a senior secured basis. The Credit Agreement contained a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

17 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Senior Secured Term Loans (continued)

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%.

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% and the maturity date was 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 was 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 INOVYN Limited's shareholder, INEOS Quattro Financing Limited. The loan from INEOS Quattro Financing Limited bears interest at 2.70% per annum and has no fixed repayment date.

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. On 28 June 2021, the Group renegotiated its Securitisation Programme in advance of the maturity date of 30 June 2021. 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.

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 2021, €9.9 million (2020: €7.2 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 2021, these amounted to €28.3 million (2020: €29.0 million).

18 LEASE OBLIGATIONS

Analysed as:	2021	2020
	€m	
Current lease liabilities	27.5	27.4
Non-current lease liabilities	45.9	60.8
	73.4	**88.2**

Maturity analysis – contractual undiscounted cash flows:	2021	2020
	€m	
Less than one year	29.4	29.6
Between one and five years	31.7	45.2
More than five years	24.9	27.7
Total undiscounted lease liabilities at 31 December	**86.0**	**102.5**

Amounts recognised in the statement of cash flows:	2021	2020
	€m	
Lease capital payments	28.9	24.9
Lease interest payments	2.7	2.6
Short-term leases	3.8	7.7
Leases of low value assets	0.2	0.3
Total cash outflow for leases	**35.6**	**35.5**

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.

19 TRADE AND OTHER PAYABLES

	2021	2020
	€m	
Current		
Trade payables and accruals	723.3	384.3
Amounts owed to parent undertaking	9.7	-
Amounts owed to related parties and associated undertakings	184.2	70.0
Deferred income	7.4	6.8
Other payables and accruals	251.0	213.0
	1,175.6	**674.1**
Non-current		
Deferred income	112.2	100.6
Other payables and accruals	11.5	10.7
	123.7	**111.3**

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 25.

20 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 2021
All Plans	Belgium	31 December 2021
All Plans	France	31 December 2021
All Plans	Germany	31 December 2021
All Plans	Italy	31 December 2020
All Plans	Spain	31 December 2021
All Plans	Austria	31 December 2021

Where the most recent full valuations were carried out prior to the balance sheet date, these have been updated to 31 December 2021 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 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	
	2021	2020	2021	2020
		%		
Price inflation	3.20	2.80	1.50 – 2.00	1.50 – 1.75
Discount rate for scheme liabilities	1.90	1.60	0.50 – 2.25	-0.50 – 2.00
Rate of increase in pensionable salaries	n/a	n/a	0.25 – 4.25	1.75 -4.25
Rate of increase in pensions in payment	2.20 – 3.70	2.00 – 3.60	-2.90 – 2.00	-3.68 – 1.75
Rate of increase for deferred pensioners	2.90 – 3.20	2.4 -2.8	0.00 – 2.00	0.00 – 1.75
Healthcare medical trend rate (initial)	5.40	5.36	2.00	1.75
Healthcare medical trend rate (ultimate)	5.40	4.8	2.00	1.75

20 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	
	2021	2020	2021	2020
	(Years)			
Longevity at age 65 for current pensioners	21.8 – 22.2	20.5 – 22.2	20.4 – 24.9	20.3 – 23.5

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

	2021	
	UK	Other European
	€m	
Discount rate: 1% decrease	325.5	36.5
Rate of inflation: 0.5% increase[1]	110.8	10.4
Mortality: 1 year increase in longevity for a member currently aged 65	57.3	7.0

	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

[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.

Pension assets

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

The amounts recognised in the balance sheet are as follows:

	2021	2020
	UK	
	€m	
Equities	89.5	43.0
Bonds	961.8	349.4
Property	14.0	3.2
Other	317.6	102.4
Fair value of plan assets	**1,382.9**	**498.0**
Present value of funded obligations	(1,326.0)	(465.0)
Net pension asset	**56.9**	**33.0**

20 EMPLOYEE BENEFITS (continued)

Pension assets (continued)

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:

	2021	2020
	UK	
	€m	
Current service cost[1]	(0.9)	(0.5)
Expected return on plan assets[2]	8.2	4.5
Interest cost on obligation[2]	(7.6)	(3.9)
Total	**(0.3)**	**0.1**

[1] Included within operating profit
[2] Included within finance costs

Reconciliation of present value of scheme liabilities:

	2021	2020
	UK	
	€m	
At 1 January	(465.0)	(199.2)
Current service cost	(0.9)	(0.5)
Interest cost	(7.6)	(3.9)
Reclassification from pension liabilities	(862.8)	(267.7)
Benefits paid	26.4	12.5
Actuarial loss - experience	(0.7)	-
Actuarial loss - assumptions	(5.4)	(17.3)
Exchange adjustments	(10.0)	11.1
At 31 December	**(1,326.0)**	**(465.0)**

