INEOS Grangemouth Limited

Annual report and financial statements

Registered number 08698417

Year ended - 31 December 2022

Contents

Section 1 – Strategic report and Directors' report

Strategic report for the year ended 31 December 2022

The directors present their Strategic report on the Group and Company for the year ended 31 December 2022.

Results for the year

The results of the Group are set out in the consolidated income statement on page 16, which shows a loss before taxation for the year of €297,930,000 (*2021: profit of €10,140,000*).

Review of business and future developments

The Company owns the shares of INEOS Commercial Services UK Limited and INEOS Chemicals Grangemouth Limited, both UK domiciled companies, and is the majority shareholder of Grangemouth Energy Company Limited, also a UK domiciled company. These companies constitute the Grangemouth business of INEOS O&P UK ("the Group").

The Grangemouth business produces olefins, olefins by-products, synthetic ethanol and a range of polymers. Products are sold either directly or through a network of Limited Risk Distributors across Europe for which the Group pays a small margin.

The Group has recognised an exceptional impairment charge of €223,585,000 for the year ended 31 December 2022, in relation to the tangible fixed assets. The recent trading performance of the O&P UK business has been challenging in the midst of market volatility that has seen very high natural gas prices. Consequently, operating rates have remained constrained. The impairment loss was based on a value in use calculation. The business valuation was negatively impacted by lower than expected cash flows within the current business plan, reflecting the challenging economic and competitive conditions expected in the near term for the site.

The Group encountered various challenges during the year, the effects of high inflation, the Ukraine war and reduced market demand due to reduced consumer confidence in demand from their customers. During the first 6 months of the year, although challenging, the business continued to see high demand and profitability. However, the second 6 months were difficult as a result of market volatility. Demand for the business' products declined as a result of reduced consumer demand and cheaper imports into Europe being available particularly from the U.S. The impact of the Ukraine war, which broke out in February 2022, saw energy prices escalate beyond the very high level already seen in Q4 2021 which had a profound impact on the business due to the Group's high steam and power demand, resulting in significant exposure to natural gas prices.

During September and November 2022, there were planned turnaround events (TAR) on the Polymer plants. During a TAR the plant is shutdown to perform critical maintenance activities and the production volume of the site is reduced during the outage period. The TAR was delivered safely, on time and on budget.

During the year, the Group invested €170,856,000 in assets under construction additions which mainly related to the new energy plant, the TAR on the Polymer assets and an additional furnace on the gas cracker to increase production capacity.

On 30 December 2021, Petroineos Refining Limited, the minority related party shareholder, gave notice to stop investing in the energy project and planned to exit as a shareholder. Any future funding after this date will be provided solely by the Company, subsequently on 5 April 2022, due to escalating costs on the new energy project caused by delays due to COVID working restrictions and impact to commodity prices, the directors took the decision to temporarily suspend the project. At the date of signing these financial statements the length of the subsequent delay and the impact to the ultimate operational date of the plant is not known.

Looking forward into 2023 the business expects the natural gas price to remain high, although at lower levels than experienced in 2022. Demand is expected to grow during the first half of 2023 as customers re-stock, however levels of imports from the U.S will remain a challenge. The business also expects to commission the additional furnace on the gas cracker thus enabling higher utilisation levels subject to demand. The new energy project will continue to be temporarily suspended during 2023 and the business will continue to manage its cost base and capital expenditure in line with affordability.

On 10 January 2023, the Group repaid in full their Senior Term and Revolving loan Facilities. This was facilitated by a loan from the parent company INEOS Industries Holdings Limited.

Strategic report for the year ended 31 December 2022 *(continued)*

Review of business and future developments *(continued)*

As referenced earlier, the Group encountered various challenges during the year such as the effects of high inflation and the Ukraine war, which had a profound impact on the business due to the Group's high steam and power demand, resulting in significant exposure to natural gas prices. Accordingly, the Group requested and was granted consent to waive the leverage financial covenant at both 30 May 2022 and 22 September 2022. The leverage covenant at 31 December 2022 was remediated post year end via the full repayment of the Senior Term and Revolving Loan Facilities on 10 January 2023.

Strategy

The Group's strategic aim is to use the benefits of our advantaged feedstock for the KG ethylene cracker to grow the Grangemouth base and our long-term profitability. Long-term supply contracts are in place to provide a secure source of advantaged feedstock from the USA and the North Sea, which will eliminate the feedstock constraints the business has been operating under in previous years and allow the assets to be operated at full capacity to maximise production and profitability.

During the year, the businesses on the Grangemouth site announced its 'Road Map' to achieving Net Zero. The significant integration of the three site businesses at Grangemouth (INEOS O&P UK, INEOS FPS and Petroineos) has meant that the journey embarked upon is a collaborative one. Emission savings of more than 60% (compared to 2006 when INEOS acquired the site) across the site are targeted by 2030, through a series of investments, partnerships and innovative engineering. The Road Map involves a proposed move to the production and use of hydrogen by all businesses at the Grangemouth site accompanied by carbon capture and storage of at least 1 million tonnes per annum of CO_2 by 2030. This will include capturing CO_2 from existing hydrogen production and the construction of a carbon capture enabled hydrogen production plant.

In addition, the regeneration programme on the Grangemouth site has already remediated large areas, on which we hope to attract both internal INEOS and external investment. This investment will utilise the utilities and services already available with the intention to grow the Grangemouth manufacturing base.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. Management undertakes an annual risk identification and assessment process to identify the key business risks affecting the Group. The key business risks affecting the Group which were identified within this risk assessment process are set out below:

- The petrochemical industry is cyclical – changing market demands and prices may negatively affect the Group's operating margins and impair its cash flow which, in turn, could affect its ability to make payments on its debt or to make further investments in the business;
- 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 operations and results 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 strategies to maximise utilisation of assets;
- Synergies – the Group may not realise anticipated revenue and cost synergies, benefit from anticipated business opportunities or experience anticipated growth from any of its acquisitions;

Strategic report for the year ended 31 December 2022 *(continued)*

Principal risks and uncertainties *(continued)*

- 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 — a cyber incident could occur and result in information theft, data corruption, operational disruption and/or financial loss;
- Climate change – existing and proposed regulations to address climate change by limiting greenhouse gas emissions may cause us to incur significant additional operating and capital expenses. In addition compliance with new regulation could limit the useful economic life of our plants, lead to a reduction in demand for fossil fuel derived products and result in a lack of competitiveness if our competitors develop new technologies.
- Regulation – the Group is highly regulated and may have substantial obligations and liabilities arising from health, safety, security and environmental ("HSSE") laws, regulations and permits applicable to our operations;
- Customers — the Group is subject to the risk of loss resulting from non-payment or non-performance by our customers. Our credit procedures and policies may not be adequate to minimise or mitigate customer credit risk. Our customers may experience financial difficulties, including bankruptcies, restructurings and liquidations;
- Employees — the success of the Group depends on the continued service of certain key personnel and on good relations with our workforce as any significant disruption could adversely affect the Group.

Section 172(1) statement

The directors have the duty under section 172 to promote the success of the Group for the benefit of stakeholders as a whole and remain conscious of the impact their decisions have on employees, communities, suppliers, customers, investors and the environment. In the performance of its duty to promote the success of the Group 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 Group's employees;
c) the need to foster the Group's business relationships with suppliers, customers and others;
d) the impact of the Group's operations on the community and the environment;
e) the desirability of the Group maintaining a reputation for high standards of business conduct; and
f) the need to act fairly as between members of the Group.

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

Long-term factors (a)

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

a) Maintain health, safety, security, and environmental excellence;
b) Maintain and grow the Group's leadership positions to enhance competitiveness;

Strategic report for the year ended 31 December 2022 *(continued)*

Section 172(1) statement *(continued)*

Long-term factors (a) (continued)

c) Reduce costs and realise synergies;
d) Maximise utilisation of assets;
e) Access advantaged feedstock and energy opportunities; and
f) Develop and implement a sustainable business.

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

Stakeholder considerations (b – e)

Engaging stakeholders and developing meaningful partnerships is essential for long-term business success. The Group engages in regular, open, and proactive dialogue with all relevant stakeholders as this is needed to understand their perspectives, expectations, concerns, and needs. For example in many instances suppliers are located on the same chemical parks which helps develop partnerships, facilitate discussions as well as reduce waste, inefficiency. The Group also works with trade unions and have open and constructive discussions as well as investing in training programmes to continue to develop employees at all levels of the organisation. In this way, the Group is able to integrate stakeholder's considerations into business decision-making processes. Dialogue with stakeholders gives the Group the opportunity to explain its clear and committed approach to sustainability as well as the value of the Group's work, products and services for society.

Key stakeholders contribute to the Group's economic, social, and environmental performance. Stakeholders include customers, suppliers, employees, investors, financial experts and rating agencies, local communities, industry associations, NGOs, scientific institutions, universities, government, and value chain partners. The Group is very conscious of having a sustainable business so INEOS produces an annual sustainability report which aligns with the Global Reporting Initiative (GRI) framework and focuses on the issues most material to the Group and its stakeholders. The report focuses on seven key areas, being:

1. Climate change – advancing the transition to net zero;
2. Circular economy – maximising resource efficiency and eliminating waste;
3. Zero pollution – driving progress towards sustainable chemical value chains;
4. Our people – prioritising workplace health and safety (SHE) and fairness;
5. People in our value chain – safeguarding conditions and human rights;
6. People in our communities – respecting and supporting local communities;
7. Governance – maintaining the highest standard of ethics and compliance.

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

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

Strategic report for the year ended 31 December 2022 *(continued)*

Section 172(1) statement *(continued)*

Stakeholder considerations (b – e) (continued)

The Group is committed to protecting and maintaining the quality of the environment and to promoting the health and safety of its employees, contractors, suppliers, customers, visitors, and the communities in which it operates. For example INEOS is a signatory to the International Council of Chemical Associations' (ICCA) Responsible Care Global Charter which demonstrates the Group's commitment to strengthening chemicals management systems, safeguarding people and the environment, and working towards sustainable solutions through our value chain. Compliance with all legislation intended to protect people, property and the environment is one of the Group's fundamental priorities and applies to its products as well as to its processes. Management lead by example and allocate the required resources to achieve excellence in SHE performance.

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

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

Principal Decisions

On 5 April 2022, due to escalating costs on the new energy project caused by delays due to COVID working restrictions and impact to commodity prices, the directors took the decision to temporarily suspend the project.

Key performance indicators ("KPIs")

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

The main financial KPI for the Group is earnings before interest, taxation, depreciation, amortisation and exceptional items ("EBITDA before exceptional items"). The Group also closely monitors fixed costs against budget and prior year. Details of actual and comparative EBITDA results are provided below:

	2022	2021
	€000	€000
Operating (loss)/profit for the year	**(269,985)**	27,825
Amortisation charge for the year	**395**	30
Depreciation charge for the year	**67,302**	64,706
Exceptional impairment charge for the year	**223,585**	-
	21,297	92,561

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

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

C G Moued
Director
4 July 2023
Registered Number 08698417

Directors' report for the year ended 31 December 2022

The directors present their report and audited financial statements of the Group and the Company for the year ended 31 December 2022.

Principal activities

The principal activity of the Group is the production and sale of petrochemical products manufactured at the site in Grangemouth, Scotland. The main product manufactured by the olefins business is ethylene through the operation of a gas cracker. The ethylene can then be sold by INEOS Commercial Services UK Limited into the market, or to the ethanol and polymer assets on site where it can be manufactured further to produce synthetic ethanol, polyethylene and polypropylene. The cracker also produces a number of by-products which are either processed further in the onsite assets, or sold to external customers through a network of Limited Risk Distributors across Europe for which the Group pays a small margin. The Group has started constructing a new energy plant on the site at Grangemouth, although the expected operational date is not yet known as the project was paused in April 2022.

