

# **INEOS Derivatives France Limited**

Annual report and financial statements

Registered number 06674365

31 December 2021

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## **Strategic report for the year ended 31 December 2021**

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

### **Review of business and future developments**

During the year INEOS Derivatives France Limited ("the Company") was engaged in the procurement of raw materials and sale of petrochemical products manufactured at the petrochemical sites in Italy and France. The Company has tolling contracts with INEOS Manufacturing Italy SpA, INEOS Chemicals Lavera SAS and INEOS Polymers Sarralbe SAS for the manufacture of its products, and distribution agreements with Limited Risk Distributors (LRDs) in the UK and Europe for the sale of product for which it pays a small margin.

The business operates and trades within the EU, purchasing materials and equipment as well as selling finished products into European countries via Limited Risk Distributors in both the UK and Europe. The uncertainties related to BREXIT negotiations were carefully monitored by management and steps were taken to achieve a high level of preparedness, which included increasing stock at key locations in the United Kingdom and in the rest of Europe. Since the beginning of 2021, the deliveries to UK-based customers have continued without interruption and the Company reconfigured its supply chain to minimise delays.

The economic recovery which followed the COVID-19 crisis accelerated throughout 2021. The disruption to the global supply chain meant that competitors from outside Europe had great difficulties to import polymers. Consequently the European market was in great demand for polyolefins. Under these conditions, the Polymers South business generated record sales in the year on the back of strong production levels in France and Italy. The end of the year saw a sharp increase in energy costs and the profitability suffered during the last quarter of 2021.

On 4 January 2022, as part of a strategic reorganisation of the Polymers South business, the Company sold its inventory and some other related working capital balances to INEOS Olefins S.A. (IOSA), a related party. These balances have been classified as a disposal group held for sale and presented separately on the Balance Sheet at 31 December 2021, see Note 2 for further information. On the same date, the entrepreneurial activity of the Company ceased including the tolling and LRD contracts being terminated, this activity has been classified as a discontinued operation in the Profit and Loss Account.

On the same date, the inventory financing facility with J Aron and Company LLC ('J Aron') was also transferred to IOSA.

### **Financing Arrangements**

On 14 April 2021, the Company extended their inventory monetisation agreement with J Aron & Company LLC to 30 June 2022. The facility is for an amount of €67,152,000 secured against inventory. Post year end the facility was transferred to INEOS Olefins S.A, a related party.

### **Results and dividends**

The profit for the financial year before taxation was €78,742,000 (2020: €3,113,000). The directors do not propose the payment of a dividend (2020: *€nil*).

### **Strategy**

The future activity of the Company following the reorganisation will be interest income through providing loans to other INEOS companies and the continuing participation in the profit share agreement with IOSA, as described in Note 4.

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

### Section 172(1) statement

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

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

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

### *Long-term factors (a)*

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

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

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

### *Stakeholder considerations (b-e)*

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

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

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

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

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

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

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

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

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

#### *Principal Decisions*

The principal decision made by the board over the past year was to cease trading of polymers from 4 January 2022 and transfer the inventory and related balances to INEOS Olefins S.A., which is described further on page 1.

### COVID-19

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

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

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

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

### Key performance indicators (KPIs)

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


The main financial KPI for the business is earnings before interest, taxation, depreciation, amortisation and exceptional items ("EBITDA before exceptional items"). EBITDA before exceptional items for the Company for the year ending 31 December 2021 was a profit of €54,973,000 (2020: loss of €17,223,000). The Company also closely monitors fixed costs against budget and prior year.

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

### Principal risks and uncertainties

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

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



G W Leask  
Director

24 June 2022

Registered number 06674365

## Directors' report for the year ended 31 December 2021

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

### Principal activities

Prior to 31 December 2021, the Company was engaged in the procurement of raw materials and sale of petrochemical products manufactured at the petrochemical sites in Italy and France, which are sold through a network of Limited Risk Distributors in the UK and across Europe for which the Company paid a small margin. Following the strategic reorganisation of the business, the Polymer South activity has ceased. From this date, the Company will continue to receive profit share income and interest income from loans.

### Results and dividends

Results and dividends are discussed in the Strategic report.