Reconciliation of fair value of scheme assets:

	2021	2020
	UK	
	€m	
At 1 January	498.0	225.7
Expected return on scheme assets	8.2	4.5
Employer contributions	8.7	0.8
Reclassification from pension liabilities	875.0	275.1
Benefits paid	(26.4)	(12.5)
Actuarial gain	6.9	16.9
Exchange adjustments	12.5	(12.5)
At 31 December	**1,382.9**	**498.0**

20 EMPLOYEE BENEFITS (continued)

Pension liabilities

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

The amounts recognised in the balance sheet are as follows:

	2021	2020	2021	2020	2021	2020
	UK		Other European		Total	
			€m			
Equities	-	158.5	48.9	47.9	48.9	206.4
Bonds	1.2	477.9	34.8	30.8	36.0	508.7
Property	-	9.0	7.5	6.2	7.5	15.2
Other	0.7	126.3	29.7	27.9	30.4	154.2
Fair value of plan assets	**1.9**	**771.7**	**120.9**	**112.8**	**122.8**	**884.5**
Present value of funded obligations	(2.4)	(799.0)	(185.4)	(187.1)	(187.8)	(986.1)
Present value of unfunded obligations	(0.5)	(0.5)	(112.5)	(118.4)	(113.0)	(118.9)
Net pension liability	**(1.0)**	**(27.8)**	**(177.0)**	**(192.7)**	**(178.0)**	**(220.5)**

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 2021, the Group held €nil (2020: €24.3 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:

	2021	2020	2021	2020	2021	2020
	UK		Other European		Total	
			€m			
Current service cost[(1)]	(1.7)	(2.5)	(9.5)	(9.4)	(11.2)	(11.9)
Expected return on plan assets[(2)]	12.7	19.7	0.9	1.2	13.6	20.9
Interest cost on obligation[(2)]	(12.9)	(21.2)	(2.3)	(3.2)	(15.2)	(24.4)
Total	**(1.9)**	**(4.0)**	**(10.9)**	**(11.4)**	**(12.8)**	**(15.4)**

[(1)] Included within operating profit
[(2)] Included within finance costs.

Reconciliation of present value of scheme liabilities:

	2021	2020	2021	2020	2021	2020
	UK		Other European		Total	
			€m			
At 1 January	(799.5)	(1,071.6)	(305.5)	(299.0)	(1,105.0)	(1,370.6)
Current service cost	(1.7)	(2.5)	(9.5)	(9.4)	(11.2)	(11.9)
Interest cost	(12.9)	(21.2)	(2.3)	(3.2)	(15.2)	(24.4)
Reclassification to pension assets	862.8	267.7	-	-	862.8	267.7
Benefits paid	51.5	74.4	14.0	17.4	65.5	91.8
Actuarial gain/(loss) - experience	1.2	0.1	(5.2)	(2.0)	(4.0)	(1.9)
Actuarial gain/(loss) - assumptions	(17.0)	(105.5)	9.3	(12.0)	(7.7)	(117.5)
Exchange adjustments	(87.3)	59.1	1.3	2.7	(86.0)	61.8
At 31 December	**(2.9)**	**(799.5)**	**(297.9)**	**(305.5)**	**(300.8)**	**(1,105.0)**

20 EMPLOYEE BENEFITS (continued)

Pension liabilities (continued)

Reconciliation of fair value of scheme assets:

	2021	2020	2021	2020	2021	2020
	UK		Other European		Total	
			€m			
At 1 January	771.7	989.6	112.8	107.5	884.5	1,097.1
Expected return on scheme assets	12.7	19.7	0.9	1.2	13.6	20.9
Employer contributions	32.7	34.1	16.7	15.5	49.4	49.6
Reclassification to pension assets	(875.0)	(275.1)	-	-	(875.0)	(275.1)
Benefits paid	(51.5)	(74.4)	(14.0)	(17.4)	(65.5)	(91.8)
Actuarial gain	25.0	133.3	5.9	7.8	30.9	141.1
Exchange adjustments	86.3	(55.5)	(1.4)	(1.8)	84.9	(57.3)
At 31 December	**1.9**	**771.7**	**120.9**	**112.8**	**122.8**	**884.5**

Depending on prevailing exchange rates, the Group expects to contribute approximately €46.1 million to its defined pension plans in 2022.