INEOS Grangemouth Limited's principal activities are that of a holding company for its direct subsidiary entities INEOS Commercial Services UK Limited, INEOS Chemicals Grangemouth Limited and Grangemouth Energy Company Limited.

Future developments

Future developments are discussed in the Strategic report.

Post balance sheet events

Post balance sheet events are discussed in the Strategic report and Note 27.

COVID-19 and the Ukraine conflict

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

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

The Group does not have operations in Belarus, Russia or Ukraine. During 2021 and 2022 revenue generated in these countries was not material to the Group. The Group is not currently experiencing any material disruption to its operations and does not foresee any direct impact as a result of the conflict, but will continue to monitor the evolving situation closely.

Whilst there is still uncertainty due to the COVID-19 pandemic and the disruption on the energy market resulting from the conflict in Ukraine, the directors have undertaken a rigorous assessment of the potential impact on demand for the Group's products and services and the impact on margins for the next 12 months and the directors do not expect a material impact on the Group's ability to operate as a going concern.

Going Concern

The directors have considered the Group's projected future cash flows and working capital requirements for a period of at least 12 months from signing of these financial statements. As at 31 December 2022, the Group had net assets of €293,334,000 *(2021: €657,470,000)*. The Group held cash of €42,328,000 *(2021: €82,955,000)* and loans and borrowings of €674,035,000 *(2021: €517,687,000)*. The loss for the year was €261,799,000 *(2021: profit €14,637,000)*. The directors have stress tested the projected future cash flows through taking account of reasonable possible changes in performance to determine the level of support that may be required from the parent company. The directors have received confirmation that the parent, INEOS Industries Limited, will continue to support the Group 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 Group will therefore have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparing its financial statements.

Directors' report for the year ended 31 December 2022 *(continued)*

Financial risk management

The Group'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 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 and seeks to mitigate this risk through various purchasing strategies. The Group manages its credit exposures with a set of policies for ongoing credit checks on potential and current customers or counterparties. Note 21 of the financial statements provides further information on financial instruments, interest risk, liquidity risk and foreign currency risk.

Results and proposed dividend

Results are discussed in the Strategic report. The directors do not propose the payment of a dividend *(2021: €Nil)*.

Political and charitable contributions

Neither the Company nor any of its subsidiaries made any political or charitable donations or incurred any political expenditure during the year which are required to be disclosed.

Directors

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

S M Collings

P Q Grant

C G Mound

A T Hughes (appointed 1 May 2022)

M Plevoets (resigned 1 May 2022)

Employees

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

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

Streamlined Energy and Carbon Reporting ("SECR")

The SECR disclosures relating to the Group are included within the SECR disclosures made in the annual report of INEOS Industries Limited, the parent undertaking of the largest group of undertakings to consolidate these financial statements, see Note 25. The Group has taken advantage of the exemption from the requirement to make SECR disclosures in these financial statements.

Directors' report for the year ended 31 December 2022 *(continued)*

Health & safety

Our facilities and operations are subject to a wide range of health, safety, security and environmental ("HSSE") laws and regulations in all of the jurisdictions in which we operate. These requirements govern, among other things, the manufacture, storage, handling, treatment, transportation and disposal of hazardous substances and wastes, wastewater discharges, air emissions, noise emissions, human health and safety, process safety and risk management and the clean-up of contaminated sites. Many of our operations require permits and controls to monitor or prevent pollution. We have incurred, and will continue to incur, 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 Group and their decision-making process. The business relationships of INEOS O&P UK 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, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with United Kingdom adopted international accounting standards. The Group financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The directors have chosen to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing 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 of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

Directors' report for the year ended 31 December 2022 *(continued)*

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

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

C G Mound
Director
4 July 2023
Registered number 08698417

Section 2 – Consolidated Financial Statements

Independent auditor's report to the members of INEOS Grangemouth Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of INEOS Grangemouth Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes to the consolidated financial statements note 1 to 27 and the related notes to the company financial statements 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 and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

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

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

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.

Independent auditor's report to the members of INEOS Grangemouth 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 group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements . These include UK Companies Act, Money Laundering Regulations, Health and Safety at work legislation, Data Protection Act, Pensions Legislation, 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 group's ability to operate or to avoid a material penalty.

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

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

- Revenue is generally a highly automated process with few complex revenue transaction, therefore we pinpointed our significant risk to non-standard revenue transactions that do not follow the expected transaction flow (revenue/debtor/cash). Those items which did not follow the typical transaction process were investigated and agreed through to supporting documentation such as invoice, good dispatch note, third party documentation and payment to assess whether the revenue has occured.
- Impairment of tangible assets within the O&PUK cash generating unit. We have challenged the reasonableness of the future cash flow assumptions used in the value in use model, with focus on key assumptions including natural gas pricing, discount rate and growth rate used. The EBTIDA run rate year to date has been reviewed and compared to budget and forecast. Furthermore, sensitivities and breakeven analysis have been performed to understand the circumstances which would result in a different impairment being recognised. We have performed a review of management's control procedures including review of the impairment model and we have performed a review of the mathematical accuracy of the model. We also engaged valuation experts to assess the reasonableness of the discount rate used in the calculation.

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 Grangemouth 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 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

Matthew Hughes BSc (Hons) ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
4 July 2023

Consolidated Income Statement

for the year ended 31 December 2022

	Note	2022 €000	2021 €000
Revenue	2	**1,184,795**	922,682
Cost of sales		**(1,150,925)**	(821,797)
Exceptional cost of sales	3	**(223,585)**	-
Total cost of sales		**(1,374,510)**	(821,797)
Gross (loss)/ profit		**(189,715)**	100,885
Other operating income		-	876
Distribution costs		**(59,294)**	(46,746)
Administrative expenses		**(20,976)**	(27,190)
Operating (loss)/profit	4	**(269,985)**	27,825
Finance income	7	**2,018**	563
Finance costs	7	**(29,963)**	(18,248)
Net finance cost		**(27,945)**	(17,685)
(Loss)/profit before taxation from continuing operations		**(297,930)**	10,140
Tax credit	8	**36,131**	4,497
(Loss)/profit for the financial year		**(261,799)**	14,637
Attributable to:			
Owners of the parent		**(233,165)**	14,626
Non-controlling interest		**(28,634)**	11
		(261,799)	14,637

All activities of the Group relate to continuing operations.

The notes on pages 22 to 68 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

	Note(s)	**2022** **€000**	2021 €000
(Loss)/profit for the financial year		**(261,799)**	14,637
Other comprehensive (expense)/income			
Items that will not be recycled to profit or loss:			
Re-measurement of post-employment benefit plan, net of tax	***8,14***	**(65,058)**	47,726
Items that may subsequently be recycled to profit or loss:			
Foreign exchange translation differences, net of tax	***8***	**(37,279)**	52,803
Other comprehensive (expense)/income for the financial year, net of tax		**(102,337)**	100,529
Total comprehensive (expense)/income for the year		**(364,136)**	115,166
Total comprehensive (expense)/income for the year is attributable to:			
Owners of the parent		**(335,502)**	115,155
Non-controlling interest		**(28,634)**	11
		(364,136)	115,166

The notes on pages 22 to 68 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet
as at 31 December 2022

	Note	2022 €000	2021 €000
Non-current assets			
Intangible assets	*9*	**12,328**	5,600
Property, plant and equipment	*10*	**787,458**	940,223
Deferred tax asset	*12*	**45,087**	2,540
Trade and other receivables	*13*	**23,705**	17,596
Employee benefits	*14*	**3,492**	88,697
Total non-current assets		**872,070**	1,054,656
Current assets			
Inventories	*15*	**86,368**	94,081
Trade and other receivables	*13*	**229,211**	253,881
Tax receivables		**153**	11,084
Cash and cash equivalents		**42,328**	82,955
Total current assets		**358,060**	442,001
Total assets		**1,230,130**	1,496,657
Equity			
Share capital	*16*	**57**	57
Other reserves		**(85,593)**	16,744
Retained earnings		**407,485**	640,650
Total shareholders' funds		**321,949**	657,451
Non-controlling interest		**(28,615)**	19
Total equity		**293,334**	657,470
Non-current liabilities			
Interest-bearing loans and borrowings	*17*	**298,123**	444,796
Lease liabilities	*18*	**12,764**	10,321
Trade and other payables	*19*	**16,701**	25,726
Total non-current liabilities		**327,588**	480,843
Current liabilities			
Interest bearing loans and borrowings	*17*	**375,912**	72,891
Lease liabilities	*18*	**4,781**	885
Trade and other payables	*19*	**224,646**	268,302
Tax payable		**3,869**	16,266
Total current liabilities		**609,208**	358,344
Total liabilities		**936,796**	839,187
Total equity and liabilities		**1,230,130**	1,496,657

Consolidated Balance Sheet *(continued)*
as at 31 December 2022

The notes on pages 22 to 68 are an integral part of these consolidated financial statements.

These financial statements on pages 16 to 68 were approved by the Board of Directors on 4 July 2023 and were signed on its behalf by:

C G Mound
Director
Registered Number 08698417

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	Note(s)	Share capital €000	Other reserves €000	Retained earnings €000	Total €000	Non-controlling interest €000	Total equity €000
Balance at 1 January 2021		57	(83,785)	626,024	542,296	8	542,304
Profit for the year		-	-	14,626	14,626	11	14,637
Other comprehensive income:							
Foreign exchange translation differences	*8*	-	52,803	-	52,803	-	52,803
Re-measurement of post-employment benefit plan	*8,14*	-	47,726	-	47,726	-	47,726
Total other comprehensive income		-	100,529	14,626	115,155	11	115,166
Balance at 31 December 2021		57	16,744	640,650	657,451	19	657,470
Loss for the year		-	-	(233,165)	(233,165)	(28,634)	(261,799)
Other comprehensive expenditure:							
Foreign exchange translation differences	*8*	-	(37,279)	-	(37,279)	-	(37,279)
Re-measurement of post-employment benefit plan	*8,14*	-	(65,058)	-	(65,058)	-	(65,058)
Total other comprehensive expense		**-**	**(102,337)**	**(233,165)**	**(335,502)**	**(28,634)**	**(364,136)**
Balance at 31 December 2022		**57**	**(85,593)**	**407,485**	**321,949**	**(28,615)**	**293,334**

Analysis of other reserves:

	Note(s)	Translation reserve €000	*Re-measure* post-employ benefit plan €000	*Total* other reserves €000
Balance at 1 January 2021		(114,933)	31,148	(83,785)
Foreign exchange translation differences	*8*	52,803	-	52,803
Re-measurement of post-employment benefit plan	*8,14*	-	47,726	47,726
Balance at 31 December 2021		(62,130)	78,874	16,744
Foreign exchange translation differences	*8*	(37,279)	-	(37,279)
Re-measurement of post-employment benefit plan	*8,14*	-	(65,058)	(65,058)
Balance at 31 December 2022		**(99,409)**	**13,816**	**(85,593)**

The notes on pages 22 to 68 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2022