### Future developments

Future developments are discussed in the Strategic report.

### Post balance sheet event

Post balance sheet events are discussed in the Strategic report.

### Going concern

The directors have considered the Company's projected future cash flows and working capital requirements. As at 31 December 2021, the Company had net assets of €372,146,000 (2020: €308,224,000), which for 2021 includes assets held for sale (see Note 2). The Company held cash of €15,618,000 (2020: €19,351,000) and loans and borrowings of €263,292,000 (2020: €294,289,000), with the 2021 values excluding the inventory financing facility reported within liabilities held for sale (see Note 2). The loss for the year from continuing operations was €2,955,000 (2020: profit of €27,907,000). The directors have received confirmation that the parent, INEOS Chemicals France Holdings Limited, will continue to support the Company for at least the 12 months from signing of these financial statements.

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

### Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company where appropriate. The Company is exposed to commodity price risk as a result of its operations. The Company manages its credit exposures with a set of policies for ongoing credit checks on potential and current customers or counterparties. The Company is funded by its parent company INEOS Chemicals France Holdings Limited and therefore has no direct exposure to liquidity or debt market risk.

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

### **Directors**

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

I T Hogan (resigned 31 December 2021)  
G W Leask  
D Smeeton

### **Streamlined Energy and Carbon Reporting (SECR)**

The Company is required to comply with the Streamlined Energy and Carbon Reporting (SECR) reporting requirements and disclose its annual greenhouse gas emissions in the UK. The Company has chosen to use the de minimis exemption in this regard as the Company contains no UK based operations.

### **Health and safety**

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

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

### **Business relationships**

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

### **Statement of directors' responsibilities in respect of the financial statements**

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

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



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

### Statement of directors' responsibilities in respect of the financial statements (*continued*)

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

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

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

### Directors' confirmations

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

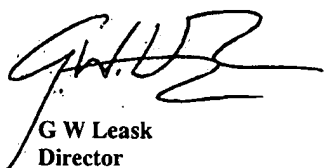
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's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

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

### Independent auditor

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

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



G W Leask  
Director

24 June 2022

Registered number 06674365

## **Independent auditor's report to the members of INEOS Derivatives France Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of INEOS Derivatives France Limited (the 'Company'):

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

We have audited the financial statements which comprise:

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

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

#### **Basis for opinion**

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

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

#### **Conclusions relating to going concern**

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

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

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

## **Independent auditor's report to the members of INEOS Derivatives France Limited (*continued*)**

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

#### **Other information**

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

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

We have nothing to report in this regard.

#### **Responsibilities of directors**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

## **Independent auditor's report to the members of INEOS Derivatives France Limited (*continued*)**

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

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, Money Laundering regulations, Health and Safety at work legislation, Data Protection Act, Tax Legislation and Bribery Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

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

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area, and our specific procedures performed to address it are described below:

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

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, 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.

## **Independent auditor's report to the members of INEOS Derivatives France Limited (*continued*)**

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

#### **Matters on which we are required to report by exception**

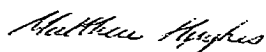
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

#### **Use of our report**

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



**Matthew Hughes BSc (Hons) ACA (Senior Statutory auditor)**  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Leeds, United Kingdom  
24 June 2022

## Profit and Loss Account

for the year ended 31 December 2021

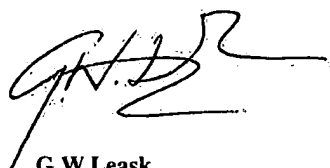
	Note	2021 Continuing operations €000	2021 Discontinued operations €000	2021 Total €000	2020 Continuing operations €000	2020 Discontinued operations €000	2020 Total €000
Turnover	3	-	968,301	968,301	-	648,352	648,352
Cost of sales		-	(839,043)	(839,043)	-	(635,217)	(635,217)
<b>Gross profit</b>		-	129,258	129,258	-	13,135	13,135
Other operating (expense)/income	4	(29,286)	-	(29,286)	11,409	-	11,409
Distribution costs		-	(40,847)	(40,847)	-	(38,762)	(38,762)
Administrative expenses		-	(5,343)	(5,343)	-	(4,238)	(4,238)
<b>Operating (loss)/profit</b>	5	(29,286)	83,068	53,782	11,409	(29,865)	(18,456)
Other interest receivable and similar income	7	25,638	476	26,114	23,044	-	23,044
Interest payable and similar charges	8	-	(1,154)	(1,154)	-	(1,475)	(1,475)
<b>(Loss)/profit before taxation</b>		(3,648)	82,390	78,742	34,453	(31,340)	3,113
<b>Tax on (loss)/profit.</b>	9	693	(15,513)	(14,820)	(6,546)	7,452	906
<b>(Loss)/profit for the financial year</b>		(2,955)	66,877	63,922	27,907	(23,888)	4,019