21 PROVISIONS

	Severance and restructuring	Environmental	Plant closures	Other provisions	Total
		€m			
At 1 January 2021	1.7	79.2	11.9	2.8	95.6
Charged to the consolidated income statement - non-exceptional items	0.1	-	-	0.8	0.9
Charged/(credited) to the consolidated income statement - exceptional items	-	127.7	16.9	(0.8)	143.8
Discount unwinding	-	(0.2)	-	-	(0.2)
Utilised in the year	(0.8)	(20.7)	(5.6)	(0.2)	(27.3)
Reclassifications	0.3	10.1	(10.4)	-	-
Effects of movement in foreign exchange.	-	1.0	-	0.1	1.1
At 31 December 2021	**1.3**	**197.1**	**12.8**	**2.7**	**213.9**
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**
Non-current	0.2	157.0	6.2	-	163.4
Current	1.1	40.1	6.6	2.7	50.5
At 31 December 2021	**1.3**	**197.1**	**12.8**	**2.7**	**213.9**

Severance and restructuring

Provisions of €0.1 million for severance payments were recognised in the year ended 31 December 2021 and cash of €0.8 million was spent in the year. The remaining provision of €1.3 million is expected to be fully utilised by 2025.

21 PROVISIONS (continued)

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 obligations associated with the remediation 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.

In order to comply with the obligations of the EU Waster Water Directive, the Group recognised a €10.4 million provision at Tavaux, France in 2020 to cover costs associated with the construction of a sealed cell for a sedimentation basin and a pilot plant for the treatment of contaminated ground water. Having successfully demonstrated the feasibility and operational aspects of the project using the pilot plant and sealed cell technology during 2021, the scope of the project was subsequently increased to include an industrial scale waste water treatment plant and the sealing of further sedimentation basins resulting in the recognition of further exceptional provisions of €21.8 million in 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 the decommissioning of the facility. Following a full review and assessment of scope and the availability of reliable cost estimates an exceptional provision of €25.8 million was recognised in 2021 to cover the demolition of the cellroom, including the safe disposal of elemental mercury.

During 2021, the Group provided €22.6 million for the demolition of the redundant Weston Point Power Station at Runcorn, United Kingdom after management approved plans for the removal of asbestos from the structure.

In March 2021 the Group announced the closure of its Sulphur Chemicals business based at Runcorn and its withdrawal from the UK sulphur chemicals market. A provision of €9.1 million was recognised for the dismantling of the plant.

Remediation activities are continuing at Wilhelmshaven, Germany following the closure of the mercury cell room in 2013. Further provisions of €25.0 million were made in 2021 after management approved plans for the dismantling of the cellroom after atmospheric and groundwater mercury levels exceeded permissible limits.

In addition to the above, further miscellaneous environmental-related provisions were made in the year ended 31 December 2021 totalling €23.4 million at the sites at Zandvliet, Belgium; Lillo, Belgium; Martorell, Spain; Tavazzano, Italy; Ferrara, Italy; and Tavaux, France.

In total €20.7 million was spent on environmental-related provisions in the year and the remaining provisions of €197.1 million is expected to be utilised by 2047.

Plant closures

Provisions of €11.9 million were made for decommissioning and the cost of exiting certain commercial agreements relating to the Group's closure of its Sulphur Chemicals business based at Runcorn, United Kingdom. As at 31 December 2021, €4.8 million had already been spent on this provision and the remaining provision of €7.1 million is expected to be utilised by 2024.

Other plant closure provisions mainly relate to activities at Wilhelmshaven, Germany following the closure of the mercury cell room in 2013. Further provisions of €5.0 million were made in 2021 to cover the extended operation of the waste water treatment plant until the completion of the cellroom demolition. The remaining provision of €5.7 million is expected to be fully utilised by 2029.

Other provisions

Other provisions relate to various miscellaneous legal claims and commercial disputes, of which €0.2 million was spent in the year, with the remaining €2.7 million expected to be fully utilised by 2022.

22 OTHER FINANCIAL LIABILITIES

	2021	2020
	€m	
Current		
Derivative commodity contracts designated as fair value through the profit or loss (note 25)	52.8	11.5

23 SHARE CAPITAL AND DIVIDENDS

Share capital

	As at 31 December 2021	As at 31 December 2020
	€	
10,001,001 (2020: 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.

Dividends

The following dividends were recognised during the year:

	2021	2020
	€m	
Dividends declared	515.4	372.1

An interim dividend of €515.4 million was declared during the year (2020: €372.1 million declared). Of the €515.4 million declared in 2021, €489.1 million was settled in cash to the 94.9% shareholder, INEOS Quattro Financing Limited in November 2021, whilst the €26.3 million payable to the minority 5.1% shareholder, INEOS Intermediate ChlorVinyls Limited is expected to be settled in the second half of 2022. The 2020 dividend 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 €51.5 per A Ordinary share (2020: €37.2 per A ordinary share).