	Note	2022 €000	2021 €000
Cash flows from operating activities			
(Loss)/profit for the financial year		**(261,799)**	14,637
Adjustments for:			
Net finance cost	7	**27,945**	17,685
Tax credit	8	**(36,131)**	(4,497)
Depreciation and impairment	10	**290,887**	64,706
Amortisation	9	**395**	30
Increase/(decrease) in provisions and employee benefits		**21,802**	(2,041)
Pension service cost		**677**	856
Decrease/(increase) in trade and other receivables		**39,806**	(79,482)
Decrease/(increase) in inventories		**6,954**	(27,082)
(Decrease)/increase in trade and other payables		**(19,954)**	90,822
Tax paid		**-**	(95)
Net cash generated from operating activities		**70,582**	75,539
Cash flows from investing activities			
Interest received		**294**	23
Proceeds from sale of property, plant and equipment		**-**	3
Acquisition of intangible assets		**(17,020)**	(5,093)
Acquisition of property, plant and equipment		**(212,385)**	(150,662)
Net cash used by investing activities		**(229,111)**	(155,729)
Cash flows from financing activities			
Interest paid		**(6,310)**	(6,504)
Drawdown Senior Secured Term Loans		**-**	85,000
Proceeds of related party loan		**142,903**	57,480
Capital element of lease payments		**(2,014)**	(721)
Net cash generated from financing activities		**134,579**	135,255
Net (decrease)/increase in cash and cash equivalents		**(23,950)**	55,065
Cash and cash equivalents at beginning of year		**82,955**	39,852
Effect of exchange rate fluctuations on cash held		**(16,677)**	(11,962)
Cash and cash equivalents at end of year		**42,328**	82,955

The notes on pages 22 to 68 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

1. Accounting Policies

1.1 Overview

INEOS Grangemouth Limited (the "Company") is a private limited company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The registered office address is Hawkslease, Chapel Lane, Lyndhurst, Hampshire, England, SO43 7FG. The nature of the operations and principal activities of the Company and its subsidiaries is the production of olefins, olefins by-products, synthetic ethanol and a range of polymer products and selling the products either directly or through a network of Limited Risk Distributors across Europe for which it pays a small margin, and the construction of a new energy plant on the Grangemouth site.

1.2 Basis of accounting

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Parent Company financial statements present information about the Company as a separate entity and about its Group.

The financial statements have been prepared in accordance with United Kingdom adopted international accounting standards and with International Financial Reporting Standards as issued by the IASB which requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 26.

In preparing the financial statements, the directors have considered the impact of climate change, particularly in the context of the principal risk identified on page 4. There has been no material impact identified on the financial reporting judgements and estimates. The directors are aware of the ever-changing risks attached to climate change and will regularly assess these risks against judgements and estimates made in preparation of the Group's financial statements.

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

1.3 Going concern

The directors have considered the Group's projected future cash flows and working capital requirements for a period of at least 12 months from signing of these financial statements. As at 31 December 2022, the Group had net assets of €293,334,000 *(2021: €657,470,000)*. The Group held cash of €42,328,000 *(2021: €82,955,000)* and loans and borrowings of €674,035,000 *(2021: €517,687,000)*. The loss for the year was €261,799,000 *(2021: profit €14,637,000)*. The directors have stress tested the projected future cash flows through taking account of reasonable possible changes in performance to determine the level of support that may be required from the parent company. The directors have received confirmation that the parent, INEOS Industries Limited, will continue to support the Group for at least the 12 months from signing of these financial statements.

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

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2022

1. Accounting Policies *(continued)*

1.4 Measurement convention

The financial statements are prepared on the historical cost basis except that financial instruments classified as fair value through the profit or loss are stated as their fair value and non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

1.5 Functional and presentation currency

These Group financial statements are presented in euro, which is the functional currency of the majority of operations. The Group's primary products are sold in an international commodities market which is priced and invoiced primarily in euros.

The exchange rate as at *31* December 2022 was *€1:£0.88490 (2021: €1:£0.83960).*

All financial information presented in euro has been rounded to the nearest €1,000.

1.6 Basis of consolidation

Subsidiaries are entities controlled by the Group, control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the Group financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated.

1.7 Foreign exchange

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges which are recognised directly in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, euros, at foreign exchange rates ruling at the balance sheet date.

The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

1. Accounting Policies *(continued)*

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:

- they include no contractual obligations 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
- where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group'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.

1.9 Non-derivative financial instruments

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

Trade and other receivables

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

Trade and other payables

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

Cash and cash equivalents

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

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2022

1. Accounting Policies *(continued)*

1.9 Non-derivative financial instruments *(continued)*

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 as amortised cost using the effective interest method, less any impairment losses.

1.10 Property, plant and equipment

Property, plant and equipment is stated at historic cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Cost may include the cost of materials, labour and other costs directly attributable to bringing the assets to a working condition for their intended use. Cost may also include the cost of dismantling and removing items and restoring the site on which they are located.

Assets are capitalised in recognition of future economic benefit or for Health and Safety Executive compliance.

Capital work in progress is held as assets under construction until fully commissioned and transferred into active use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation commences from the date an asset is brought into service. Land and assets under construction are not depreciated. The estimated useful lives are as follows:

- Buildings 20 years
- Plant and machinery 4 – 25 years
- Right-of-use assets 1 – 29 years

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

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 the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated income statement in the period in which the item is derecognised.

1.11 Business combinations, goodwill and intangible assets

All business combinations are accounted for by applying the acquisition method except acquisitions under common control which are outside the scope of IFRS 3. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

1. Accounting Policies *(continued)*

1.11 Business combinations, goodwill and intangible assets *(continued)*

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of contingent consideration are recognised in profit or loss.

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

Goodwill

Goodwill represents amounts arising on the acquisition of subsidiaries, associates and joint ventures. All transaction costs are expensed as incurred.

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. 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.

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 the other consideration given to acquire the assets. An intangible asset acquired as part of a business combination is recognised separately from goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Amortisation

Amortisation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

• Customer relationships	3 – 12 years
• Intellectual property rights	10 – 15 years
• Non-compete agreements	life of the agreement
• Licenses	up to 15 years

These intangible assets are tested for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying value may not be recoverable. Useful lives are examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

1. Accounting Policies *(continued)*

1.11 Business combinations, goodwill and intangible assets *(continued)*

Acquisitions under common control

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 the retained earnings.

Disposals under common control

Disposals under common control are accounted for at book value. The difference in the book value of the assets sold and consideration received is recognised in the retained earnings.

1.12 Impairment

Impairment of financial assets

Trade and other receivables

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

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

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

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

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

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

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

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

Calculation of recoverable amount

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

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

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

1. Accounting Policies *(continued)*

1.12 Impairment *(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 and of amortisation, if no impairment loss had been recognised.

1.13 Inventories

Inventories are stated at the lower of cost, using the first-in first-out method, and net realisable value. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present 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. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provisions are 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.

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 derived finance instruments, but rather as executory contracts.

1.15 Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

Defined contribution plan

The Group operates a defined contribution plan for its employees.

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 the defined contribution pension plan are recognised as an expense in the consolidated income statements as incurred. The assets of the plan are held separately from the Group in independently administered funds.

Defined benefit plan

A defined benefit plan is a post-employment benefit plan that is not a defined contribution plan. The Group operates a defined benefit plan for certain employees. The defined benefit pension plan was historically final salary in nature, with a normal retirement age of 60. The plan is now closed to any new entrants and frozen to future accrual. The plan operates under trust law and is managed and administered by Trustees in accordance with the terms of the Trust Deed and Rules and relevant legislation. The assets of the scheme are held separately from those of the Group.

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2022

1. Accounting Policies *(continued)*

1.15 Employee benefits *(continued)*

Defined benefit plan *(continued)*

The Group's net obligation in respect of the defined benefit pension plan and other post-employment benefits is calculated 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 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.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense' or 'finance income'.

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.

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

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

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

- operating charges;
- net finance costs; and
- recognised directly in equity, the remeasurements of post-employment benefit obligations.

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

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

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.16 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.

Notes to the Consolidated Financial Statements *(continued)*
For the year ended 31 December 2022

1. Accounting Policies *(continued)*

1.17 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 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.

1.18 Government grants

Government grants are shown in the consolidated balance sheet as deferred income. This income is amortised on a straight line basis over the same period as the tangible fixed asset to which it relates or the life of the related project.

1.19 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 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.

1.20 Taxation

Taxes on the profit or loss for the year comprise 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 or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes to the Consolidated Financial Statements *(continued)*
For the year ended 31 December 2022

1. Accounting Policies *(continued)*

1.21 Segmental analysis

The Group determines its operating segments in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments. The chief operating decision-makers are the members of the executive committee of the ultimate parent undertaking, INEOS Limited.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the chief operating decision-makers to make decisions about resources to be allocated to the segment and assess its performance.

The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure and the aggregation criteria set out in IFRS 8.

Segment results that are reported to the chief operating decision-makers include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total payments made during the period to acquire property, plant and equipment and intangible assets other than as acquired through business combinations.

1.22 Emission trading scheme

The Group participates in the UK 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 UK 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 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.

Emissions allowances purchased from third parties are recognised as an intangible asset based on the cost associated with the purchase. The emission allowances are subject to impairment under the indefinite lived intangible asset impairment model. There is no amortisation of these allowances. The costs of the allowances are recognised as a disposal and released to the profit and loss along with the accrual as they are utilised.

1.23 Exceptional items

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

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2022

1. Accounting Policies *(continued)*

1.24 IFRS 16 Leases

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

Group as a lessee

Right-of-use assets

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

Lease liabilities

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

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

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2022

1. Accounting Policies *(continued)*

1.24 IFRS 16 Leases *(continued)*

Short-term leases and leases of low-value assets

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

1.25 Changes in accounting policies

The Group financial statements have been prepared using accounting policies that are consistent with those of the previous financial year. The Group has adopted the following amendments to accounting standards for the first time in 2022, with effect from 1 January 2022, although there has been no material effect on the Group's financial statements:

- Amendments to IAS 37: Onerous Contracts—Cost of Fulfilling a Contract.

  The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

- Amendments to References to the Conceptual Framework in IFRS 3.

  The amendments update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

- Amendments to IAS 16: Property, Plant and Equipment—Proceeds before Intended Use.

  Under the amendments, proceeds from selling items before the related item of Property, Plant and Equipment is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 *Inventories* should be applied in identifying and measuring these production costs.

  The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

  If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

- Annual Improvements to IFRS Standards 2018-2020:

  IFRS 1: Subsidiary as a first-time Adopter – The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. The amendment allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

  IFRS 9: Fees in the '10 per cent' test for derecognition of financial liabilities – The amendment clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

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

Notes to the Consolidated Financial Statements *(continued)*

For the year ended 31 December 2022

1. Accounting Policies *(continued)*

1.26 Accounting standards not applied

A number of new standards and amendments are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

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

- IFRS 17 Insurance Contracts (effective date 1 January 2023).
- Amendments to IAS 12: Income taxes—deferred tax related to assets and liabilities arising from a single transaction (effective date 1 January 2023).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (effective date 1 January 2023).
- Amendments to IAS 8: Definition of Accounting Estimates (effective date 1 January 2023).
- *Amendments to IFRS 16: Lease liability in a sale and leaseback (effective date 1 January 2024).*
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (effective date 1 January 2024).

2. Revenue

	2022	2021
	€000	€000
By geographical location of customers:		
UK	**393,337**	331,942
Rest of Europe	**750,772**	566,976
The Americas	**33,872**	20,753
Rest of World	**6,814**	3,011
Total	**1,184,795**	922,682

All revenue is derived from UK operations and from sale of goods and services. All assets of the Group are located in the UK.

Revenues of €1,154,376,000 *(2021: €904,895,000)* have been generated from the sale of product, the remaining €30,419,000 *(2021: €17,787,000)* of revenue relates to the provision of tolling and other services

The timing of revenue recognition for the vast majority of the Group's sale transactions is at a point in time. Revenues for goods or services transferred over time are immaterial.

No contract assets and liabilities have been recognised in the balance sheet of the Group. 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 Group is unconditional, except for the passage of time. Therefore, all rights of payment have been booked as trade receivables.

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

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

3. Exceptional items

Exceptional cost of sales

The Group has recognised an exceptional impairment charge of €223,585,000 for the year ended 31 December 2022, in relation to the tangible fixed assets. The recent trading performance of the O&P UK business has been challenging in the midst of market volatility that has seen very high natural gas prices. Consequently, operating rates have remained constrained. On 5 April 2022, due to escalating costs of the new energy project, the directors took the decision to temporarily suspend the project. At the date of signing the financial statements the length of the subsequent delay and the impact to the ultimate operational date of the plant is unknown. The business valuation was negatively impacted by lower than expected cash flows within the current business plan, reflecting the challenging economic and competitive conditions expected in the near term for the site. The impairment loss was based on a value in use calculation.

4. Operating (loss)/profit

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

	2022	2021
	€000	€000
Expenses relating to short-term leases	**2,281**	1,421
Expenses relating to leases of low-value assets	**37**	12
Income from sub-leasing of right-of-use assets	**(510)**	(383)
Government grants *(Note 20)*	**(836)**	(881)
Exchange loss	**7,557**	1,585
Amortisation of intangible assets *(Note 9)*	**395**	30
Depreciation of property, plant and equipment:		
Owned assets *(Note 10)*	**65,725**	63,701
Impairment of owned assets *(Note 10)*	**223,585**	
Right-of-use assets *(Note 10)*	**1,577**	1,005

Auditor's remuneration:

	2022	2021
	€000	€000
Audit of these financial statements	**339**	58
Amounts receivable by auditor's and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**20**	203
	359	261

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2022

5. Staff numbers and costs

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

	Number of employees **2022**	2021
Distribution	**16**	15
Sales and marketing	**3**	4
Administration	**297**	322
Operations	**288**	288
Maintenance	**86**	85
	690	714

The aggregate payroll costs of these persons were as follows:

	2022 €000	2021 €000
Wages and salaries	**46,052**	58,011
Social security costs	**5,546**	5,170
Other pension costs - defined benefit plan *(Note 14)*	**677**	856
Other pension costs - defined contribution plan *(Note 14)*	**3,704**	3,771
	55,979	67,808

6. Directors' remuneration

	2022 €000	2021 €000
Short-term employee benefits		
Directors' emoluments	**1,003**	666
Social security costs	**88**	46
	1,091	712

The aggregate of emoluments and amounts receivable under long-term incentive schemes of the highest paid director was €519,000 *(2021: €344,000).*

	Number of directors **2022**	2021
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	**1**	-

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2022

7. Finance income and costs

Recognised in the consolidated income statement

	2022 €000	2021 €000
Finance income		
Bank interest	**290**	22
Other interest receivable	**4**	1
Interest income on related parties	**3**	-
Net interest income on pension schemes *(Note 14)*	**1,721**	426
Net exchange movements	**-**	114
Total finance income	**2,018**	563
Finance costs		
Interest payable to related parties	**17,912**	11,409
Amortisation of issue costs	**1,828**	2,754
Interest on lease liabilities	**522**	407
Other finance charges	**825**	749
Interest on Senior Secured Term Loans	**9,577**	8,714
Net exchange movements	**1,451**	-
Borrowing costs capitalised in property, plant and equipment *(Note 10)*	**(2,152)**	(5,785)
Total finance costs	**29,963**	18,248
Net finance cost	**27,945**	17,685

Borrowing costs capitalised in property, plant and equipment relate to construction of the new energy plant in Grangemouth Energy Company Limited at 5.53% *(2021: 5.53%)*. No borrowing costs have been capitalised following the decision to pause the project in April 2022.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

8. Tax credit

Taxation recognised in the consolidated income statement	**2022 €000**	2021 €000
Current tax (credit)/charge		
Current tax on (loss)/profit for the year	**(20,273)**	(10,468)
Adjustments in respect of prior years	**5,446**	13,202
Total current tax (credit)/charge	**(14,827)**	2,734
Deferred tax (credit)/charge		
Origination and reversal of temporary differences	**(23,188)**	17,257
Adjustments in respect of prior years	**1,884**	(24,488)
Deferred tax credit *(Note 12)*	**(21,304)**	(7,231)
Total tax credit	**(36,131)**	(4,497)

Reconciliation of effective tax rate

	2022 €000	2021 €000
(Loss)/profit before taxation	**(297,930)**	10,140
Tax using the UK corporation tax rate of 19.00% *(2021:19.00%)*	**(56,607)**	1,927
Non-deductible expenses/tax exempt revenues	**18,711**	720
Difference in tax rate	**(5,565)**	4,142
Adjustments in respect of prior years	**7,330**	(11,286)
Total tax credit	**(36,131)**	(4,497)

Taxation recognised in other comprehensive income/(expense)

	2022 Gross €000	**2022 Tax €000**	**2022 Net €000**	2021 Gross €000	2021 Tax €000	2021 Net €000
Translation differences	**(41,800)**	**4,521**	**(37,279)**	57,534	(4,731)	52,803
Remeasurements of post employment benefit plan	**(86,001)**	**20,943**	**(65,058)**	59,018	(11,292)	47,726
Total	**(127,801)**	**25,464**	**(102,337)**	116,552	(16,023)	100,529

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2022

8. Tax credit *(continued)*

The Finance Bill 2021which 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 taxed in the United Kingdom at 31 December 2022 are measured at 25%.

9. Intangible assets

	Environmental Certificates €000	Licence Fees €000	Total €000
Cost			
Balance at 1 January 2021	-	-	-
Additions	21,554	1,776	23,330
Disposals	(17,858)	-	(17,858)
Effect of movements in foreign exchange	107	51	158
Balance at 31 December 2021	3,803	1,827	5,630
Additions	**14,523**	**380**	**14,903**
Disposals	**(7,434)**	**-**	**(7,434)**
Effect of movements in foreign exchange	**(253)**	**(97)**	**(350)**
Balance as at 31 December 2022	**10,639**	**2,110**	**12,749**
Accumulated depreciation and impairment			
Balance at 1 January 2021	-	-	-
Amortisation for the year	-	(30)	(30)
Balance at 31 December 2021	-	(30)	(30)
Amortisation Charge	**-**	**(395)**	**(395)**
Effect of movements in foreign exchange	**-**	**4**	**4**
Balance as at 31 December 2022	**-**	**(421)**	**(421)**
Net book value			
At 31 December 2021	3,803	1,797	5,600
At 31 December 2022	**10,639**	**1,689**	**12,328**

Amortisation

The amortisation charge is recognised in administrative expenses in the Consolidated Income Statement.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

10. Property, plant and equipment

	Land and buildings €000	Plant and machinery €000	Assets under construction €000	Right-of-use assets €000	Total €000
Cost					
Balance at 1 January 2021	21,602	1,352,788	250,857	10,795	1,636,042
Additions	-	-	175,593	3,373	178,966
Reclassifications	-	5,136	118	(1,297)	3,957
Disposals	-	-	-	(1,023)	(1,023)
Transfers	-	88,433	(88,433)	-	-
Effect of movements in foreign exchange	1,651	106,128	21,457	829	130,065
Balance at 31 December 2021	23,253	1,552,485	359,592	12,677	1,948,007
Additions	**-**	**-**	**170,856**	**9,511**	**180,367**
Reclassifications	**-**	**3,932**	**-**	**-**	**3,932**
Disposals	**-**	**-**	**-**	**(237)**	**(237)**
Transfers	**-**	**24,494**	**(24,494)**	**-**	**-**
Effect of movements in foreign exchange	**(1,190)**	**(80,527)**	**(21,819)**	**(977)**	**(104,513)**
Balance at 31 December 2022	**22,063**	**1,500,384**	**484,135**	**20,974**	**2,027,556**
Accumulated depreciation and impairment					
Balance at 1 January 2021	(5,945)	(864,272)	-	(2,462)	(872,679)
Depreciation charge for the year	(1,073)	(62,628)	-	(1,005)	(64,706)
Reclassifications	-	(3,539)	-	733	(2,806)
Disposals	-	-	-	1,020	1,020
Effect of movements in foreign exchange	(454)	(68,007)	-	(152)	(68,613)
Balance at 31 December 2021	(7,472)	(998,446)	-	(1,866)	(1,007,784)
Depreciation charge for the year	**(674)**	**(65,051)**	**-**	**(1,577)**	**(67,302)**
Exceptional impairment charge for the year	**(3,236)**	**(110,596)**	**(109,753)**	**-**	**(223,585)**
Reclassifications	**-**	**(1,270)**	**-**	**-**	**(1,270)**
Disposals	**-**	**-**	**-**	**197**	**197**
Effect of movements in foreign exchange	**482**	**56,318**	**2,716**	**130**	**59,646**
Balance at 31 December 2022	**(10,900)**	**(1,119,045)**	**(107,037)**	**(3,116)**	**(1,240,098)**
Net book value					
At 31 December 2021	15,781	554,039	359,592	10,811	940,223
At 31 December 2022	**11,163**	**381,339**	**377,098**	**17,858**	**787,458**

Capitalised borrowing costs

Included in the additions are amounts capitalised for borrowing costs relating to construction of plant and equipment of €2,152,000 (*2021: €5,785,000*) calculated using the effective rates of interest applicable to each source of finance (see Note 7). No borrowing costs have been capitalised following the decision to pause the project in April 2022.

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2022

10. Property, plant and equipment *(continued)*

The exceptional impairment charge of €223,585,000 for the year ended 31 December 2022 reflects the impairment of the tangible fixed assets relating to O&P UK business located at the Grangemouth site (see note 3).

The fixed asset impairment assessment is based on the value in use model which is using three year plan then into perpetuity based on the life of the assets (see note 26). The value in use calculation considers natural gas price forecast and various other assumptions at the balance sheet date. The impact of high natural gas prices experienced in the second half of 2022, general market volatility and delays around the new energy project ("NEP"), there is still some significant risk and volatility around future profitability performance.

The longer-term forecasts have been prepared using the latest commercial and business assumptions, which are as follows:

- Weighted average cost of capital ("WACC") has changed from 8.5% to 11.25% because of the rising interest rate environment;
- Growth rate of 3%;
- Asset life of 40 years; and
- Terminal value of 35 years.

The key sensitivities that could affect the impairment assessment are detailed below:

Discount rate	1% increase	€99 million increase to impairment
Discount rate	1% decrease	€120 million reduction to impairment
Growth rate	1% decrease	€73 million increase to impairment
Asset life	1 year reduction	€5 million increase to impairment
TAR overrun probability	Low 10% to Med 50%	€99 million increase to impairment
Natural gas price	10 ppt increase	€79 million increase to impairment
Natural gas price	10 ppt decrease	€79 million decrease to impairment

Security

All assets included within property, plant and equipment form security against the Senior term and Revolving Facilities agreement *(2021: all assets)* as described in Note 17.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

10. Property, plant and equipment *(continued)*

Right-of-use assets

The Group leases assets including land, plant and machinery and transportation assets which are classified as right-of-use assets.

	Land and buildings €000	Plant and machinery €000	Total €000
Cost			
Balance at 1 January 2021	7,566	3,229	10,795
Additions	2,844	529	3,373
Disposals	-	(1,023)	(1,023)
Reclassifications	-	(1,297)	(1,297)
Effect of movements in foreign exchange	660	169	829
Balance at 31 December 2021	11,070	1,607	12,677
Additions	**8,519**	**992**	**9,511**
Disposals	**-**	**(237)**	**(237)**
Effect of movements in foreign exchange	**(884)**	**(93)**	**(977)**
Balance at 31 December 2022	**18,705**	**2,269**	**20,974**
Accumulated depreciation and impairment			
Balance at 1 January 2021	(573)	(1,889)	(2,462)
Depreciation charge for the year	(414)	(591)	(1,005)
Disposals	-	1,020	1,020
Reclassifications	-	733	733
Effect of movements in foreign exchange	(56)	(96)	(152)
Balance at 31 December 2021	(1,043)	(823)	(1,866)
Depreciation charge for the year	**(1,027)**	**(550)**	**(1,577)**
Disposals	**-**	**197**	**197**
Effect of movements in foreign exchange	**92**	**38**	**130**
Balance at 31 December 2022	**(1,978)**	**(1,138)**	**(3,116)**
Net book value			
At 31 December 2021	10,027	784	10,811
At 31 December 2022	**16,727**	**1,131**	**17,858**

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

11. Investments in subsidiary undertakings

The Company has the following investments in subsidiaries:

Name	Address of the registered office	Class of shares held	Ownership 2022	Ownership 2021
INEOS Commercial Services UK Limited ** [Company Registration Number 07445497]	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, England, SO43 7FG	Ordinary	100%	100%
INEOS Chemicals Grangemouth Limited ** [Company Registration Number 06981897]	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, England, SO43 7FG	Ordinary	100%	100%
Grangemouth Energy Company Limited [Company Registration Number 11384522]	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, England, SO43 7FG	Ordinary	70.4%	70.4%

****Audit exemption**
The subsidiary undertakings which have been consolidated in these financial statements and have claimed exemption from audit under section 479A Companies Act 2006.

INEOS Grangemouth Limited holds 100% of the issued I ordinary share capital in Grangemouth Energy Company Limited. Grangemouth Energy Company Limited has also issued P ordinary shares and non-voting ordinary shares which are not held by INEOS Grangemouth Limited.

INEOS Chemicals Grangemouth Limited is a "Toll Manufacturer", INEOS Commercial Services UK Limited is an "Entrepreneur", Grangemouth Energy Company Limited is constructing a new energy plant on the Grangemouth site, although the expected operational date is not yet known. All subsidiary undertakings are included in the consolidation.

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2022

12. Deferred tax assets

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

		2022	
	Assets	**Liabilities**	**Total**
	€000	**€000**	**€000**
Property, plant and equipment	**25,291**	**-**	**25,291**
Employee benefits	**-**	**(873)**	**(873)**
Tax value of losses carried forward	**20,512**	**-**	**20,512**
Short term timing differences	**157**	**-**	**157**
Tax assets	**45,960**	**(873)**	**45,087**

		2021	
	Assets	Liabilities	Total
	€000	€000	€000
Property, plant and equipment	3,917	-	3,917
Employee benefits	-	(22,174)	(22,174)
Tax value of losses carried forward	20,856	-	20,856
Short term timing differences	40	(99)	(59)
Tax assets	24,813	(22,273)	2,540

Movement in deferred tax during the year

	Property, plant and equipment €000	**Losses €000**	**Employee benefits €000**	**Short term timing differences €000**	**Total €000**
At 1 January 2021	(4,134)	15,488	(4,647)	132	6,839
Recognised in consolidated income statement	8,370	5,005	(5,944)	(200)	7,231
Recognised in other comprehensive income	-	-	(11,292)	-	(11,292)
Effects of movement in foreign exchange	(319)	363	(291)	9	(238)
At 31 December 2021	3,917	20,856	(22,174)	(59)	2,540
Recognised in consolidated income statement	**21,565**	**-**	**(485)**	**224**	**21,304**
Recognised in other comprehensive income	**-**	**-**	**20,943**	**-**	**20,943**
Effects of movement in foreign exchange	**(191)**	**(344)**	**843**	**(8)**	**300**
At 31 December 2022	**25,291**	**20,512**	**(873)**	**157**	**45,087**

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

12. Deferred tax assets *(continued)*

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.

Any deferred tax expected to reverse after 1 April 2022 has been remeasured using the rates substantively enacted at 31 December 2022. The rate of deferred tax applied at 31 December 2022 is 25% (*2021: 25%*).

13. Trade and other receivables

	2022	2021
	€000	€000
Current		
Trade receivables	**22,591**	54,456
Amounts due from related parties *(Note 24)*	**196,233**	187,237
Prepayments	**8,181**	3,558
Accrued income	**2,206**	8,630
	229,211	253,881
Non-current		
Accrued income	**23,616**	17,412
Other operating debtors	**89**	184
	23,705	17,596

Credit quality of financial assets and impairment losses

The ageing of trade and other receivables at the end of the reporting year was:

	2022			
	Trade receivables		**Amounts due from related parties**	
	Gross	**Impairment**	**Gross**	**Impairment**
	€000	**€000**	**€000**	**€000**
Not past due	**21,963**	-	**196,233**	-
Past due 0-30 days	**628**	-	-	-
Past due 31-90 days	-	-	-	-
More than 90 days	-	-	-	-
	22,591	-	**196,233**	-

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

13. Trade and other receivables *(continued)*

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

	2021			
	Trade receivables		Amounts due from related parties	
	Gross €000	Impairment €000	Gross €000	Impairment €000
Not past due	54,425	-	187,237	-
Past due 0-30 days	19	-	-	-
Past due 31-90 days	-	-	-	-
More than 90 days	898	(886)	-	-
	55,342	(886)	187,237	-

The accounts receivable not yet due after impairment losses as of the end of the reporting year are deemed to be collectible on the basis of established credit management processes such as regular analyses of the credit worthiness of our customers and external credit checks where appropriate for new customers *(Note 21.c)*. As at 31 December 2021 and 2022 there was no significant trade, related party or other receivable balances not past due that were subsequently impaired.

The concentration of credit risk for trade receivables and amounts due from related parties at the balance sheet date by geographic region was:

	2022 **€000**	2021 €000
Geographic region		
UK	**180,910**	162,523
Rest of Europe	**36,728**	77,978
Americas	**1,027**	1,192
Rest of the World	**159**	-
	218,824	241,693

The concentration of credit risk for trade receivables and amounts due from related parties at the balance sheet date by type of counterparty was:

	2022 **€000**	2021 €000
Type of counterparty		
Oil, gas and chemicals	**213,044**	231,719
Transport	**162**	708
Other	**5,618**	9,266
	218,824	241,693

All assets included within trade receivables form security against the Senior Term and Revolving Facilities agreement *(2021: all assets)* as described in Note 17.

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2022

13. Trade and other receivables *(continued)*

Movement in the allowance for impairment:

	Trade receivables €000
Balance at 1 January 2021	(823)
Exchange	(63)
Balance at 31 December 2021	(886)
Allowance released in the year	**886**
Balance at 31 December 2022	**-**

The allowance account for trade receivables is used to record any impairment unless the Group is satisfied that no recovery of the amount owing is probable; at the 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

	2022 €000	2021 €000
Low	**22,591**	54,444
Medium	**-**	-
High	**-**	898
Impairment allowance	**-**	(886)
	22,591	54,456

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

There were no allowances made against other receivables during the year *(2021: €nil)*.

There were no allowances made against amounts due from related parties during the year *(2021: €nil)*.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

14. Employee benefits

Pension Plan

The Group operates a defined benefit plan for certain employees. The defined benefit pension plan was historically final salary in nature, with a normal retirement age of 60. The plan is now closed to new entrants and frozen to future accrual. The contributions paid to the scheme is set every three years based on a funding agreement between the Group and Trustees after taking actuarial advice. The plan operates under trust law and are managed and administered by Trustees in accordance with the terms of the Trust Deed and Rules and relevant legislation. The assets of the plan are held separately from those of the Group.

The most recent full valuation of the significant defined benefit plan was carried out on 31 December 2020. These valuations have been updated where appropriate to 31 December 2022 by independent qualified actuaries.

Pension plan assumptions

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

	2022	2021
	%	%
Major assumptions:		
Rate of increase to pension in payments	**3.0**	3.0 – 5.0
Discount rate for scheme liabilities	**5.0**	1.9
Inflation (RPI)	**3.2**	3.2

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:

	2022	2021
	Years	Years
Longevity at age 65 for current pensioners	**24.3**	22.4

Sensitivity analysis

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

	2022	2021
	%	%
Discount rate: 1.0% decrease	**19.14**	25.92
Rate of inflation: 0.5% increase	**6.36**	7.92
1 year increase in longevity for a member currently aged 65	**1.97**	3.46

The sensitivity to the inflation assumption change includes corresponding changes to the future salary increase and future pension increase assumptions where the assumptions are set to be linked to the inflation assumption.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

14. Employee benefits *(continued)*

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting year would have increased/(decreased) as a result of a change in the respective assumptions by 1%.

	2022	2021
	€000	€000
Discount rate	**63,924**	154,958
Inflation (RPI, CPI)	**21,233**	47,328

Pension plan assumptions

In valuing the liabilities of the pension fund at €333,935,000 *(2021: €597,828,000)*, mortality assumptions have been made as indicated above. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities would be €340,523,000 *(2021: €618,510,000)* having increased by €6,588,000 *(2021: €20,682,000)* before deferred tax.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 December 2020 and are applied to adjust the defined benefit obligation at the end of the reporting year for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

History of plan

The history of the plan for the current and prior years is as follows:

Consolidated Balance Sheet

	2022	2021
	€000	€000
Present value of the defined benefit obligation in respect of the pension plan	**333,935**	597,828
Fair value of plan assets	**(337,427)**	(686,525)
Surplus	**(3,492)**	(88,697)

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

	2022	2021
	€000	€000
Net asset for defined benefit obligations in the United Kingdom	**(3,492)**	(88,697)

The Group expects to contribute approximately €488,000 *(2021: €6,523,000)* to its funded defined benefit plan in the next financial year.

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2022

14. Employee benefits *(continued)*

Consolidated Income Statement

	2022 €000	2021 €000
Current service cost	**677**	856
Interest cost on defined benefit obligation	**10,993**	9,329
Interest income on plan assets	**(12,714)**	(9,755)
	(1,044)	430

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

	2022 €000	2021 €000
Cost of sales	**677**	856
Finance income	**(1,721)**	(426)
	(1,044)	430

Pension Plans

	2022 €000	2021 €000
Present value of funded obligations	**333,935**	597,828
Fair value of plan assets	**(337,427)**	(686,525)
	(3,492)	(88,697)

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2022

14. Employee benefits *(continued)*

Movements in present value of defined benefit obligation:

	Total **€000**
On 1 January 2021	567,996
Current service cost	856
Interest cost on defined benefit obligation	9,329
Remeasurements:	
Actuarial gain - experience	(2,824)
Actuarial gain – demographic assumptions	(1,095)
Actuarial loss – financial assumptions	1,994
Disbursements from plan assets	(21,482)
Exchange	43,054
At 31 December 2021	597,828
Current service cost	**677**
Interest cost on defined benefit obligation	**10,993**
Remeasurements:	
Actuarial loss – experience	**40,816**
Actuarial loss – demographic assumptions	**6,932**
Actuarial gain – financial assumptions	**(280,654)**
Disbursements from plan assets	**(21,103)**
Exchange	**(21,554)**
At 31 December 2022	**333,935**

Movements in fair value of plan assets:

	Total **€000**
On 1 January 2021	592,458
Interest income on plan assets	9,755
Remeasurements:	
Return on plan assets less than discount rate	57,093
Employer contributions	2,041
Disbursements	(21,482)
Exchange	46,660
At 31 December 2021	686,525
Interest income on plan assets	**12,714**
Remeasurements:	
Return on plan assets greater than discount rate	**(318,907)**
Employer contributions	**1,163**
Disbursements	**(21,103)**
Exchange	**(22,965)**
At 31 December 2022	**337,427**

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2022

14. Employee benefits *(continued)*

The fair value of the plan assets were as follows:

	2022 €000	2021 €000
As at 31 December		
Cash and cash equivalents	**14,646**	62,700
Equities	**88,943**	237,332
Bonds	**173,363**	302,911
Property	**51,319**	69,126
Other	**9,156**	14,456
Total plan assets	**337,427**	686,525

All the investments in plan assets except property are quoted. The plan does not hold investments in the Group's own financial instruments, or hold assets or property which are used by the Group.

Defined Contribution Plans

The Group operates a number of defined contribution pension plans. The total expenses relating to these plans in the current year were €3,704,000 *(2021: €3,771,000).*

15. Inventories

	2022 €000	2021 €000
Raw materials and consumables	**16,780**	8,162
Process chemicals	**18,688**	20,537
Finished goods and goods for resale	**50,900**	65,382
	86,368	94,081

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to €725,777,000 *(2021: €466,983,000).* The write-down of stocks to net realisable value amounted to €nil *(2021: €3,117,000).* The reversal of write-downs amounted to €726,000 *(2021: €nil).*

Security

All assets included within the inventories form security against the Senior term and Revolving Facilities agreement *(2021: all assets)* as described in Note 17.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

16. Share capital

	2022 €000	2021 €000
Authorised, allotted, called up and fully paid		
57,100 (2021: 57,100) ordinary shares of €1 each	**57**	57

Number of shares	Ordinary shares
On issue at 1 January and 31 December 2022 – fully paid	57,100

The holders 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

A dividend has not been paid or declared in the year *(2021: €nil).*

17. Interest-bearing loans and borrowings

The 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, refer to Note 21.

	2022 €000	2021 €000
Non-current liabilities		
Loan from related parties	**298,123**	143,762
Senior Secured Term Loans due 2025	**-**	305,000
Gross borrowings	**298,123**	448,762
Less: unamortised finance costs	**-**	(3,966)
	298,123	444,796
Current liabilities		
Loan from related parties	**73,064**	72,891
Senior Secured Term Loans	**305,000**	-
Less: unamortised finance costs	**(2,152)**	-
	375,192	72,891
Net borrowings	**674,035**	517,687

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

17. Interest-bearing loans and borrowings *(continued)*

Gross debt and issue costs

	2022		
	Gross loans and borrowings	**Issue costs**	**Net loans and borrowings**
	€000	**€000**	**€000**
Loans from related parties	**371,187**	**-**	**371,187**
Senior Secured Term Loans due 2025	**305,000**	**(2,152)**	**302,848**
	676,187	**(2,152)**	**674,035**

	2021		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
	€000	€000	€000
Loan from related parties	216,653	-	216,653
Senior Secured Term Loans due 2025	305,000	(3,966)	301,034
	521,653	(3,966)	517,687

Terms and debt repayment schedule

	Currency	**Nominal Interest rate**	**Year of maturity**
Loan due to related parties	£	5.53%	2043
Loan due to related parties	€	7%	2025
Senior secured Term Loans due 2025	€	2.25%-3.25%	2025

Senior Secured Term Loans due 2025

On 14 June 2019, INEOS Grangemouth Limited entered into a 3 year €350,000,000 Senior Term and Revolving Facilities agreement ("the Agreement") with, inter alia, Lloyds Bank PLC as Administrative Agent, Lloyds Bank PLC as Security Agent and BNP Paribas, London Branch, Lloyds Bank PLC and National Westminster Bank PLC as Global Coordinators. Subsequently on 23 July 2020, the agreement was extended to June 2025.

Under the terms of the Agreement, on 31 July 2019, INEOS Grangemouth Limited fully drew down the €200,000,000 Term loan. As at 31 December 2022 €105,000,000 *(2021: €105,000,000)* of the €150,000,000 Revolving Facility Loan had been drawn down. On 10 January 2023, the loans were repaid in full, facilitated by a loan from the parent company INEOS Industries Holdings Limited so theyhave been classified as a current liability as at 31 December 2022.

The Agreement has a variable interest rate between 2.25%-3.25% per annum depending on the leverage of INEOS Grangemouth Limited and its subsidiaries which is payable in arrears on the last day of each six month interest period. As at 31 December 2022 the Agreement bore interest at 3.25% *(2021: 2.5%)*.

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2022

17. Interest-bearing loans and borrowings *(continued)*

Senior Secured Term Loans due 2025 *(continued)*

INEOS Grangemouth Limited and its subsidiaries guarantee the obligations under the Senior Secured Term Loans. The Credit Agreement contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

As referenced earlier, the Group encountered various challenges during the year such as the effects of high inflation and the Ukraine war, which had a profound impact on the business due to the Group's high steam and power demand, resulting in significant exposure to natural gas prices. Accordingly, the Group requested and was granted consent to waive the leverage financial covenant at both 30 May 2022 and 22 September 2022. The leverage covenant at 31 December 2022 was remediated post year end via the full repayment of the Senior Term and Revolving Loan Facilities on 10 January 2023.

Loans from related parties

The Group has a €250,000,000 multi-currency term loan facility from INEOS Industries Holdings Limited, which matures on 31 December 2025 and carries an interest rate of 7%. As at 31 December 2022 €204,498,000 *(2021: €99,644,000)* has been drawn down. The facility is secured by second ranking liens against all assets of the Group.

The Group has a £95,844,800 shareholder loan facility from Petroineos Refining Limited, which matures in 2043 and carries an interest rate of 5.53%. As at 31 December 2022 £64,654,000 *(2021: £61,199,000)* has been drawn down. The facility is for exclusive use on construction costs of the new power plant. On 30 December 2021, Petroineos Refining Limited gave notice to stop investing in the energy project and requested early repayment of the loan in line with the contractual terms. As a result, the loan has been reclassified to current liabilities on the balance sheet at 31 December 2021 and 31 December 2022.

The Group has a £108,473,000 sub-participation agreement with INEOS FPS Limited for the funding of the new power plant at Grangemouth, INEOS FPS Limited will fund 33.5% of the total construction cost, this agreement matures in 2043 and carries an interest rate of 5.53%. As at 31 December 2022 £82,848,000 *(2021: £37,041,000)* has been drawn down.

Qualifying interest is capitalised as part of the construction of plant and machinery.

18. Lease obligations

	2022	2021
	€000	€000
Analysed as:		
Current lease liabilities	**4,781**	885
Non-current lease liabilities	**12,764**	10,321
	17,545	11,206

	2022	2021
	€000	€000
Maturity analysis- contractual undiscounted cash flows:		
Less than one year	**5,435**	1,252
Between one and five years	**6,987**	3,664
More than five years	**9,489**	10,889
Total undiscounted lease liabilities at 31 December	**21,911**	15,805

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2022

18. Lease obligations *(continued)*

	2022	2021
	€000	€000
Amounts recognised in the statement of cash flows:		
Lease capital payments	**2,014**	721
Lease interest payments	**505**	418
Short-term leases	**2,281**	1,421
Leases of low value assets	**37**	12
Total cash outflow for leases	**4,837**	2,572

The Group leases assets including land, buildings and transportation, the typical life of the leases vary between 1 to 29 years.

19. Trade and other payables

	2022	2021
	€000	€000
Current		
Trade payables	**28,978**	10,145
Amounts due to related parties *(Note 24)*	**133,537**	129,949
Accruals	**61,057**	124,059
Deferred income *(Note 20)*	**1,074**	4,149
	224,646	268,302
Non-current		
Amounts due to related parties *(Note 24)*	**-**	10,360
Accruals	**136**	1,651
Deferred income *(Note 20)*	**16,565**	13,715
	16,701	25,726

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

20. Government grants

	2022	2021
	€000	€000
Current	**836**	881
Non-current	**12,177**	13,715
	13,013	14,596

Government grants are included within deferred income *(Note 19)*. The grants are Regional Selective Assistance Scotland Scheme grants received by the Group. The income on these grants is released to the income statement in line with the life of the underlying fixed assets that these grants were received in relation to.

21. Financial instruments

21. 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 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 reporting date.

Interest-bearing borrowings

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date. The fair value of the related parties' loans is the same as the carrying value. The loan due to third parties at 31 December 2022 is in the form of Senior Secured Term Loan, the difference between any fair value carrying value being unamortised debt issue costs.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

21. Financial instruments *(continued)*

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

Fair values

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

	2022		2021	
	Carrying amount €000	**Fair value €000**	Carrying amount €000	Fair value €000
Financial assets held at amortised cost				
Trade receivables	**22,591**	**22,591**	54,456	54,456
Amounts due from related parties	**196,233**	**196,233**	187,237	187,237
Cash and cash equivalents	**42,328**	**42,328**	82,955	82,955
Total financial assets	**261,152**	**261,152**	324,648	324,648
Financial liabilities carried at amortised cost:				
Trade payables	**(28,978)**	**(28,978)**	(10,145)	(10,145)
Amounts due to related parties	**(133,537)**	**(133,537)**	(140,309)	(140,309)
Loan due to related parties	**(371,187)**	**(371,187)**	(216,653)	(216,653)
Loan due to third parties	**(302,848)**	**(305,000)**	(301,034)	(305,000)
Lease liabilities	**(17,545)**	**(17,545)**	(11,206)	(11,206)
Total financial liabilities	**(854,095)**	**(856,247)**	(679,347)	(683,313)

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

21. Financial instruments *(continued)*

21. b) Net gains and losses from financial instruments

Net gains and losses from financial instruments comprise the results of valuations, the amortisation of discounts, and 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 measures at amortised cost relate primarily to amortisation of discounts, results from the translation of foreign currencies, interest expense and other financing related expenses.

The item 'financial instruments at fair value through profit or loss' comprise valuations gains and losses, and only includes gains and losses from instruments which are not designated as hedging instruments as defined by IFRS 9.

The following table shows the gross gains and losses during the year and on which financial instruments they arose:

	Assets measured at amortised cost	
	2022	2021
	€000	€000
Financing income	**297**	23
Net foreign exchange gain	**-**	114
Net result	**297**	137
Carrying value at 31 December	**261,152**	324,648

	Liabilities measured at amortised cost	
	2022	2021
	€000	€000
Finance cost	**(18,110)**	(8,785)
Other finance cost	**(10,402)**	(9,463)
Net foreign exchange losses	**(1,451)**	-
Net result	**(29,963)**	(18,248)
Carrying value at 31 December	**(854,095)**	(679,347)

There are no financial assets at fair value either through profit and loss or other comprehensive income.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

21. Financial instruments *(continued)*

21. 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 and deposits with financial institutions.

Group Treasury policy and objectives in relation to credit risk is to minimise the likelihood that the Group will experience financial loss due to counterparty failure and to ensure that in the event of a single loss, the failure of any single counterparty would not materially impact the financial wellbeing of the Group.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Management considers that there is no geographical concentration of credit risk. The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered or are adjusted accordingly. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Investments, cash and cash equivalents

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

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 are given in Note 13.

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2022

21. Financial instruments *(continued)*

21. 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 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.

Refer to Note 17 for detailed information and loan covenants on each of the loans.

The maturity profile of the Group's undrawn committed facilities at 31 December 2022 and 2021 was as follows:

	2022 Undrawn facilities €000	2021 Undrawn facilities €000
In one year	**(80,248)**	-
In more than one year, but not more than two years	**-**	-
In more than two years, but not more than five years	**(38,234)**	(45,000)
In more than five years	**-**	(89,258)
	(118,482)	(134,258)

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

			2022			
	Carrying amount €000	**Contractual cash flows €000**	**1 year or less €000**	**1 to <2 years €000**	**2 to <5 years €000**	**5 years and over €000**
Non derivative financial liabilities						
Trade payables	**(28,978)**	**(28,978)**	**(28,978)**	-	-	-
Amounts due to related parties	**(133,537)**	**(133,537)**	**(133,537)**	-	-	-
Loan due to related parties	**(371,187)**	**(486,519)**	**(78,521)**	**(7,874)**	**(275,450)**	**(124,674)**
Loan due to third parties	**(302,848)**	**(309,339)**	**(309,339)**	-	-	-
Lease liabilities	**(17,545)**	**(21,911)**	**(5,435)**	**(4,202)**	**(2,785)**	**(9,489)**
	(854,095)	**(980,284)**	**(555,810)**	**(12,076)**	**(278,235)**	**(134,163)**

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

21. Financial instruments *(continued)*

21. d) Liquidity risk *(continued)*

	2021					
	Carrying amount €000	Contractual cash flows €000	1 year or less €000	1 to <2 years €000	2 to <5 years €000	5 years and over €000
Non derivative financial liabilities						
Trade payables	(10,145)	(10,145)	(10,145)	-	-	-
Amounts due to related parties	(140,309)	(140,309)	(129,949)	(10,360)	-	-
Loan due to related parties	(216,653)	(283,651)	(77,025)	-	(143,414)	(63,212)
Loan due to third parties	(301,034)	(335,500)	(7,625)	(7,625)	(320,250)	-
Lease liabilities	(11,206)	(15,805)	(1,252)	(1,073)	(2,591)	(10,889)
	(679,347)	(785,410)	(225,996)	(19,058)	(466,255)	(74,101)

21. e) Market risk

Financial risk management

Market risk reflects the possibility that changes in market prices, such as crude oil, feedstock refined products, chemicals or currency exchanges rates or changes in interest rates will adversely affect the value of the Group's assets, liabilities or expected future cash flows.

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 and Sterling.

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

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

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

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31 December 2022

21. Financial instruments *(continued)*

21. e) Market risk *(continued)*

i. Market risk – foreign currency risk *(continued)*

The foreign currency exposure where the Group's financial assets/(liabilities) are not denominated in the functional currency of the operating unit involved is shown below. Foreign exchange differences on retranslation of these assets and liabilities are taken to the income statement / other comprehensive income of the Group.

	2022	2021
	€000	€000
Euros	**4,002**	9,023
US dollars	**91,362**	(43,766)
Sterling	**21,366**	664,283
Other	**(2,086)**	(250)
	114,644	629,290

Sensitivity analysis

A 10% weakening of the following currencies at 31 December would have decreased equity and profit 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.

	Profit or loss	
	2022	2021
	€000	€000
Euros	**400**	902
US dollars	**9,136**	(4,376)
Sterling	**2,137**	66,428
Other	**(209)**	(25)
	11,464	62,929

A 10% strengthening of the above currencies against the Euro at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

21. Financial instruments *(continued)*

21. e) Market risk *(continued)*

ii. Market risk – interest rate risk

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

	2022	2021
	€000	€000
Carrying amount of asset/(liability)		
Fixed rate instruments		
Financial assets	**42,328**	82,955
Financial liabilities	**(388,732)**	(227,859)
	(346,404)	(144,904)
Variable rate instruments		
Financial liabilities	**(302,848)**	(301,034)
	(302,848)	(301,034)

iii. Market risk – Commodity price risk

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 feedstocks and base chemicals linked to the price of crude. The sales price exposures are primarily related to petrochemicals where prices 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 operates within procedures and policies designed to ensure that risks, including those relating to the default of counterparties, are minimised.

21. 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 €953,656,000 *(2021: €1,092,183,000)* as shareholders' equity of €321,949,000 *(2021: €657,451,000)* and net debt (net of debt issue cost) of €631,707,000 *(2021: €434,732,000)*.

The principal sources of debt available to the Group at 31 December 2022 includes the Senior Secured Term Loans due 2025 and loans from related parties 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.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

22. Capital commitments

Outstanding capital expenditure authorised on property, plant and equipment authorised by the Board and for which contracts had been placed as at 31 December 2022 by the Group amounted to approximately €18,960,000 *(2021: €50,312,000).*

23. Reconciliation of net cash flow to movement in net debt

	2022 **€000**	2021 €000
(Decrease)/increase in cash and cash equivalents in the year	**(23,950)**	55,065
Cash inflow from change in debt financing	**(142,903)**	(142,480)
Change in net debt resulting from cash flows	**(166,853)**	(87,415)
Other net non-cash transactions	**(28,308)**	(29,213)
Movements in net debt in year	**(195,161)**	(116,628)

	1 Jan 2022 **€000**	**Cash flow** **€000**	**Non-cash changes** **€000**	**31 Dec 2022** **€000**
Cash at bank in hand	**82,955**	**(23,950)**	**(16,677)**	**42,328**
	82,955	**(23,950)**	**(16,677)**	**42,328**
Debt due within one year	**(72,891)**	**-**	**(305,173)**	**(378,064)**
Debt due after more than one year	**(448,762)**	**(142,903)**	**293,542**	**(298,123)**
	(521,653)	**(142,903)**	**(11,631)**	**(676,187)**
	(438,698)	**(166,853)**	**(28,308)**	**(633,859)**

	1 Jan 2021 €000	Cash flow €000	Non-cash changes €000	31 Dec 2021 €000
Cash at bank in hand	39,852	55,065	(11,962)	82,955
	39,852	55,065	(11,962)	82,955
Debt due within one year	-	-	(72,891)	(72,891)
Debt due after more than one year	(361,922)	(142,480)	55,640	(448,762)
	(361,922)	**(142,480)**	(17,251)	(521,653)
	(322,070)	(87,415)	(29,213)	**(438,698)**

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

24. Related parties

Related party transactions

Related parties comprise:

- Parent entity, their subsidiaries, associates and joint venture not included within the INEOS Grangemouth Limited Group;
- Entities controlled by the shareholders of INEOS Limited, the ultimate parent company of INEOS Grangemouth Limited, including INEOS AG and INEOS Holdings Limited, entities with significant influence; and
- Key managerial personnel.

Mr J A Ratcliffe, Mr A C Currie and Mr J Reece are the shareholders of INEOS Limited. INEOS Limited provides operational management services to the Group through a management service agreement. INEOS Limited management fees of €5,485,000 *(2021: €5,100,000)* were charged to the income statement during the year ended 31 December 2022.

At 31 December 2022 amounts owed to INEOS Industries Holdings Limited relating to loans of €204,498,000 *(2021: €99,644,000)*, and €9,854,000 *(2021: €6,769,000)* of interest payable had been recorded.

At 31 December 2022 amounts owed to Petroineos Refining Limited relating to the GECO loan was €73,064,000 *(2021: €72,891,000)* and €4,056,000 *(2021: €2,863,000)* of interest payable had been recorded.

At 31 December 2022 amounts owed to INEOS FPS Limited relating to loans of €93,625,000 *(2021: €44,118,000)* and €4,002,000 *(2021: €1,777,000)* of interest payable had been recorded.

INEOS Limited owns and controls a number of operating subsidiaries and joint ventures that are not included in the INEOS Grangemouth Limited group, including the INEOS Group Holdings S.A. group and other subsidiaries of the INEOS Industries Limited group. During the year ended 31 December 2022, the Group has made sales to these subsidiaries, associates and joint ventures of €622,818,000 *(2021: €459,044,000)*, recovered costs of €208,222,000 *(2021: €206,220,000)* and made purchases of €450,406,000 *(2021: €567,526,000)*. At 31 December 2022 €196,233,000 *(2021: €187,237,000)* was owed by these subsidiaries, associates and joint ventures and €133,537,000 *(2021: €140,309,000)* was owed to these subsidiaries, associates and joint ventures. All of the above transactions were in the ordinary course of business.

Transactions with key management personnel (including directors)

The Group defines key management as the directors of the Group. Details of Directors' remuneration are given in Note 6.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

25. Ultimate parent undertaking and controlling party

The immediate parent undertaking at 31 December 2022 is INEOS Industries Holdings Limited, a company incorporated in England and Wales.

The ultimate parent undertaking at 31 December 2022 was INEOS Limited, a company registered in the Isle of Man.

INEOS Industries Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements. Copies of the financial statements of INEOS Industries Limited can be obtained from the Company Secretary at the registered office: Hawkslease, Chapel Lane, Lyndhurst, Hampshire, UK, 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 undertaking INEOS Limited.

26. Accounting estimates and judgements

The Group prepares its consolidated financial statements in accordance with IFRS's, which require management to make judgements, estimates and assumptions which affect the application of the accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates change and in any future periods.

Critical judgements in applying the Group's accounting policies
The directors do not consider there to be any critical judgements, apart from those involving estimation, 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 defined benefit post-employment scheme. Under IAS 19 Revised Employee Benefits, management is required to estimate the present value of the future defined benefit obligation of each defined benefit scheme. The costs and year end obligations under the defined benefit scheme is determined using actuarial valuations. The actuarial valuations involve making numerous assumptions, including:

- Inflation rate projections;
- Discount rate for scheme liabilities; and
- Expected rates of return on the scheme assets.

Details of post-retirement benefits including the major assumptions and the sensitivity of the post-retirement benefits to the assumptions are set out in Note 14, pension plan assumptions.

Notes to the Consolidated Financial Statements *(continued)*

for the year ended 31 December 2022

26. Accounting estimates and judgements *(continued)*

Impairment Reviews

IFRSs require management to test for the impairment of tangible assets with finite lives if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

An impairment test requires an assessment as to whether the carrying value of assets can be supported by its recoverable amount. Management calculates the recoverable amount based on the net present value of the future cash flows derived from the relevant assets, using cash flow projections which have been discounted at an appropriate discount rate.

In calculating the net present value of future cash flows, certain assumptions and estimates are required to be made in respect of highly uncertain matters, including management's expectation of:

- growth rates of various revenue streams
- long term growth rates
- future margins
- the selection of an appropriately risk adjusted discount rate; and
- the determination of terminal values.

Changing the assumptions selected by management, in particular the discount rate used in the present value calculation, could significantly affect the Group's impairment evaluation and results.

For the purpose of impairment testing (when required), to assess whether any impairment exists, estimates are made of the future cash flows expected to result from the use of the asset and its eventual disposal. Actual outcomes could vary significantly from such estimates of discounted future cash flows. Factors such as changes in the planned use of buildings, plant or equipment, or closure of facilities, the presence or absence of competition, lower than expected asset utilisation from events such as planned outages, strikes and hurricanes, technical obsolescence or lower than anticipated sale of products with capitalised intellectual property rights could result in shortened lives or impairment. Changes in discount rates could also lead to impairment. *(Note 10)*

27. Subsequent events

On 10 January 2023, the Group repaid in full their Senior Term and Revolving loan Facilities. This was facilitated by a loan from the parent company, INEOS Industries Holdings Limited.

In January 2023, an agreement was made with PetroIneos to write off a number of open debtor and creditor balances that had been in dispute for a number of years. There was no cash settlement between the parties and this write off has been adjusted for in the December 2022 results.

Section 3 – Company Financial Statements

Company Balance Sheet
as at 31 December 2022

	Note	2022 €000	2021 €000
Fixed assets			
Investments	5	593,855	451,653
Total fixed assets		593,855	451,653
Current assets			
Debtors	6	3,380	3,171
Cash at bank and in hand		8	1
Total current assets		3,388	3,172
Creditors: amounts falling due within one year	7	(307,534)	(3,408)
Net current liabilities		(304,146)	(236)
Total assets less current liabilities		289,709	451,417
Creditors: amounts falling due after more than one year	8	(298,123)	(444,796)
Net (liabilities)/assets		(8,414)	6,621
Capital and reserves			
Called up share capital	9	57	57
Profit and loss account *		(8,471)	6,564
Total shareholders' (deficit)/funds		(8,414)	6,621

* The Parent Company recorded a loss after tax for the year of €15,035,000 *(2021: profit after tax of €390,000).*

The notes on pages 72 to 78 are an integral part of these Company financial statements.

The financial statements on pages 70 to 78 were approved by Board of Directors on 4 July 2023 and signed on its behalf by:

C. Mound

C G Mound
Director
Registered Number 08698417

Company Statement of Changes in Equity
for the year ended 31 December 2022

	Called up share capital €000	Profit and loss account €000	Total shareholders' funds €000
Balance at 1 January 2021	57	6,174	6,231
Total comprehensive income for the year, comprising			
Profit for the year	-	390	390
Total comprehensive income for the year	-	390	390
Balance at 31 December 2021	57	6,564	6,621

	Called up share capital €000	Profit and loss account €000	Total shareholders' funds/(deficit) €000
Balance at 1 January 2022	**57**	**6,564**	**6,621**
Total comprehensive expense for the year, comprising			
Loss for the financial year	**-**	**(15,035)**	**(15,035)**
Total comprehensive expense for the year	**-**	**(15,035)**	**(15,035)**
Balance at 31 December 2022	**57**	**(8,471)**	**(8,414)**

The notes on pages 72 to 78 are an integral part of these Company financial statements.

Notes to the Company Financial Statements
for the year ended 31 December 2022

1. Accounting Policies

Overview

INEOS Grangemouth Limited (the "Company") is a private limited company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The registered office address is Hawkslease, Chapel Lane, Lyndhurst, Hampshire, England, UK, SO43 7FG. The nature of the operations and principal activities of the Company and its subsidiaries is the production of olefins, olefins by-products, synthetic ethanol and a range of polymer products and selling the products either directly or through a network of Limited Risk Distributors in the UK and across Europe for which it pays a small margin, and construction of a new energy plant on the site at Grangemouth.

1.1 Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards, on a going concern basis and under the historical cost accounting rules.

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

The Company financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using Financing Reporting Standard 101 *Reduced Disclosure Framework* ("FRS101").

These financial statements were prepared in accordance with Financing Reporting Standard 101 *Reduced Disclosure Framework* ("FRS101").

The consolidated financial statements of INEOS Grangemouth Limited are prepared in accordance with International Financial Reporting Standards. 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;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- Financial instrument disclosures as required by IFRS 7;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

The accounting policies set out below have, unless otherwise stated, been applied consistently in the Company's 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 12.

1.2 Measurement convention

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

Notes to the Company Financial Statements *(continued)*
for the year ended 31 December 2022

1. Accounting Policies *(continued)*

1.3 Going Concern

The directors have considered the Company's projected future cash flows and working capital requirements. As at 31 December 2022, the Company had net liabilities of (€8,414,000) *(2021: net assets of €6,621,000)*. The Company held cash of €8,000 *(2021: €1,000)* and loans and borrowings to third parties of €302,848,000 *(2021: €301,034,000)*. The loss for the year was €15,035,000 *(2021: profit of €390,000)*. The directors have stress tested the projected future cash flows through taking account of reasonable possible changes in performance to determine the level of support that may be required from the parent company. The directors have received confirmation that the parent, INEOS Industries 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.

1.4 Functional and presentation currency

These Company financial statements are presented in euro, which is the functional currency of the majority of operations. The exchange rate as at 31 December 2022 was €1:£0.88490 *(2021 €1:£0.83960)*.

All financial information presented in euro has been rounded to the nearest €1,000.

1.5 Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company 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 Company; 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 exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes to the Company Financial Statements *(continued)*

for the year ended 31 December 2022

1. Accounting Policies *(continued)*

1.6 Impact of new standards and interpretations

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

1.7 Investments

Shares in affiliated undertakings are valued at purchase price including the expenses incidental thereto, less any accumulated impairment loss.

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)'.

1.8 Non-derivative financial instruments

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

Trade and other debtors

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

Trade and other creditors

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

Cash and cash equivalents

Cash at bank and in hand comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Interest-bearing borrowings

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

Notes to the Company Financial Statements *(continued)*
for the year ended 31 December 2022

2. Auditor's remuneration

	2022 €000	2021 €000
Audit of these financial statements	**113**	37
Amounts receivable by the Company's Auditor's and its associates in respect of audit of consolidated financial statements	**226**	21
	339	58

3. Staff numbers and costs

There were no *(2021: no)* employees with contracts of employment in the name of the Company.

4. Directors' remuneration

None *(2021: none)* of the directors received any fees or remuneration for services as a director of the Company during the financial year. The directors are remunerated for their qualifying services by another group company for contributions to the group as a whole and it is not possible to apportion this to the Company.

5. Investments

The subsidiary and undertakings of the Company and the percentage of equity share capital held are set out below. The principal country of operation is generally indicated by the Company's country of incorporation or by its name.

			Ownership	
Name	**Address of the registered office**	**Class of shares held**	**2022**	**2021**
INEOS Commercial Services UK Limited ** [Company Registration Number 07445497]	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, England, SO43 7FG	Ordinary	100%	100%
INEOS Chemicals Grangemouth Limited ** [Company Registration Number 06981897]	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, England, SO43 7FG	Ordinary	100%	100%
Grangemouth Energy Company Limited [Company Registration Number 11384522]	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, England, SO43 7FG	Ordinary	70.4%	70.4%

On the date of approval and signing of the consolidated financial statements, as set out on page 19, the outstanding liabilities at the balance sheet date, 31 December 2022, of the named subsidiaries were guaranteed by the parent undertaking, INEOS Grangemouth Limited (registered number 08698417) pursuant to s479A of the Companies Act.

****Audit exemption**
The subsidiary undertakings which have been consolidated in INEOS Grangemouth Limited consolidated financial statements and have claimed exemption from audit under section 479A Companies Act 2006.

INEOS Grangemouth Limited holds 100% of the issued I ordinary share capital in Grangemouth Energy Company Limited. Grangemouth Energy Company Limited has also issued P ordinary shares and non-voting ordinary shares which are not held by INEOS Grangemouth Limited.

Notes to the Company Financial Statements *(continued)*
for the year ended 31 December 2022

5. Investments *(continued)*

INEOS Chemicals Grangemouth Limited is a "Toll Manufacturer", INEOS Commercial Services UK Limited is an "Entrepreneur", Grangemouth Energy Company Limited is constructing a new energy plant on the Grangemouth site, although the expected operational date is not yet known. All subsidiary undertakings are included in the consolidation.

	Shares in subsidiaries €000	Loans to subsidiaries €000	Loans to group undertakings €000	Total €000
Cost				
Balance at 1 January 2022	1	450,549	1,103	451,653
Additions	-	137,702	3	137,705
Exchange	-	4,497	-	4,497
Balance at 31 December 2022	**1**	**592,748**	**1,106**	**593,855**
Net book value				
At 31 December 2021	1	450,549	1,103	451,653
At 31 December 2022	**1**	**592,748**	**1,106**	**593,855**

6. Debtors

	2022 €000	2021 €000
Amounts due from group undertakings	**3,380**	3,161
Other taxes recoverable	**-**	10
	3,380	3,171

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

7. Creditors: amounts falling due within one year

	2022 €000	2021 €000
Amounts due to third parties	**302,848**	-
Accruals	**4,686**	3,408
	307,534	3,408

Notes to the Company Financial Statements *(continued)*

for the year ended 31 December 2022

8. Creditors: amounts falling due after more than one year

	2022	2021
	€000	€000
Amounts due to third parties	-	301,034
Amounts due to group undertakings	**298,123**	143,762
	298,123	444,796

Senior Secured Term Loans due 2025

On 14 June 2019, INEOS Grangemouth Limited entered into a 3 year €350,000,000 Senior Term and Revolving Facilities agreement ("the Agreement") with, inter alia, Lloyds Bank PLC as Administrative Agent, Lloyds Bank PLC as Security Agent and BNP Paribas, London Branch, Lloyds Bank PLC and National Westminster Bank PLC as Global Coordinators. Subsequently on 23 July 2020, the agreement was extended to June 2025.

Under the terms of the Agreement, on 31 July 2019, INEOS Grangemouth Limited fully drew down the €200,000,000 Term loan. As at 31 December 2022 €105,000,000 *(2021: €105,000,000)* of the €150,000,000 Revolving Facility Loan had been drawn down. On 10 January 2023, the loans were repaid in full (see Note 13), so they have been classified as a current liability as at 31 December 2022.

The Agreement has a variable interest rate between 2.25%-3.25% per annum depending on the leverage of INEOS Grangemouth Limited and its subsidiaries which is payable in arrears on the last day of each six month interest period. As at 31 December 2022 the Agreement bore interest at 3.25% *(2021: 2.5%)*.

INEOS Grangemouth Limited and its subsidiaries guarantee the obligations under the Senior Secured Term Loans. The Credit Agreement contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

As referenced earlier, the Group encountered various challenges during the year such as the effects of high inflation and the Ukraine war, which had a profound impact on the business due to the Group's high steam and power demand, resulting in significant exposure to natural gas prices. Accordingly, the Group requested and was granted consent to waive the leverage financial covenant at both 30 May 2022 and 22 September 2022. The leverage covenant at 31 December 2022 was remediated post year end via the full repayment of the Senior Term and Revolving Loan Facilities on 10 January 2023.

Loans from group undertakings

The Company has a €250,000,000 multi-currency term loan facility from INEOS Industries Holdings Limited, which matures on 31 December 2025 and carries an interest rate of 7%. The facility is secured by second ranking liens against all assets of the Group.

The Company has a £76,416,800 sub-participation agreement with INEOS FPS Limited for the funding of the new power plant at Grangemouth, INEOS FPS Limited will fund 33.5% of the total construction cost, this agreement matures in 2043 and carries an interest rate of 5.53%.

Notes to the Company Financial Statements *(continued)*
for the year ended 31 December 2022

9. Called up share capital

	2022	2021
	€000	€000
Authorised, allotted, called up and fully paid		
57,000 (2021: 57,000) ordinary shares of €1 each	**57**	57

Number of shares	**Ordinary shares**
On issue at 1 January and 31 December 2022 – fully paid	**57,100**

The holders 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

A dividend has not been paid or declared in the year *(2021: €nil)*.

10. Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow subsidiaries under common ownership.

11. Ultimate parent undertaking and controlling party

The immediate parent undertaking at 31 December 2022 is INEOS Industries Holdings Limited.

The ultimate parent undertaking at 31 December 2022 is INEOS Limited, a company registered in the Isle of Man.

INEOS Grangemouth Limited, a company incorporated in the UK, is the smallest group of undertakings to consolidate these financial statements.

INEOS Industries Limited, a company incorporated in the UK, is the parent undertaking of the largest group of undertakings to consolidate these financial statements. Copies of the financial statements of INEOS Industries Limited can be obtained from the Company Secretary at the registered office: Hawkslease, Chapel Lane, Lyndhurst, Hampshire, UK, SO43 7FG.

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

12. 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.

13. Subsequent events

On 10 January 2023, the Company repaid in full their Senior Term and Revolving loan Facilities. This was facilitated by a loan from the parent company, INEOS Industries Holdings Limited.