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

**Balance Sheet**  
*as at 31 December 2021*

	Note	2021 €000	Restated (see Note 1) 2020 €000
<b>Fixed assets</b>			
Tangible assets	10	-	3,534
Investments	11	619,894	509,226
		<u>619,894</u>	<u>512,760</u>
<b>Current assets</b>			
Stocks	12	-	81,325
Debtors	13	74,409	68,459
Deferred tax asset	14	59	4,204
Cash at bank and in hand		15,618	19,351
Assets held for sale	2	142,356	-
		<u>232,442</u>	<u>173,339</u>
Creditors: amounts falling due within one year	15	(427,981)	(377,154)
Liabilities held for sale	2	(50,851)	-
		<u>(246,390)</u>	<u>(203,815)</u>
<b>Net current liabilities</b>		<u>(246,390)</u>	<u>(203,815)</u>
<b>Total assets less current liabilities</b>		<u>373,504</u>	<u>308,945</u>
Creditors : amounts falling due after more than one year	16	(1,358)	(721)
		<u>372,146</u>	<u>308,224</u>
<b>Net assets</b>		<u>372,146</u>	<u>308,224</u>
<b>Capital and reserves</b>			
Called up share capital	19	-	-
Profit and loss account		372,146	308,224
		<u>372,146</u>	<u>308,224</u>
<b>Total equity</b>		<u>372,146</u>	<u>308,224</u>

These financial statements on pages 12 to 36 were approved by the Board of Directors on 24 June 2022 and were signed on its behalf by:



G W Leask  
Director

Registered number 06674365

## Statement of Changes in Equity

*for the year ended 31 December 2021*

	Called up share capital €000	Profit and loss account €000	Total equity €000
Balance at 1 January 2020	-	304,205	304,205
<b>Total comprehensive income for the year, comprising:</b>			
Profit for the financial year	-	4,019	4,019
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	-	4,019	4,019
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2020</b>	-	308,224	308,224
	<hr/>	<hr/>	<hr/>

	Called up share capital €000	Profit and loss account €000	Total Equity €000
Balance at 1 January 2021	-	308,224	308,224
<b>Total comprehensive income for the year, comprising:</b>			
Profit for the financial year	-	63,922	63,922
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	-	63,922	63,922
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2021</b>	-	372,146	372,146
	<hr/>	<hr/>	<hr/>



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

### 1 Accounting policies

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

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

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

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

The Company's parent undertaking, INEOS Chemicals France Holdings Limited includes the Company in its consolidated financial statements. INEOS Chemicals France Holdings Limited is a Company incorporated in the UK. The consolidated financial statements of INEOS Chemicals France Holdings Limited are available to the public and may be obtained from the Company Secretary, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

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

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

As the consolidated financial statements of INEOS Chemicals France Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

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

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 22.

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

### 1 Accounting policies (continued)

#### Restatement of comparative

The prior year financial statements have been restated for the following reclassification adjustments:

- Intercompany loan balances from Debtors to Fixed assets due to the nature of the balances which are used to meet the capital requirements of the borrower and therefore have been presented in Fixed assets in the prior period,
- Related party balances from Debtors to Fixed assets due to the nature of the balances which are used to meet the capital requirements of the borrower and therefore have been presented in Fixed assets in the prior period.

The effect of this assessment is summarised in the table below.