24 MERGER RESERVE

On 1 July 2015, INEOS Group Investments Limited and a subsidiary of Solvay SA combined their European chlor-vinyls activities in a joint venture headed by INOVYN Limited. INOVYN Limited acquired INOVYN Finance Limited (formerly INOVYN 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. Solvay exited the joint venture and received €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. The transaction was accounted for at book value since the acquisition involved two parties under common control.

25 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.

25 FINANCIAL INSTRUMENTS (continued)

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.

25(a) Fair values of financial instruments

Trade and other receivables

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

Trade and other payables

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

Cash and cash equivalents

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

Interest-bearing borrowings

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. The fair value of the related party and parent undertaking loans is the same as the carrying value.

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.

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:

	2021		2020	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
		€m		
Financial assets held at amortised cost:				
Trade receivables	546.8	546.8	350.4	350.4
Amounts due from related parties and associates	88.0	88.0	69.2	69.2
Other receivables (excluding prepayments and tax)	194.0	194.0	111.6	111.6
Other investments	4.6	4.6	4.9	4.9
Cash and cash equivalents	267.8	267.8	118.3	118.3
Total financial assets	**1,101.2**	**1,101.2**	**654.4**	**654.4**

25 FINANCIAL INSTRUMENTS (continued)

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

	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	€m			
Financial liabilities held for trading at fair value through profit or loss:				
Derivative commodity contracts	52.8	52.8	11.5	11.5
Financial liabilities carried at amortised cost:				
Senior Secured Term Loan B	-	-	1,058.7	1,059.0
Securitisation facility	(0.3)	-	(0.1)	-
Loan from parent undertaking	1,064.3	1,064.3	-	-
Loan from related party	39.8	39.8	38.0	38.0
Other loans	0.2	0.2	0.3	0.3
Trade payables and accruals	723.3	723.3	384.3	384.3
Amounts due to parent undertaking	9.7	9.7	-	-
Amounts due to related parties and associated undertakings	184.2	184.2	70.0	70.0
Other payables and accruals	262.5	262.5	223.7	223.7
Lease liabilities	73.4	73.4	88.2	88.2
Total financial liabilities	**2,409.9**	**2,410.2**	**1,874.6**	**1,875.0**

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:

	2021			
		Level		
	Fair value	1	2	3
	€m			
Net financial assets and liabilities designated as fair value through profit or loss				
Derivative commodity contracts	(52.8)	-	(52.8)	-
	(52.8)	-	**(52.8)**	-

	2020			
		Level		
	Fair value	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)**	-

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 2020 and 2021.

25 FINANCIAL INSTRUMENTS (continued)

25(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.

	2021		
	Financial assets at amortised cost	**Fair value recognised in profit or loss**	**Financial liabilities at amortised cost**
		€m	
Gains from financial instruments			
Interest income	2.2	-	-
Foreign exchange gains	20.4	-	-
Net result	**22.6**	**-**	**-**
Carrying value at 31 December	**1,101.2**	**-**	**-**
Losses from financial instruments			
Interest cost	-	-	(35.5)
Amortisation of debt issue costs	-	-	(5.7)
Net fair value losses on derivatives	-	(41.9)	-
Foreign exchange losses	-	-	(13.0)
Net result	**-**	**(41.9)**	**(54.2)**
Carrying value at 31 December	**-**	**(52.8)**	**(2,357.1)**

	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)**

25 FINANCIAL INSTRUMENTS (continued)

25(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. No single customer accounts for more than 5% of revenue.

Investments, cash and cash equivalent

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

Guarantees

Certain bank guarantees to support energy purchasing and operating licenses from regulatory bodies are provided via a combination of cash-backed bank guarantee facilities with Barclays Bank plc and ING Bank N.V and non-cash backed guarantees with other banks and financial institutions. As at 31 December 2021, the amounted provided under cash-backed and non-cash backed guarantees was €9.9 million (2020: €7.2 million) and €28.3 million (2020: €29.0 million) respectively.

The Group has provided parental guarantees in favour of the trustees of certain closed defined benefit pension schemes in the UK in order to provide additional security. Besides this, the Group's general policy is to provide financial guarantees only to wholly-owned subsidiaries.

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.

25(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 17).

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.

