

INEOS Grangemouth Limited
Annual report and financial statements
Registered number 08698417
Year ended - 31 December 2023

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Section 1 – Strategic report and Directors' report

Strategic report for the year ended 31 December 2023

The directors present their Strategic report on the Group and Company for the year ended 31 December 2023.

Results for the year

The results of the Group are set out in the consolidated income statement on page 17, which shows a loss before taxation for the year of €687,674,000 (2022: €297,930,000) which was primarily due to the reduced consumer demand and the impact of higher natural gas prices as a consequence of the conflict in Ukraine and effects of high inflation. This impacted revenue and subsequently the trading performance resulting in the business recognising an exceptional impairment charge of €561,882,000 (2022: €223,585,000).

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 receives a small margin.

The Group has recognised an exceptional impairment charge of €561,882,000 (2022: €223,585,000) for the year ended 31 December 2023, in relation to the tangible fixed assets. This has predominantly been driven by the natural gas price risk and associated market volatility included in the forward curve, and due to the delay in the new energy project ("NEP"). 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.

The Group encountered various challenges during the year, the effects of high inflation, higher energy prices and reduced market demand due to reduced consumer confidence in demand from their customers. 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. These issues 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.

The planned turnaround events ("TAR") on the Polymer plant from 2022 was moved into this financial year while the previously planned KG TAR has subsequently been pushed from 2023 to a phased TAR profile from 2024 to 2027. 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. During the year the Polymer plant TAR was delivered safely, on time and on budget.

During the year, the Group invested €63,036,000 in assets under construction additions which mainly related to the TAR on the Polymer assets and an additional furnace on the gas cracker to increase production capacity.

On 5 April 2022, due to escalating costs on the new energy project due to a number of contributing factors such as 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 2024 the business expects the natural gas price to remain higher than historical averages, although at similar levels as those experienced in 2023. Market conditions are still expected to be challenging and consequently the additional furnace on the gas cracker will remain in mothball status due to restricted sales demand. The new energy project will continue to be temporarily suspended during 2024 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 2023 (continued)

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.

The Grangemouth site 'Road Map' to achieving Net Zero continues apace. 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 65% across the site are targeted. This is to be achieved 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. This will include capturing CO₂ 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.
- 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.
- 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.

Strategic report for the year ended 31 December 2023 *(continued)*

Principal risks and uncertainties *(continued)*

- 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. The Group's operations may also be impacted by physical risks as a result of climate change.
- 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.
- Wars and armed conflicts – military conflicts could lead to significant market and other disruptions, including significant volatility in energy and other commodity prices.

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;
- 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.

Strategic report for the year ended 31 December 2023 *(continued)*

Section 172(1) statement *(continued)*

Long-term factors (a) (continued)

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. The business relationships with suppliers and customers are of strategic importance to the directors of the Group and in the decision-making process. 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 (see the 'Employees' section within the Directors Report for further details of employee engagement). 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 eight key areas, being:

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

Strategic report for the year ended 31 December 2023 *(continued)*

Section 172(1) statement *(continued)*

Stakeholder considerations (b – e) (continued)

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.

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

There was no principal decisions that management took in the year ending 31 December 2023.

Environmental, social and governance reporting ("ESG")

Environmental, social and governance reporting ("ESG") for INEOS Grangemouth Limited falls under the BEIS Climate-related Financial Disclosure ("CFD") reporting requirements due to having more than 500 employees and revenue of more than €500 million. The CFD statement can be found in the annual report of INEOS Industries Limited which applies to INEOS Grangemouth Limited on the basis of the consolidation rule. The annual report of INEOS Industries Limited are available to the public and may be obtained from the Company Secretary, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

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.

Non-financial and sustainability information statement ("NFSI")

The NFSI disclosures relating to the Group are included within the NFSI 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 NFSI disclosures in these financial statements.