#### Balance sheet extract

	31 December 2020 as previously stated €000	Restatement €000	31 December 2020 restated €000
Investments – loans to group undertakings	-	366,289	366,289
Investments – loans to related parties	-	142,937	142,937
	<hr/>	<hr/>	<hr/>
Fixed assets	3,534	509,226	512,760
Debtors – Amounts owed by group undertakings	369,204	(366,289)	2,915
Debtors – Related party loan	142,937	(142,937)	-
	<hr/>	<hr/>	<hr/>
Net current assets/(liabilities)	305,411	(509,226)	(203,815)

#### 1.1 Measurement convention

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

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

### 1 Accounting policies (continued)

#### 1.2 Going concern

The directors have considered the Company's projected future cash flows and working capital requirements. As at 31 December 2021, the Company had net assets of €372,146,000 (2020: €308,224,000), which for 2021 includes assets held for sale (see Note 2). The Company held cash of €15,618,000 (2020: €19,351,000) and loans and borrowings of €263,292,000 (2020: €294,289,000), with the 2021 values excluding the inventory financing facility reported within liabilities held for sale (see Note 2). The loss for the year from continuing operations was €2,955,000 (2020: profit of €27,907,000). The directors have received confirmation that the parent, INEOS Chemicals France Holdings Limited, will continue to support the Company for at least the 12 months from signing of these financial statements.

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

#### 1.3 Foreign currency

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

#### 1.4 Non-derivative financial instruments

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

##### *Trade and other debtors*

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

##### *Investments in debt and equity securities*

The Company applies IFRS 9, including the impairment requirements, to long-term interests in other group undertakings to which the equity method is not applied and which form part of the net investment. Furthermore, in applying IFRS 9 to long-term interests, the Company does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

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

### 1 Accounting policies (continued)

#### 1.4 Non-derivative financial instruments (continued)

##### Trade and other creditors

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

##### Interest-bearing borrowings

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

#### 1.5 Derivative financial instruments

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

#### 1.6 Intra-group financial instruments

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

#### 1.7 Tangible fixed assets

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

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

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

- plant and equipment 1-5 years
- right-of-use assets 1 year

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

#### 1.8 Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

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

### 1 Accounting policies (continued)

#### 1.9 Stocks

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

#### 1.10 Impairment of financial assets

##### *Trade and other debtors*

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

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

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

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

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

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

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

##### *Calculation of recoverable amount*

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

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

##### *Reversals of impairment*

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

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

#### 1.12 Provisions

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

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

### 1 Accounting policies (continued)

#### 1.13 Turnover

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

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

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

#### 1.14 Interest receivable and Interest payable

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

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

#### 1.15 Taxation

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

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

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

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

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

### 1 Accounting policies (continued)

#### 1.16 Emission trading scheme

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

The incentive money due from the EU Emissions Trading Scheme is recognised in the profit and loss account once the reduction targets have been met. The emissions permits allocated under the Scheme are at nil cost. The Company recognises the revenue from such permits upon their sale to third parties.

#### 1.17 IFRS 16 Leases

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

##### *Company as a lessee*

##### *Right-of-use assets*

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

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

##### *Lease liabilities*

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

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

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

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

### 1 Accounting policies (continued)

#### 1.17 IFRS 16 Leases (continued)

##### *Lease liabilities (continued)*

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

##### *Short-term leases and leases of low-value assets*

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

#### 1.18 Discontinued operations

Discontinued operations are those that have been sold or otherwise disposed of or have been classified as held for sale and represent a full segment or single plan to dispose. The results generated from discontinued operations, both for the current financial year as well as those presented for the preceding year are presented separately in the Profit and Loss Account.

#### 1.19 Assets held for sale

Assets or disposal groups are reclassified as held for sale if it is considered that their carrying amount will be recovered when sold, rather than via continuing use. The condition is only met when there are available for immediate sale in their current condition subject only to terms that are usual and customary for sales of such assets and the sale is highly probable. The total of these assets is presented on one line and recorded at the lower of their carrying amount or fair value less costs to sell. They are not subject to depreciation from the moment they are reclassified as held for sale.

#### 1.20 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.



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

(forming part of the financial statements) (continued)

### 2 Assets and liabilities held for sale and discontinued operations

#### Discontinued operations

The results relating to the entrepreneurial activity of the Polymers South business have been presented as a discontinued operation following the approval of the Company's management to cease trading polymers from 4 January 2022 and sell inventory and some other related working capital balances to INEOS Olefins S.A., a related party.