25 FINANCIAL INSTRUMENTS (continued)

25(d) Liquidity risk

The maturity profile of the Group's undrawn committed facilities at 31 December 2021 and 2020 was as follows:

	2021 Undrawn facilities	2020 Undrawn facilities
	€m	
In less than one year	-	240.0
In more than one year, but not more than two years	-	-
In more than two years, but not more than five years	240.0	-
	240.0	**240.0**

The undrawn committed facilities are in respect of the unused securitisation facility of €240.0 million (2020: €240.0 million). The securitisation facility was renegotiated during the year with the maximum available remaining unchanged at €240.0 million. The maturity date is now 30 June 2024.

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

	2021					
	Carrying amount	Contractual cash flows	1 year or less	1 to 2 years	2 to 5 years	5 years and over
			€m			
Non-derivative financial liabilities						
Securitisation facility	(0.3)	(3.0)	(1.2)	(1.2)	(0.6)	-
Loan from parent undertaking	1,064.3	(1,207.9)	(28.7)	(28.7)	(86.2)	(1,064.3)
Loan from related party	39.8	(49.6)	-	-	-	(49.6)
Other loans	0.2	(0.2)	-	(0.1)	(0.1)	-
Trade payables and accruals	723.3	(723.3)	(723.3)	-	-	-
Amounts due to parent undertaking	9.7	(9.7)	(9.7)	-	-	-
Amounts due to related parties and associated undertakings	184.2	(184.2)	(184.2)	-	-	-
Other payables and accruals	262.5	(262.5)	(251.0)	(9.0)	(2.0)	(0.5)
Lease obligations	73.4	(86.0)	(29.4)	(13.6)	(18.1)	(24.9)
Derivative financial liabilities						
Commodity contracts	52.8	(52.8)	(52.8)	-	-	-
	2,409.9	**(2,579.2)**	**(1,280.3)**	**(52.6)**	**(107.0)**	**(1,139.3)**

25 FINANCIAL INSTRUMENTS (continued)

25(d) Liquidity risk (continued)

Financial risk management (continued)

	2020					
	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	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 and accruals.........	384.3	(384.3)	(384.3)	-	-	-
Amounts due to related parties.....	70.0	(70.0)	(70.0)	-	-	-
Other payables and accruals.........	223.7	(223.7)	(213.0)	(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)	-	-	-
	1,874.6	(2,071.6)	(736.0)	(59.1)	(104.6)	(1,171.9)

25(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 borrowings. Moreover, most of the Group's key feedstocks and other raw material costs are denominated in Euros.

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

The 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.

	2021	2020
	€m	
Euros	83.2	(15.3)
Pounds Sterling	16.7	10.7
Norwegian Krone	20.3	4.6
US Dollars	19.0	40.9
Others	2.6	0.4
	141.8	41.3

25 FINANCIAL INSTRUMENTS (continued)

25(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 2020 and 31 December 2021 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.

	2021	2020	2021	2020
	Equity		Profit or loss	
	€m			
Euros	-	-	(7.6)	1.4
Pounds Sterling	-	-	(1.5)	(0.9)
Norwegian Krone	-	-	(1.8)	(3.7)
US Dollars	-	-	(1.7)	(0.4)
Other	-	-	(0.5)	-

A 10% per cent strengthening of the above currencies against the Euro at 31 December 2020 and 31 December 2021 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:

	2021	2020
	€m	
Fixed rate instruments		
Financial liabilities	(1,177.5)	(126.2)
	(1,177.5)	**(126.2)**
Variable rate instruments		
Financial assets	267.8	118.3
Financial liabilities	(0.1)	(1,058.9)
	267.7	**(940.6)**

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 2021 and 2020.

25 FINANCIAL INSTRUMENTS (continued)

25(e) Market risk (continued)

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

Profit or (loss)	**2021**	**2020**
	€m	
Increase in interest rates by 1%	(8.4)	(9.8)

A 1% change in the opposite direction of the above interest rates at 31 December 2020 and 31 December 2021 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 22.

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

25(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 €993.1 million (2020: €1,165.4 million) as shareholders' equity of €156.6 million (2020: equity of €181.1 million) and net debt (total loans and borrowings less cash and cash equivalents) of €836.5 million (2020: €984.3 million).

The principal sources of debt available to the Group at 31 December 2021 include the long-term loan from INEOS Quattro Financing Limited and the Securitisation Facility and are described in note 17 along with the key operating and financial covenants that apply to these facilities.