Strategic report for the year ended 31 December 2023 (continued)

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 business is earnings before interest, taxation, depreciation, amortisation and exceptional items (“EBITDA before exceptional items”). EBITDA before exceptional items for the Group for the year ending 31 December 2023 was a loss of €24,908,000 (2022: profit of €21,297,000). The Group also closely monitors fixed costs against budget and prior year.

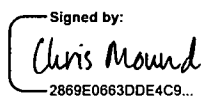
Details of actual and comparative EBITDA before exceptional items results are provided below:

	2023 €000	2022 €000
Operating loss for the year	(640,515)	(269,985)
Amortisation charge for the year	397	395
Depreciation charge for the year	53,328	67,302
Exceptional impairment charge for the year	561,882	223,585
	<u>(24,908)</u>	<u>21,297</u>

The decrease in EBITDA before exceptional items in 2023 as compared to 2022 was primarily due to reduced consumer demand and the impact of higher natural gas prices as a consequence of the conflict in Ukraine and effects of high inflation. This impacted revenue and subsequently the trading performance resulting in the business recognising an exceptional impairment charge of €561,882,000 on tangible fixed assets.

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.

Signed by:

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C G Mound

Director

6 September 2024

Registered Number 08698417

Directors' report for the year ended 31 December 2023

The directors present their report and audited financial statements of the Group and the Company for the year ended 31 December 2023.

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 the Group 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 receives 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 Note 27.

The Ukraine conflict

The Group does not have operations in Belarus, Russia or Ukraine. During 2022 and 2023 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.

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 2023, the Group had net current assets of €88,296,000 (2022: net current liabilities of €251,148,000) net liabilities of €271,503,000 (2022: net assets: €293,334,000). The Group held cash of €24,616,000 (2022: €42,328,000) and loans and borrowings (net of issue costs) of €822,964,000 (2022: €674,035,000). The loss for the year was €562,993,000 (2022: €261,799,000). 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 2023 (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 (2022: *£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 (2022: *£nil*).

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 (resigned 10 November 2023)

C G Mound

A T Hughes

A Hogan (appointed 1 December 2023)

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")

Streamlined energy and carbon reporting are discussed in the Strategic Report.

Directors' report for the year ended 31 December 2023 *(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.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with United Kingdom adopted international accounting standards. The 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 2023 *(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:

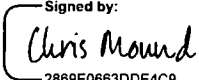
- so far as the director is aware, there is no relevant audit information of which the Group and Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the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

Signed by:

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C G Mound

Director

6 September 2024

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 2023 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 the 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 including significant component audit teams and relevant internal specialists such as pensions, IT and analytics specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the occurrence of non-routine revenue transactions given these are more susceptible to manipulation compared to automatic routine transactions. Our specific procedures performed to address the occurrence of non-routine revenue transactions included the substantive testing of manual adjustments to revenue, through agreement to supporting evidence to verify the occurrence of the revenue.

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

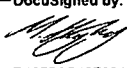
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

DocuSigned by:

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Matthew Hughes BSc (Hons) ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
6 September 2024

Consolidated Income Statement

for the year ended 31 December 2023

	<i>Note</i>	2023 €000	2022 €000
Revenue	2	658,993	1,184,795
Cost of sales		(667,056)	(1,150,925)
Exceptional cost of sales	3	(561,882)	(223,585)
Total costs of sales		(1,228,938)	(1,374,510)
Gross loss		(569,945)	(189,715)
Other operating income	2	-	-
Distribution costs		(40,972)	(59,294)
Administrative expenses		(29,600)	(20,976)
Operating loss	4	(640,515)	(269,985)
Finance income	7	1,456	2,018
Finance costs	7	(48,615)	(29,963)
Net finance costs		(47,159)	(27,945)
Loss before taxation		(687,674)	(297,930)
Tax credit	8	124,681	36,131
Loss for the financial year		(562,993)	(261,799)
Attributable to:			
Owners of the parent		(495,015)	(233,165)
Non-controlling interest		(67,978)	(28,634)
		(562,993)	(261,799)

All activities of the Group relate to continuing operations.