#### Assets and liabilities held for sale

The assets and liabilities associated with the sale have been classified as a disposal group held for sale and presented separately in the Balance Sheet as at 31 December 2021. The disposal group had been agreed to be sold at a value equivalent to book value and accordingly no impairment losses have been recognised on the classification of these operations as held for sale. The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	2021 €000
<b>Assets held for sale</b>	
Fixed assets	2,343
Stock	137,156
Debtors	2,857
	<hr/> 142,356
<b>Liabilities held for sale</b>	
Creditors	(50,851)
	<hr/>
<b>Net assets of disposal group</b>	<hr/> <b>91,505</b> <hr/>

### 3 Turnover

	2021 €000	2020 €000
Sale of goods	968,301	648,352
	<hr/>	<hr/>
<b>Total turnover</b>	<b>968,301</b>	648,352
	<hr/>	<hr/>
	2021 €000	2020 €000
By activity:		
Olefins and Polymers	968,301	648,352
	<hr/>	<hr/>
By geographical market:		
UK	179,555	121,830
Rest of Europe	711,348	473,237
Rest of World	77,398	53,285
	<hr/>	<hr/>
	<b>968,301</b>	648,352
	<hr/>	<hr/>

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

### 3 Turnover (continued)

All turnover is derived from operations from the Rest of Europe and relates to discontinued operations.

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

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

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

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

### 4 Other operating (expense)/income

	2021 €000	2020 €000
<b>Other operating income</b>		
Related party profit share income	-	11,409
<b>Other operating expense</b>		
Related party profit share expense	(29,286)	-
	<hr/>	<hr/>
<b>Net other operating (expense)/income</b>	<b>(29,286)</b>	<b>11,409</b>
	<hr/>	<hr/>

From the beginning of 2017, profit sharing agreements were entered into between INEOS Derivatives France Limited (IDFL) and INEOS Olefins S.A. (IOSA).

In return for management of investment and capital expenditure decisions IDFL receives a share of IOSA's net operating income or loss. IOSA provide sales and marketing services for which IDFL pay a fee based on their operating income or loss.

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

(forming part of the financial statements) (continued)

### 5 Operating profit/(loss)

Included in operating profit/(loss) are the following:

	2021 €000	2020 €000
Depreciation of owned tangible fixed assets (Note 10)	752	751
Depreciation of right-of-use tangible fixed assets (Note 10)	439	482
Exchange (gain)/loss	(73)	181
Other operating expense/(income) (Note 4)	29,286	(11,409)

Auditor's remuneration:

	2021 €000	2020 €000
Audit of these financial statements	108	103

### 6 Directors and employees

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

### 7 Interest receivable and similar income

	2021 €000	2020 €000
Interest income on financial assets measured at amortised cost	25,638	23,044
Net foreign exchange gain	476	-
<b>Total interest receivable and similar income</b>	<b>26,114</b>	<b>23,044</b>

Interest receivable and similar income includes income from group undertakings of €16,816,000 (2020: €16,348,000).

Interest receivable and similar income includes income from related parties of €8,822,000 (2020: €6,697,000).

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

(forming part of the financial statements) (continued)

### 8 Interest payable and similar expenses

	2021 €000	2020 €000
Interest expense on financial assets measured at amortised cost	1,144	1,095
Interest on lease liabilities	10	14
Net foreign exchange loss	-	366
	<hr/>	<hr/>
<b>Total interest payable and similar expenses</b>	<b>1,154</b>	<b>1,475</b>
	<hr/>	<hr/>

### 9 Tax on profit

#### Recognised in the profit and loss account

	2021 €000	2020 €000
<i>UK corporation tax</i>		
Tax on profit for the year	12,626	699
Adjustments in respect of prior years	(1,951)	(1,156)
	<hr/>	<hr/>
<b>Total current tax</b>	<b>10,675</b>	<b>(457)</b>
	<hr/>	<hr/>
<i>Deferred tax (Note 14)</i>		
Origination and reversal of temporary differences	2,335	(16)
Adjustments in respect of prior years	1,810	(433)
	<hr/>	<hr/>
<b>Total deferred tax</b>	<b>4,145</b>	<b>(449)</b>
	<hr/>	<hr/>
<b>Tax charge/(credit) on profit</b>	<b>14,820</b>	<b>(906)</b>
	<hr/>	<hr/>