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

26 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2021	2020
	€m	
Increase in cash and cash equivalents in the year	144.1	56.7
Cash outflow from change in debt financing	(1.7)	(195.0)
Change in net debt resulting from cash flow	142.4	(138.3)
Other net non-cash transactions	5.4	(4.2)
Movement in net debt in the year	**147.8**	**(142.5)**

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

	2021			
	1 January 2021	Cash flow	Foreign exchange and other non-cash changes	31 December 2021
		€m		
Cash at bank and in hand	118.3	144.1	5.4	267.8
Debt due in less than one year	-	(1.8)	1.8	-
Debt due after more than one year	(1,102.6)	0.1	(1.8)	(1,104.3)
	(1,102.6)	(1.7)	-	(1,104.3)
Net debt before issue costs	**(984.3)**	**142.4**	**5.4**	**(836.5)**

Other non-cash gains of €1.8 million for debt due in less than one year is in respect of foreign exchange movements. Other non-cash changes of €1.8 million for debt due after more than one year is in respect of capitalised interest.

	2020			
	1 January 2020	Cash flow	Foreign exchange and 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)**

27 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 2021 by the Group amounted to approximately €78.6 million (2020: €60.5 million).

28 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.

29 RELATED PARTIES

Related parties comprise:

- INEOS Limited (the ultimate parent company of INOVYN Limited) and its subsidiaries not included within the INOVYN Limited group;
- Entities controlled by the shareholders of INEOS 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 and non-trading transactions by the Group with the entities controlled by INEOS Limited are as follows:

	2021		2020	
	Transaction value – income/(expense)	Balance outstanding	Transaction value – income/(expense)	Balance outstanding
		€m		
Sale of products	140.0	-	63.4	-
Purchase of raw materials	(557.5)	-	429.7	-
Cost recoveries	62.8	-	54.4	-
Services received	(65.0)	-	28.7	-
Net interest	(28.4)	-	18.1	-
Trade and other receivables	-	34.6	-	36.0
Trade and other payables	-	(149.1)	-	(69.4)
Interest-bearing loans and borrowings	-	(1,104.1)	-	(38.0)

Included within services above is a management fee paid to INEOS Limited of €25.8 million (2020: €25.6 million). No amounts remained outstanding at the year-end (2020: €nil).

In general, all outstanding balances with INEOS companies are priced based on contractual arrangements and are to be settled in cash within two months of the reporting date, with the exception of the interest-bearing loans and borrowings. None of the balances are secured. The transactions were made on terms equivalent to those that prevail in arm's length transactions. There were no provisions for doubtful debt related to these entities as at 31 December 2021 (2020: €nil).

Interest-bearing loans and borrowings consists of a €1,064.3 million (2020 : €nil) loan from INEOS Quattro Financing Limited bearing interest at 2.70% per annum and a €39.8 million (2020: €38.0 million) loan from INEOS Enterprises Holdings Limited bearing interest at 4.5% per annum. Both loans have no fixed repayment date.

Entities controlled by the shareholders of INEOS Limited

The shareholders of INEOS Limited own a controlling interest in the share capital of INEOS Limited and Screencondor Limited. During the year ended 31 December 2021, the Group made no sales or purchases with these companies (2020: €nil). As at 31 December 2021, amounts owed by Screencondor Limited were €1.2 million (2020: €1.2 million).

29 RELATED PARTIES (continued)

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

Material trading and non-trading transactions with these entities during the period were as follows:

	2021		2020	
	Transaction value – income/(expense)	Balance outstanding	Transaction value – income/(expense)	Balance outstanding
			€m	
Sale of products	0.4	-	-	-
Purchase of raw materials	(159.9)	-	(58.1)	-
Cost recoveries	191.5	-	83.9	-
Services received	-	-	-	-
Net interest	2.0	-	2.4	-
Trade and other receivables	-	37.8	-	13.6
Loans receivable	-	14.4	-	18.4
Trade and other payables	-	(44.8)	-	(0.6)

In general, all outstanding balances with these related parties are priced based on contractual arrangements and are to be settled in cash within two months of the reporting date with the exception of the loans receivable. None of the balances are secured. The transactions were made on terms equivalent to those that prevail in arm's length transactions. There were no provisions for doubtful debt related to these entities as at 31 December 2021 (2020: €nil).

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:

	2021	2020
	€m	
Short-term employee benefits	8.1	9.3
Post-employment benefits	0.4	0.4
	8.5	9.7

30 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

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.

30 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY (continued)

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 Industries Limited. The consolidated financial statements of INEOS Industries Limited are available to the public and may be obtained from the Company Secretary at its registered office: Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom.

31 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.

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.

Post-retirement benefits

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

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

Details of post-retirement benefits are set out in note 20.

Provisions

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

The decommissioning of assets may not be due to occur for many years into the future. Consequently, judgement is required in relation to the estimated cash flows, removal date, environmental legislation, inflation and discount rate used to calculate present value.