The notes on pages 23 to 70 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2023

	Note	2023 €000	2022 €000
Loss for the financial year		(562,993)	(261,799)
Other comprehensive expense			
Items that will not be recycled to profit or loss:			
Re-measurement of post-employment benefit plan, net of tax	8	(15,463)	(65,058)
Items that may subsequently be recycled to profit or loss:			
Foreign exchange translation differences, net of tax	8	13,619	(37,279)
Other comprehensive expense for the financial year, net of tax		(1,844)	(102,337)
Total comprehensive expense for the year		(564,837)	(364,136)
Total comprehensive expense for the year is attributable to:			
Owners of the parent		(496,859)	(335,502)
Non-controlling interest		(67,978)	(28,634)
		(564,837)	(364,136)

The notes on pages 23 to 70 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

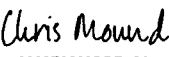
as at 31 December 2023

	Note	2023 €000	2022 €000
Non-current assets			
Intangible assets	9	1,779	12,328
Property, plant and equipment	10	261,075	787,458
Investments	11	-	-
Deferred tax asset	12	149,886	45,087
Trade and other receivables	13	18,648	23,705
Employee benefits	14	-	3,492
Total non-current assets		431,388	872,070
Current assets			
Inventories	15	90,189	86,368
Trade and other receivables	13	216,827	229,211
Tax receivables		12,715	153
Cash and cash equivalents		24,616	42,328
Total current assets		344,347	358,060
Total assets		775,735	1,230,130
Equity			
Called up share capital	16	57	57
Other reserves		(87,437)	(85,593)
Retained earnings		(87,530)	407,485
Total shareholders' (deficit)/funds		(174,910)	321,949
Non-controlling interest		(96,593)	(28,615)
Total (deficit)/equity		(271,503)	293,334
Non-current liabilities			
Interest-bearing loans and borrowings	17	744,426	298,123
Lease liabilities	18	16,549	12,764
Trade and other payables	19	13,699	16,701
Employee benefits	14	16,513	-
Total non-current liabilities		791,187	327,588
Current liabilities			
Interest bearing loans and borrowings	17	78,538	375,912
Lease liabilities	18	4,328	4,781
Trade and other payables	19	164,231	224,646
Tax payable		8,954	3,869
Total current liabilities		256,051	609,208
Total liabilities		1,047,238	936,796
Total equity and liabilities		775,735	1,230,130

Consolidated Balance Sheet (*continued*)
as at 31 December 2023

The notes on pages 23 to 70 are an integral part of these consolidated financial statements.

These financial statements on pages 17 to 70 were approved by the Board of Directors on 6 September 2024 and were signed on its behalf by:

Signed by:

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C G Mound

Director

Registered Number 08698417

Consolidated Statement of Changes in Equity

for the year ended 31 December 2023

	Note	Called up share capital €000	Other reserves €000	Retained earnings €000	Total €000	Non- controlling interest €000	Total equity/ (deficit) €000
Balance at 1 January 2022		57	16,744	640,650	657,451	19	657,470
Loss for the year		-	-	(233,165)	(233,165)	(28,634)	(261,799)
Other comprehensive expense:							
Foreign exchange translation differences	8	-	(37,279)	-	(37,279)	-	(37,279)
Re-measurement of post-employment benefit plan	8	-	(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
Loss for the year		-	-	(495,015)	(495,015)	(67,978)	(562,993)
Other comprehensive income/(expense):							
Foreign exchange translation differences	8	-	13,619	-	13,619	-	13,619
Re-measurement of post-employment benefit plan	8	-	(15,463)	-	(15,463)	-	(15,463)
Total other comprehensive expense		-	(1,844)	(495,015)	(496,859)	(67,978)	(564,837)
Balance at 31 December 2023		57	(87,437)	(87,530)	(174,910)	(96,593)	(271,503)

Analysis of other reserves:

	Note	Translation reserve €000	Re-measure post-employ benefit plan €000	Total other reserves €000
Balance at 1 January 2022		(62,130)	78,874	16,744
Foreign exchange translation differences	8	(37,279)	-	(37,279)
Re-measurement of post-employment benefit plan	8	-	(65,058)	(65,058)
Balance at 31 December 2022		(99,409)	13,816	(85,593)
Foreign exchange translation differences	8	13,619	-	13,619
Re-measurement of post-employment benefit plan	8	-	(15,463)	(15,463)
Balance at 31 December 2023		(85,790)	(1,647)	(87,437)

The notes on pages 23 to 70 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2023

	<i>Note</i>	2023 €000	2022 €000
Cash flows from operating activities			
Loss for the financial year		(562,993)	(261,799)
Adjustments for:			
Net finance cost	7	47,159	27,945
Tax credit	8	(124,681)	(36,131)
Depreciation and impairment	10	615,210	290,887
Amortisation	9	397	395
(Decrease)/increase in provisions and employee benefits		(926)	21,802
Pension service cost	14	496	677
Decrease in trade and other receivables		27,521	39,806
(Increase)/decrease in inventories		(3,574)	6,954
Decrease in trade and other payables		(55,150)	(19,954)
Net cash (used by)/generated from operating activities		(56,541)	70,582
Cash flows from investing activities			
Interest received		743	294
Proceeds from sale of property, plant and equipment		10	-
Acquisition of intangible assets		(1,224)	(17,020)
Acquisition of property, plant and equipment		(55,353)	(212,385)
Net cash used by investing activities		(55,824)	(229,111)
Cash flows from financing activities			
Interest paid		(1,111)	(6,310)
Proceeds from related party loan		404,621	142,903
Repayment of senior secured term loans		(305,000)	-
Capital element of lease payments		(4,836)	(2,014)
Net cash generated from financing activities		93,674	134,579
Decrease in cash and cash equivalents		(18,691)	(23,950)
Cash and cash equivalents at beginning of year		42,328	82,955
Effect of exchange rate fluctuations on cash held		979	(16,677)
Cash and cash equivalents at end of year		24,616	42,328

The notes on pages 23 to 70 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements *for the year ended 31 December 2023*

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 2006 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 construction of a new energy plant on the Grangemouth site, 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 receives a small margin.

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 6. 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 Consideration of climate change

In preparing the financial statements, management have considered the impact of climate change, particularly in the context of the risks identified in the CFD disclosure on page 6. In particular, management considered the impact of climate change in respect of the following areas of accounting judgement or estimate:

- the assessment of goodwill, other intangibles and tangible fixed assets;
- the assessment of impairment of financial assets;
- our consideration of going concern;
- the useful economic lives of assets; and
- the preparation of budgets and forecasts.

Given the limited short to medium term risk to these areas assessed in the CFD report, no material climate change related impact was identified. The going concern assessment on page 24 includes an assessment of severe but plausible scenarios, including climate change risks, with the potential to impact future performance, but none of this are considered likely to give rise to trading deterioration of the magnitude indicated by the stress testing or to threaten the viability of the business over the three year assessment period. Management are however aware of the changing nature of the risks associated with climate change and will regularly reassess these against the judgements and estimates made in preparing the Group’s financial statements.

Notes to the Consolidated Financial Statements (*continued*) for the year ended 31 December 2023

1. Accounting Policies (*continued*)

1.4 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 2023, the Group had net current assets of €88,296,000 (2022: *net current liabilities of €251,148,000*) net liabilities of €271,503,000 (2022: *net assets: €293,334,000*). The Group held cash of €24,616,000 (2022: *€42,328,000*) and loans and borrowings (net of issue costs) of €822,964,000 (2022: *€674,035,000*). The loss for the year was €562,993,000 (2022: *€261,799,000*). 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.

1.5 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 or fair value through other comprehensive income which are stated as their fair value.

1.6 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 2023 was €1.14982: £1 (2022: *€1.13007: £1*).

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

1.7 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.

Notes to the Consolidated Financial Statements *(continued)* for the year ended 31 December 2023

1. Accounting Policies *(continued)*

1.8 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 consolidated income statement except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation 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.