#### Reconciliation of effective tax rate

	2021 €000	2020 €000
Tax on profit	14,820	(906)
	<hr/>	<hr/>
<b>Profit before taxation</b>	<b>78,742</b>	<b>3,113</b>
	<hr/>	<hr/>
Profit before taxation multiplied by the standard rate of tax in the UK of 19.00% (2020: 19.00%)	14,961	591
Non-deductible expenses	-	92
Adjustments in respect of prior years	(141)	(1,589)
	<hr/>	<hr/>
<b>Total tax charge/(credit)</b>	<b>14,820</b>	<b>(906)</b>
	<hr/>	<hr/>

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

(forming part of the financial statements) (continued)

### 9 Tax on profit (continued)

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

### 10 Tangible assets

	Plant and machinery €000	Assets under construction €000	Right-of-use assets €000	Total €000
<b>Cost</b>				
Balance at 1 January 2021	4,503	8	1,489	6,000
Disposals	-	-	(217)	(217)
Transfers	8	(8)	-	-
Reclassifications	(4,511)	-	(1,272)	(5,783)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2021</b>	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>				
Balance at 1 January 2021	(1,501)	-	(965)	(2,466)
Depreciation charge	(752)	-	(439)	(1,191)
Disposals	-	-	217	217
Reclassifications	2,253	-	1,187	3,440
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2021</b>	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 December 2020	3,002	8	524	3,534
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2021</b>	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Reclassifications relate to the assets transferred to INEOS Olefins S.A. as part of the reorganisation of the Polymers South business. These assets have been classified as a disposal group held for sale, see Note 2 for further information.

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

(forming part of the financial statements) (continued)

### 10 Tangible assets (continued)

#### Right-of-use assets

The Company leases several assets including plant and machinery and transportation assets which are classified as right-of-use assets.

	Plant and machinery €000	Right-of-use assets total €000
<b>Cost</b>		
Balance at 1 January 2021	1,489	1,489
Disposals	(217)	(217)
Reclassifications	(1,272)	(1,272)
	<hr/>	<hr/>
<b>Balance as at 31 December 2021</b>	-	-
	<hr/>	<hr/>
<b>Accumulated depreciation</b>		
Balance at 1 January 2021	(965)	(965)
Depreciation charge	(439)	(439)
Disposals	217	217
Reclassifications	1,187	1,187
	<hr/>	<hr/>
<b>Balance as at 31 December 2021</b>	-	-
	<hr/>	<hr/>
<b>Net book value</b>		
At 31 December 2020	524	524
	<hr/>	<hr/>
<b>At 31 December 2021</b>	-	-
	<hr/>	<hr/>

See Note 18 for the lease obligations on right-of-use assets.

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

(forming part of the financial statements) (continued)

### 11 Investments

	Loans to Group undertakings €000	Loans to Related parties €000	Total €000
<b>Cost</b>			
Balance at 1 January 2021 ( <i>restated see Note 1</i> )	366,289	142,937	509,226
Additions	16,858	93,810	110,668
	<u>383,147</u>	<u>236,747</u>	<u>619,894</u>
<b>Balance at 31 December 2021</b>	<b>383,147</b>	<b>236,747</b>	<b>619,894</b>
<b>Net book value</b>			
At 31 December 2020 ( <i>restated see Note 1</i> )	366,289	142,937	509,226
	<u>383,147</u>	<u>236,747</u>	<u>619,894</u>
<b>At 31 December 2021</b>	<b>383,147</b>	<b>236,747</b>	<b>619,894</b>

### 12 Stocks

	2021 €000	2020 €000
Raw materials and consumables	-	10,058
Finished goods	-	71,267
	<u>-</u>	<u>81,325</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to €656,160,000 (2020: €494,456,000). The write-down of stocks to net realisable value amounted to €nil (2020: €nil).