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

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

31 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

Provisions (continued)

The nature and amount of provisions as well as the key assumptions are included within the financial statements are detailed in note 21. The discount rate applied to reflect the time value of money in the carrying amount of provisions requires estimation. The discount rate applied is reviewed regularly and adjusted following changes in market rates. If the estimated discount rate, one of the key assumptions in determining the environmental provisions, used in the calculation had been 1% higher than management's estimate, the carrying amount of the environmental provisions would have been €5.4 million lower.

32 SUBSEQUENT EVENTS

The Group does not have operations in Belarus, Russia or Ukraine. During 2021 revenue generated in these countries was not material to the Group. The Group is not currently experiencing any material disruption to its operations and does not foresee any direct impact as a result of the conflict, but will continue to monitor the evolving situation closely. The conflict has led to a significant increase in energy prices; however the Group is currently attempting to manage these increases by passing them onto customers through higher prices. Therefore the Group is not expecting any material indirect impact on its operations or performance as a result of the conflict, but is monitoring this closely.

Section 3 – Company Financial Statements

INOVYN LIMITED
COMPANY PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 €m	2020
Operating result	2	-	-
Income from shares in group undertakings	4	982.5	370.5
Impairment of investment	5	(449.3)	-
Interest payable and similar expenses	6	(7.0)	(0.7)
Profit before taxation		**526.2**	**369.8**
Tax on profit	7	(1.1)	(0.3)
Profit for the financial year		**525.1**	**369.5**

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 BALANCE SHEET AS AT 31 DECEMBER 2021

	Note	2021	2020
		€m	
Fixed assets			
Investments	8	900.0	449.3
Current assets			
Debtors	9	28.1	2.9
Total current assets		**28.1**	**2.9**
Total assets		**928.1**	**452.2**
Non-current liabilities			
Interest- bearing loans and borrowings	10	(460.9)	(21.0)
Current liabilities			
Amounts owed to group undertakings	11	(28.8)	(2.5)
Net assets		**438.4**	**428.7**
Capital and reserves			
Called up share capital	12	-	-
Share premium account		84.5	84.5
Merger reserve		299.2	299.2
Profit and loss account		54.7	45.0
Total shareholder's funds		**438.4**	**428.7**

The financial statements on pages 88 to 98 were approved by the Board of Directors on 4 May 2022 and were signed on its behalf by:

D J Horrocks
Director

INOVYN Limited

G Tuft
Director

Registered number: 08696245

INOVYN LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Called up share capital	Share premium account	Merger reserve	Profit and loss account	Total shareholder's funds
				€m		
Balance at 1 January 2020		-	84.5	299.2	47.6	431.3
Profit and total comprehensive income for the financial year		-	-	-	369.5	369.5
Transactions with owners, recorded directly in equity:						
Dividends	12	-	-	-	(372.1)	(372.1)
Balance at 31 December 2020		**-**	**84.5**	**299.2**	**45.0**	**428.7**
Profit and total comprehensive income for the financial year		-	-	-	525.1	525.1
Transactions with owners, recorded directly in equity:						
Dividends	12	-	-	-	(515.4)	(515.4)
Balance at 31 December 2021		**-**	**84.5**	**299.2**	**54.7**	**438.4**

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.

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 2021 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 which is the Euro. These company financial statements are presented in Euros.

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.

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.

2 OPERATING RESULT

The audit fee for the parent company for the year ended 31 December 2021 was €5,977 (2020: €5,450) 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 2021 (2020: 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 2021 (2020: €nil).

4 INCOME FROM SHARES IN GROUP UNDERTAKINGS

In 2021 the Company received total dividends of €982.5 million (2020: €370.5 million). The dividend consists of €467.2 million (2020: €370.5 million) from INOVYN Holdings Limited and €515.3 million (2020: €nil) from INOVYN Finance Limited (formerly INOVYN Finance plc).

5 IMPAIRMENT OF INVESTMENT

During the year the Company's wholly owned subsidiary INOVYN Holdings Limited made a distribution of its retained earnings and the investment held by the Company was reduced to €nil after an impairment charge of €449.3 million (see note 11).

6 INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	€m	
Total interest expense on financial liabilities measured at amortised cost	7.0	0.7

Interest payable and similar expenses for the year include €7.0 million (2020: €0.7 million) payable to group undertakings.

7 TAX ON PROFIT

Recognised in the profit and loss account

	2021	2020
	€m	
UK Corporation tax:		
Current tax credit	(1.4)	(0.1)
Adjustments in respect of prior years	2.5	0.4
Total current tax charge	**1.1**	**0.3**

Reconciliation of effective tax rate

	2021	2020
	€m	
Total tax charge	1.1	0.3
Profit before taxation	526.2	369.8
Tax using the UK corporation tax rate of 19.0% (2020: 19.0%)	100.0	70.3
Adjustments in respect of prior years	2.5	0.4
Non-deductible expenses	85.3	-
Tax exempt income	(186.7)	(70.4)
Total tax charge included in profit or loss	**1.1**	**0.3**

7 TAX ON PROFIT (continued)

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.