On 14 April 2021, the Company extended their inventory monetisation agreement with J Aron & Company LLC to 30 June 2022. The facility is for an amount of €67,152,000 secured against inventory. Post year end the facility was transferred to INEOS Olefins S.A., a related party.

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

(forming part of the financial statements) (continued)

### 13 Debtors

	2021 €000	Restated (see Note 1) 2020 €000
Trade debtors	70,123	62,612
Amounts owed by group undertakings	704	2,915
Other debtors	-	1,150
Prepayments	-	1,000
Taxation and social security	3,582	782
	<u>74,409</u>	<u>68,459</u>
Due within one year	74,409	68,459

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

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

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

#### Credit risk of trade debtors

	2021 €000	2020 €000
Low	70,123	62,611
Medium	-	1
High	-	-
Impairment allowance	-	-
	<u>70,123</u>	<u>62,612</u>

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

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

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



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

### 14 Deferred tax assets and liabilities

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021 €000	2020 €000	2021 €000	2020 €000	2021 €000	2020 €000
Accelerated capital allowances	59	7	-	-	59	7
Tax value of loss carry-forwards	-	4,197	-	-	-	4,197
<b>Net tax assets</b>	<b>59</b>	<b>4,204</b>	<b>-</b>	<b>-</b>	<b>59</b>	<b>4,204</b>

Movement in deferred tax during the year

	1 January 2021 €000	Recognised in income €000	31 December 2021 €000
Accelerated capital allowances	7	52	59
Tax value of loss carry-forwards	4,197	(4,197)	-
	<b>4,204</b>	<b>(4,145)</b>	<b>59</b>

Movement in deferred tax during the prior year

	1 January 2020 €000	Recognised in income €000	31 December 2020 €000
Accelerated capital allowances	-	7	7
Tax value of loss carry-forwards	3,755	442	4,197
	<b>3,755</b>	<b>449</b>	<b>4,204</b>

There are no unrecognised deferred tax amounts.

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

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

(forming part of the financial statements) (continued)

### 15 Creditors: amounts falling due within one year

	2021 €000	2020 €000
Trade creditors	106,334	46,772
Amounts owed to group undertakings	304,725	298,381
Taxation and social security	12,111	1,195
Accruals	4,811	4,736
Lease liabilities (Note 18)	-	452
Other financial liabilities	-	25,618
	<u>427,981</u>	<u>377,154</u>

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

### 16 Creditors: amounts falling due after more than one year

	2021 €000	2020 €000
Accruals	1,358	567
Lease liabilities (Note 18)	-	154
	<u>1,358</u>	<u>721</u>

### 17 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2021 €000	2020 €000
<b>Creditors falling due within one year</b>		
Intercompany loan	263,292	268,671
Inventory financing facility	-	25,644
	<u>263,292</u>	<u>294,315</u>
Less unamortised issue costs	-	(26)
	<u>263,292</u>	<u>294,289</u>

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

(forming part of the financial statements) (continued)

### 17 Interest-bearing loans and borrowings (continued)

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2021 €000	Carrying amount 2021 €000	Face Value 2020 €000	Carrying amount 2020 €000
Intercompany loan	€	0% + LIBOR	2022	263,292	263,292	268,671	268,671
Inventory financing facility	€	EONIA – 0.15%	2022	-	-	25,644	25,618
				<u>263,292</u>	<u>263,292</u>	<u>294,315</u>	<u>294,289</u>

#### Inventory Financing Facility

On 17 June 2019 INEOS Derivatives France Limited entered into an inventory monetisation agreement with J Aron & Company LLC ('J Aron'), for an initial term of one year but extendable by mutual agreement, subsequently the agreement was extended to 30 June 2021 and then to 30 June 2022. Under this arrangement, the Company sold certain inventory to J Aron and agreed to buy-back equivalent inventory at the end of the term at the same price. During the term, and subject to certain covenants and rights of J Aron, J Aron provides the Company with a just-in-time service for use of the inventory, and the ability to substitute used inventory with equivalent inventory, in return for a transaction fee. The arrangement is supported by a Group parent company guarantee and a cash collateral mechanism. The total amount outstanding at 31 December 2021 before issue costs was €50,733,000 (2020: €25,644,000). Post year-end the facility was subsequently transferred to INEOS Olefins S.A., a related party and therefore has been classified as liabilities held for sale at 31 December 2021.

### 18 Lease obligations

	2021 €000	2020 €000
<i>Analysed as:</i>		
Current lease liabilities (Note 15)	-	452
Non-current lease liabilities (Note 16)	-	154
	<u>-</u>	<u>606</u>
	2021 €000	2020 €000
<i>Maturity analysis- contractual undiscounted cash flows:</i>		
Less than one year	-	462
Between one and five years	-	155
	<u>-</u>	<u>617</u>
<b>Total undiscounted lease liabilities at 31 December</b>	<b>-</b>	<b>617</b>

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

### 19 Called up share capital

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

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. As the reporting currency of the Company is the Euro the share capital has been converted to Euros at the effective rate of exchange ruling at the date of issuance.

#### Dividends

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

### 20 Related parties

Related parties comprise of entities controlled by the shareholders of INEOS Limited, the ultimate parent company of INEOS Derivatives France Limited.

#### Trading transactions

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

	Sales of goods and services and recovery of costs		Purchases of goods and services	
	2021 €000	2020 €000	2021 €000	2020 €000
INEOS Limited	-	-	2,246	2,219
INEOS Group Holdings S.A. related parties	978,513	645,683	166,032	88,873
INEOS Industries Limited related parties	-	-	919	1,697
INEOS Olefins S.A.	11,762	15,991	354,243	259,008
INEOS Enterprise Holdings Limited related parties	-	-	2,168	-
Appryl SNC	-	-	24,458	20,419
Petroineos related parties	-	-	101	101
	990,275	661,674	550,167	372,317

Included within purchase of goods and services above is a management fee paid to INEOS Limited of €2,246,000 (2020: €2,219,000).

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

### 20 Related parties (continued)

#### Outstanding balances

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

	Amounts owed by related parties		Amounts owed to related parties	
	2021 €000	2020 €000	2021 €000	2020 €000
INEOS Group Holdings S.A. related parties	69,481	50,224	10,673	5,784
INEOS Industries Limited related parties	-	-	121	84
INEOS Olefins S.A.	515	12,352	69,777	18,129
Appryl SNC	-	-	2,588	2,272
Petroineos related parties	-	-	25	25
	<u>69,996</u>	<u>62,576</u>	<u>83,184</u>	<u>26,294</u>

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

All other non-trading balances with related parties have interest applied at market rates and have no formal repayment date under the loan agreement.

None of the related party balances are secured and no guarantees have been given or received. There were no provisions for doubtful debt related to any related parties as at 31 December 2021 (2020: *€nil*).

Included within investments is a loan of €236,747,000 (2020: €142,937,000) to INEOS Holdings Luxembourg S.A., a related party. The loan is unsecured, has interest applied at 4.5%, and matures in 2025.

### 21 Controlling parties

The immediate parent undertaking is INEOS Chemicals France Holdings Limited, a company incorporated in the UK.

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

INEOS Chemicals France Holdings Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. Copies of the financial statement of INEOS Chemicals France Holdings Limited can be obtained from the Company Secretary at the registered office: Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

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

### 22 Accounting estimates and judgements

The Company prepares its financial statements in accordance with FRS 101, which requires management to make judgements, estimates and assumptions which affect the application of the accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates change and in any future periods. There is no area within the financial statements that involve a significant degree of judgement or estimation.

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

### 23 Subsequent events

On 4 January 2022, as part of a strategic reorganisation of the Polymers South business, the Company sold its inventory and some other related working capital balances to INEOS Olefins S.A., a related party. These balances have been classified as a disposal group held for sale and presented separately on the Balance Sheet at 31 December 2021, see Note 2 for further information. On the same date, the entrepreneurial activity of the Company ceased including the tolling and LRD contracts being terminated, this activity has been classified as a discontinued operation in the Profit and Loss Account.

On the same date, the inventory financing facility with J Aron and Company LLC ('J Aron') was transferred to INEOS Olefins S.A.