8 INVESTMENTS

	Shares in group undertakings
	€m
Cost and net book value	
At 1 January 2021	449.3
Return of capital via distribution	(449.3)
Additions	900.0
At 31 December 2021	**900.0**

In April 2021, INOVYN Holdings Limited declared a dividend of €467.2 million to the Company. This was settled by the transfer of shares in INOVYN Finance Limited (formerly INOVYN Finance plc) and the assumption of a liability owed to INOVYN Finance Limited of €432.8 million. A €900.0 million investment in INOVYN Finance Limited was recognised as a consequence. During the year the Company's wholly owned subsidiary INOVYN Holdings Limited made a distribution of its retained earnings and the investment held by the Company was reduced by €449.3 million to €nil (see note 5).

The Company has the following investments in subsidiaries:

Company	Country of incorporation	Principal activity	Class of shares held	Ownership 2021	Ownership 2020	Registered office reference
INOVYN Holdings Limited* # (1)	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 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	UK	Manufacture of salt and sulphur chemicals	Ordinary	100%	100%	(A)
Keuper Gas Storage Limited	UK	Gas storage	Ordinary	100%	100%	(A)
INEOS Chlor Atlantik GmbH	Germany	Non-trading	Ordinary	100%	100%	(E)

8 INVESTMENTS (continued)

Company	Country of incorporation	Principal activity	Class of shares held	Ownership 2021	Ownership 2020	Registered office reference
INOVYN Americas Inc	USA	Purchase and resale of chemicals	Ordinary	100%	100%	(F)
INOVYN Sales International Limited[1]	UK	Non-trading	Ordinary	100%	100%	(A)
INEOS Chlor Trustees Limited	UK	Pension trustee	Ordinary	100%	100%	(A)
INEOS Vinyls UK Ltd[1]	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)
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 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[1]	Italy	PVC Recycling	Ordinary	100%	100%	(L)
TTE Training Limited	UK	Training company	Limited by Guarantee	100%	100%	(O)
TTE Apprenticeship Training Agency Limited	UK	Apprenticeship company	Limited by Guarantee	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 before their redemption on 29 January 2021. Subsequent to this date, the entities became guarantors of debt issued by companies of the wider Quattro group including INEOS Quattro Finance 1 plc, INEOS Quattro Finance 2 plc, INEOS Quattro Holdings UK Limited and INEOS US Petrochem LLC.

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

(1) In the process of being liquidated.

8 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, 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)	Rue Solvay 39, 5190 Jemeppe-sur-Sambre, 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

9 DEBTORS

	2021	2020
	€m	
Amounts falling due within one year		
Dividend receivable	26.3	-
Group relief balance owed by group undertakings	1.8	2.9
	28.1	2.9

10 INTEREST-BEARING LOANS AND BORROWINGS

	2021	2020
	€m	
Amounts owed to group undertakings	460.9	21.0

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

	Currency	Nominal interest rate	Year of maturity	Face value 2021	Carrying amount 2021	Face value 2020	Carrying amount 2020
					€m		
Amounts owed to group undertaking	€	2.0%-3.5%	Not fixed	460.9	460.9	21.0	21.0

11 AMOUNTS OWED TO GROUP UNDERTAKINGS

	2021	2020
	€m	
Dividend payable	26.3	-
Amounts owed to group undertakings	2.5	2.5
	28.8	2.5

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 2021	Carrying amount 2021	Face value 2020	Carrying amount 2020
			€m			
Amounts owed to group undertaking	€	nil	2.5	2.5	2.5	2.5

12 CAPITAL AND RESERVES

Share capital

	As at 31 December 2021	As at 31 December 2020
	€	
10,001,001 (2020: 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:

	2021	2020
	€m	
Dividends declared	515.4	372.1

An interim dividend of €515.4 million was declared during the year (2020: €372.1 million declared). Of the €515.4 million declared in 2021, €489.1 million was settled in cash to the 94.9% shareholder, INEOS Quattro Financing Limited in November 2021, whilst the €26.3 million payable to the minority 5.1% shareholder, INEOS Intermediate ChlorVinyls Limited is expected to be settled in the second half of 2022. The 2020 dividend 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 €51.5 per A Ordinary share (2020: €37.2 per A ordinary share).

13 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 Industries Limited. The consolidated financial statements of INEOS Industries Limited are available to the public and may be obtained from the Company Secretary at its registered office: Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom.