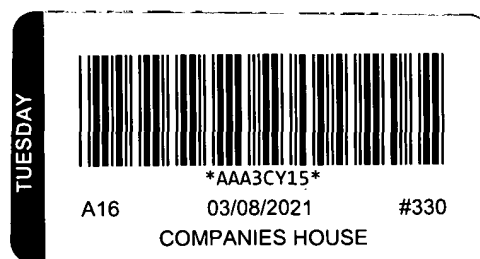


NOVYN Europe Limited
Annual report and financial statements
for the year ended 31 December 2020

Registered Number 10398354



INOVYN Europe Limited
Annual report and financial statements
for the year ended 31 December 2020
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INOVYN Europe Limited

Strategic report for the year ended 31 December 2020

The Directors present their strategic report of INOVYN Europe Limited (the “Company”) for the year ended 31 December 2020.

Review of the business

The Company’s principal activity is that of an “entrepreneur” for the INOVYN Limited Group. This “entrepreneurship” is managed in one of two ways. By entering into a toll manufacturing arrangement where it takes ownership of key feedstocks, intermediates and finished products throughout the production process, and sells all products to third parties. In this case the manufacturing entities within the group provide a manufacturing service in return for a fee which generates a cost plus return. Alternatively, the Company enters into a contract manufacturing arrangement whereby it buys in finished goods on a sales price less basis from fellow group companies for onward sale to external customers.

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

Revenue for the year was €2,826.2 million (2019: €2,990.7 million) and earnings before interest, tax, depreciation and amortisation, and exceptional items (“EBITDA”) was €127.1 million (2019: €148.9 million). A reconciliation of operating profit to EBITDA can be found in note 2 to the financial statements.

The reduction in revenue was mainly caused by lower average caustic soda prices. The average European contract caustic soda price was €610 per tonne in 2020, compared to €674 per tonne in 2019. Implied European caustic soda daily demand (reported chlorine production, less reported caustic soda exports, plus the reported caustic soda stock change) for 2020 was also marginally lower than the same period in 2019. Selling prices of general purpose PVC and specialty PVC fell in domestic markets on the back of lower ethylene contract prices. However, European general purpose PVC demand in 2020 was 0.5% higher than in 2019, which was better than anticipated in the context of the COVID-19 pandemic.

The reduced EBITDA performance compared to the prior year has been driven mainly by the lower domestic pricing of caustic soda. This has been partially offset by lower energy prices in 2020. SPVC over ethylene margin was stable in 2020, compared to 2019, with the Monthly Contract Price for ethylene averaging at €797 per tonne compared to €1,006 in the prior year.

Principal risks and uncertainties

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

- The chemical and PVC industries are cyclical – changing market demands and prices may negatively affect the Company’s operating margins and impair its cash flow which, in turn, could affect its ability to make further investments in the business. The Company aims to operate as a low-cost producer and has a track record of generating positive cash flow through cyclical downturns. Whilst there may be short-term impacts on margins and cash flows, the Company is well placed to withstand bottom of cycle conditions.
- Raw materials and suppliers – if the Company is unable to pass on increases in raw material prices, or to retain or replace its key suppliers, its results of operations may be negatively affected. The Company attempts to match raw material price increases with corresponding product price increases. The Company has access, through its fellow group undertakings and related parties, to its own salt production, to ethylene and to substantial internal production of chlorine and VCM, and is not typically reliant on any single external supplier of these inputs. For all other inputs the Company continually assesses the source of its raw materials and works with key suppliers.
- International operations and currency fluctuations – the Company is exposed to currency fluctuation risks as well as to economic downturns and local business risks in several different countries that could adversely affect its profitability. Exposures to different currencies are monitored on a regular basis, through a review of historical and future cash flows, to ascertain the appropriate hedging strategy.
- Competition – significant competition in the Company’s industries, whether through efforts of new and current competitors or through consolidation of existing customers, may adversely affect its competitive position, sales and overall operations. The Company is focused on reducing the fixed and variable cost base across the production chain. The Company also positions itself compared to competitors, not only on the basis of price, but on the basis of product innovation, product quality and distribution capability.

INOVYN Europe Limited

Strategic report for the year ended 31 December 2020 (continued)

Principal risks and uncertainties (continued)

- Regulation – the Company is highly regulated and may incur significant costs to maintain compliance with or to address liabilities under environmental, health and safety laws and regulations. As a responsible chemical manufacturer, the Company is committed to meeting all of its legal obligations. The Company liaises with various industry bodies to understand and prepare for compliance with new regulations on a timely and cost effective basis.
- Safety, health and the environment – the Company's linked operating facilities are subject to risks, including the risk of environmental contamination and safety hazards. The operating facilities are set strict health, safety and environmental performance targets and are committed to continuous improvement in all aspects of operations, with the view to meeting and exceeding all relevant legislation requirements in this area. Safety, health and the environment is managed as an integral part of activities through a formal management system.
- Key customers – the Company may be adversely affected by the loss of key customers for certain products. Unlike PVC and caustic soda, which are widely used commodity chemicals sold to a diverse customer base, certain of the Company's chlorine derivatives products are sold to a smaller number of customers, and the Company depends on certain key customers for sales of those products. Many of these sales to key customers are governed by long-term contracts.
- Substitutes – the availability of substitute products and regulatory initiatives that may encourage the use of substitute products may affect demand for certain of the Company's products.
- Existing and proposed regulations to address climate change through reductions of greenhouse gas emissions and restrictions on other air emissions may cause the Company to incur significant costs or affect demand for products.
- Cyber security risks – a cyber incident could occur and result in information theft, data corruption, operational disruption and/or financial loss. Various IT protocols and programmes are in place to provide availability, confidentiality and an overall security approach to all systems and business processes, including cyber security controls, like intrusion detection/intrusion prevention, firewalls, mobile device management, malware and virus protection, notebook encryption, secure VPN access, network segmentation, industrial control system security monitoring, email and internet security, security information and event management, threat and vulnerability management.
- United Kingdom withdrawal from the European Union – the Company's operations may be adversely affected by the potential withdrawal of the United Kingdom from the European Union. The Company has made significant plans to limit the impact of Brexit on its activities from contingent planning for inventories and the supply chain to implementing new ways of working for export sales..
- Outbreaks of disease – the outbreak of contagious diseases may have a negative impact on the Company's business and performance. During the course of 2020 and into 2021, the Company has managed the outbreak of the COVID-19 coronavirus by implementing various measures to ensure the ongoing operation of plants.

Section 172(1) statement

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

The likely consequences of any decision in the long-term

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

- Maintain health, safety, security and environmental excellence
- Maintain and grow the Company's leadership positions to enhance competitiveness;
- Reduce costs and realise synergies;
- Maximise utilisation of group assets;
- Access advantaged feedstock and energy opportunities;

NOVYN Europe Limited

Strategic report for the year ended 31 December 2020 (continued)

Section 172(1) statement (continued)

- Pursue value-enhancing opportunities at group cellrooms; and
- Develop and implement a sustainable business.

The directors believe these are critical long-term factors for the success of the Company. The directors' decision making has supported the implementation of the strategy. For instance, the wider NOVYN group, of which the Company is the customer facing entrepreneur, has recently made significant capital investment in two membrane cellrooms in Sweden and Belgium, a Speciality Vinyls growth plan and other chlor-alkali, EDC and VCM expansions.

The Company aims to operate and develop its business in a way that supports both the current and future needs, taking into account relevant economic, environmental and social factors. This enables the Company to sustain the business for the long term. The directors strongly believe that sustainable business management and practices will contribute to long-term business success and will strengthen the Company's leading position in the market.

Stakeholder considerations

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

Key stakeholders contribute to the Company's economic, social and environmental performance. Stakeholders include customers, suppliers, financial experts and rating agencies, local communities, industry associations, scientific institutions, universities, government and value chain partners.

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

The Company is very conscious of changing attitudes to climate change, and monitors its impact on the environment and the potential impacts of climate change on its business, whether arising from regulatory change, changing weather patterns or other factors. These matters are considered by the directors in making decisions and in assessing the long-term viability of the business.

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

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

The need to act fairly as between members of the Company

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

Streamlined Energy and Carbon Reporting

The Company is classified as a large unquoted company due to its size and shareholding structure. Disclosures under the Streamlined Energy and Carbon Reporting requirements for the Company are contained in the Streamlined Energy and Carbon Reporting in the Strategic Report of the consolidated financial statements of NOVYN Limited, an intermediate parent undertaking. This reporting covers the Group's UK operations, including those of the Company. The consolidated financial statements of NOVYN Limited are available to the public and may be obtained from the Company Secretary at Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn, Cheshire, WA7 4JE.

NOVYN Europe Limited

Strategic report for the year ended 31 December 2020 (continued)

Key performance indicators (“KPIs”)

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

- EBITDA – earnings before interest, tax, depreciation and amortisation, and exceptional items. EBITDA is considered the most appropriate proxy for underlying business performance.
- SPVC over ethylene margin – this is calculated as the average sales price per tonne of SPVC less the costs of the proportion of ethylene used to make one tonne of SPVC. Using data published by IHS Markit, the SPVC over ethylene margin in 2020 was €627 per tonne of SPVC (2019: €551 per tonne).
- SPVC over ethylene margin, plus caustic soda over energy margin – this is calculated as the average sales price per tonne of SPVC plus the average sales price per tonne of the equivalent portion of caustic soda, less the costs of the proportion of ethylene used to make one tonne of SPVC less the energy cost of producing the equivalent portion of caustic soda. Using data published by IHS Markit, this ratio was €929 per tonne of SPVC in 2020, compared to €871 per tonne in 2019.
- Sales, variable costs and margins per tonne of product sold. The average sales price for the two key products for the Company as published by IHS Markit are for PVC: €1,025 per tonne (2019: €1,054 per tonne) and for caustic soda: €610 per tonne (2019: €674 per tonne).
- Working capital ratios – these include debtor days – indicating the average length of time it takes to receive cash from a sale; stock turn – indicating the number of times in a year that stock is turned over; and creditor days – indicating the average length of time it takes to pay cash for a purchase. These ratios can be calculated by reference to the financial statements.

Strategic future developments

The Directors’ do not expect any significant change in the Company’s operations, anticipating that the Company will continue to operate as now into the future.

The Company will however directly benefit from future developments in the wider NOVYN Limited group. Details of such developments can be obtained by reference to the consolidated financial statements of NOVYN Limited which are available to the public and may be obtained from the Company Secretary at Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom.

COVID-19 coronavirus

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

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

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

INOVYN Europe Limited

Strategic report for the year ended 31 December 2020 (continued)

Strategic future developments (continued)

COVID-19 coronavirus (continued)


In addition, the Company implemented a series of programmes to preserve cash such as the cut-back of non-essential fixed cost expenditure. Liquidity remained strong throughout the crisis so far. In terms of working capital, some customer delays in payments was experienced in April, May and June, but have now been resolved and was back to normal in July.

Overall the Company has coped with the shock so far and has not been impacted significantly in terms of results, although it has taken steps to ensure that this was the case.

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

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

Approved by the board and signed on its behalf



D J Horrocks
Director
5 July 2021

INOVYN Europe Limited

Directors' report for the year ended 31 December 2020

The Directors present their report and the audited financial statements of INOVYN Europe Limited ("the Company") for the year ended 31 December 2020.

Results for the year

The results of the Company are set out in the income statement on page 12 which shows a profit before taxation for the year of €112.7 million (2019: €135.7 million).

Dividends

Dividends amounting to €25.0 million (€250,000 per share) (2019: €220.0 million, €2.2 million per share) were paid in the year.

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate, despite the significant uncertainty due to the COVID-19 crisis, on the basis of twelve month rolling forecasts, the assessment referred to in the Strategic Report and due to the continued support of INOVYN Limited whose financial statements are available from the Company Secretary at Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom. The Directors have received confirmation that INOVYN Limited will support the Company for at least one year after these financial statements are signed.

Future outlook

The Company will continue to focus on those areas which can be controlled including continued reductions in the fixed cost base and controlling working capital. Further information is included in the Strategic Report.

Subsequent events

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

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

Securitisation facility

On 29 June 2021, the Group renegotiated its trade receivables securitisation programme that was acquired with the INOVYN business. The maximum amount available under the securitisation programme remained the same at €240.0 million. The facility now matures on 30 June 2024. The interest rates were also reduced and, for drawn amounts, the revised facility bears interest at a rate equal to the cost to the lenders of issuing Commercial Paper plus a margin of 0.95% (previously the margin was 1.1%), except that if any lending is funded other than by issuing Commercial Paper then the applicable interest rate is SONIA/SOFR plus 0.95% (previously the margin was 1.1%). For undrawn amounts, the facility bears interest of 0.5%.

Donations

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

Branches outside the UK

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

Financial risks

The Company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, currency fluctuation risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company where appropriate. The Company is exposed to commodity price risk as a result of its operations. However, given the size of the Company's operations, the cost of managing exposure to such risk exceeds any potential benefits. The Company manages its credit exposures with a set of policies for ongoing credit checks on potential and current customers or counterparties. The Company is funded internally by the INOVYN Limited group and therefore has no direct exposure to liquidity or debt market risk. Interest rate exposures are managed on a group basis and are fully disclosed in the consolidated financial statements of INOVYN Limited which are available to the public and may be obtained from the Company Secretary at Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom.

INOVYN Europe Limited

Directors' report for the year ended 31 December 2020 (continued)

Directors

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

C E Tane (resigned 1 January 2020)

M J Maher (resigned 1 March 2021)

J D Taylorson

G Tuft (appointed 1 January 2020, resigned 1 March 2021)

D J Horrocks (appointed 1 March 2021)

Directors' indemnities

As permitted by the Articles of Association, the Company, via a policy maintained by its parent undertaking has maintained cover for its directors and officers under a directors' and officers' liability insurance policy as permitted by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Engagement with suppliers, customers and others

Details of the Directors' approach to fostering the Company's business relationships with suppliers, customers and others can be found within the Strategic Report.

Health and safety

The Company continually strives to meet, and where possible, exceed strict health, safety and environmental performance targets. It is committed to continuous improvement in all aspects of its operations. Through its Safety, Health, Environment Quality ("SHEQ") Policy, the Company aims to be amongst the chemical industry leaders in health, safety, environmental protection and customer satisfaction, ensuring that products meet society's increasing environmental requirements. Specifically the Company works to two guiding principles. The first being to protect the health and safety of the communities in which it operates and the users of its products. Secondly, the Company seeks to minimise the effects on the environment from its operations; storage; transport; use and disposal of its products. The Company manages Safety, Health and the Environment ("SHE") as an integral part of its activities through a formal management system. This includes defining SHE standards and targets and monitoring of performance against them. The wider INOVYN Limited group of which the Company is part requires all members of staff (and others who work on its behalf) to adhere to the standard in the SHE Management System and to exercise personal responsibility to prevent harm to themselves, others and the environment. Comprehensive SHE information and training is provided to all employees, with SHE objectives set for every individual each year through the performance appraisal process. SHE targets also feature in the Group's discretionary Business Bonus Scheme.

Corporate social responsibility

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

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

The INOVYN Limited Group is a member of a number of industry trade associations and is instrumental in the funding and ongoing development of specific initiatives designed to reflect the Group's commitment to a sustainable product life cycle. By way of example, the Group is the single largest sponsor of the European PVC industry's voluntary commitment, VinylPlus, which seeks to address the sustainability challenges of PVC throughout the value chain. Such work is promoted widely across the Group's stakeholders including customers, suppliers and product specifiers.

Statement of directors' responsibilities in respect of the financial statements

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

INOVYN Europe Limited

Directors' report for the year ended 31 December 2020 (continued)

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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.

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

Statement of disclosure of information to auditors

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

Independent Auditors

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

Registered address

INOVYN Europe Limited
Banks Lane Office
Banks Lane
P.O. Box 9
Runcorn
Cheshire
WA7 4JE
United Kingdom

Approved by the board and signed on its behalf



D J Horrocks
Director
5 July 2021

INOVYN Europe Limited

Independent auditor's report to the members of INOVYN Europe Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of INOVYN Europe Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity;
- the accounting policies; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

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.

INOVYN Europe Limited

Independent auditor's report to the members of INOVYN Europe Limited (continued)

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included environmental regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax 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 within revenue recognition due to pressures to meet stakeholder expectations could provide incentives to record revenue where risk and reward have not passed. Our specific procedures performed to address the risk are described below:

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

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;

INOVYN Europe Limited

Independent auditor's report to the members of INOVYN Europe Limited (continued)

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

- 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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

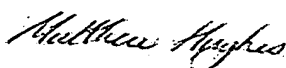
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Matthew Hughes BSc(Hons) ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
5 July 2021

INOVYN Europe Limited

Income statement for the year ended 31 December 2020

	Note	2020 €m	2019 €m
Revenue	1	2,826.2	2,990.7
Cost of sales		(1,681.4)	(1,857.6)
Gross profit		1,144.8	1,133.1
Distribution costs		(265.3)	(266.5)
Administrative expenses before exceptional items		(754.3)	(719.7)
Exceptional administrative expenses	5	-	0.1
Total administrative expenses		(754.3)	(719.6)
Operating profit	2	125.2	147.0
Interest receivable and similar income	6	0.4	-
Interest payable and similar expenses	6	(12.9)	(11.3)
Profit before taxation		112.7	135.7
Tax on profit	7	(27.4)	(27.6)
Profit for the financial year		85.3	108.1

All activities of the Company relate to continuing operations.

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

INOVYN Europe Limited

Balance sheet as at 31 December 2020

	Note	2020 €m	2019 €m
Non-current assets			
Intangible assets	8	14.2	14.7
Property, plant and equipment	9	1.6	1.7
		15.8	16.4
Current assets			
Inventories	10	87.8	103.4
Debtors – amounts falling due within one year	11	713.4	577.4
Cash at bank and in hand	12	0.1	0.2
		801.3	681.0
Creditors – amounts falling due within one year	13	(715.6)	(656.1)
Net current assets		85.7	24.9
Total assets less current liabilities		101.5	41.3
Creditors – amounts falling due after more than one year	14	(2.6)	(2.7)
Net assets		98.9	38.6
Capital and reserves			
Share capital	16	-	-
Retained earnings	16	98.9	38.6
Total equity		98.9	38.6

The financial statements on pages 13 to 28 were approved by the Board of Directors on 5 July 2021 and are signed on its behalf by



D J Horrocks
Director

INOVYN Europe Limited

Registered number 10398354

INOVYN Europe Limited

Statement of Changes in Equity for the year ended 31 December 2020

	Share capital €m	Retained earnings €m	Total equity €m
Balance at 1 January 2019	-	150.5	150.5
Total comprehensive income for the year			
Profit for the financial year	-	108.1	108.1
Transactions with owners, recorded directly in equity			
Dividends	-	(220.0)	(220.0)
Balance at 31 December 2019	-	38.6	38.6
Total comprehensive income for the year			
Profit for the financial year	-	85.3	85.3
Transactions with owners, recorded directly in equity			
Dividends	-	(25.0)	(25.0)
Balance at 31 December 2020	-	98.9	98.9

INOVYN Europe Limited

Accounting policies

General information

INOVYN Europe Limited (the “Company”) is a private company, incorporated in the United Kingdom, registered in England and Wales and limited by shares. The address of the Company’s registered office is shown on page 9.

Statement of compliance and accounting policies

These financial statements were prepared in accordance with the Companies Act 2006 and the Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is euro which is the currency of the primary economic environment in which the company operates. All amounts in the financial statements have been rounded to the nearest €0.1 million.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

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

The Company is a wholly-owned subsidiary of INOVYN Limited and is included in the consolidated financial statements of INOVYN Limited. As the consolidated financial statements of INOVYN Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

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

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

Judgements made by the Directors in applying 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 21.

Measurement convention

The financial statements are prepared on the historical cost and going concern basis.

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate, despite the significant uncertainty due to the COVID-19 crisis, on the basis of twelve month rolling forecasts, the assessment referred to in the Strategic Report and due to the continued support of INOVYN Limited who’s financial statements are available from the Company Secretary at Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom. The Directors have received confirmation that INOVYN Limited will support the Company for at least one year after these financial statements are signed.

Foreign currency

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

INOVYN Europe Limited

Accounting policies (continued)

Classification of financial instruments issued by the Company

In accordance with FRS 102.22, 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's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in the income statement.

Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries, and it represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

INOVYN Europe Limited

Accounting policies (continued)

Intangible assets (continued)

Goodwill (continued)

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed. Goodwill held by INOVYN Europe Limited is amortised over 10 years.

Other intangible assets

Intangible assets that are acquired by the company are stated at cost less accumulated amortisation and accumulated impairment losses. Other intangible assets held by INOVYN Europe Limited are amortised over 10 years.

Tangible fixed assets

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

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

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Plant and machinery - 25 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Stocks

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

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

INOVYN Europe Limited

Accounting policies (continued)

Impairment excluding stocks and deferred tax assets (continued)

Non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Revenue

Revenue represents the invoiced value of products sold or services (including, in certain instances, carriage and freight services) provided to third parties, net of sales discounts, value added taxes and duties. Revenue is recognised when the significant risks and rewards of ownership have passed to the customer and it can be reliably measured.

The pricing for products sold is determined by market prices (contracts and arrangements) or is linked by a formula to published raw material and energy prices plus an agreed additional amount (formula contracts). Revenue arising from the sale of goods is recognised when the goods are either dispatched or delivered to the customer depending on the relevant delivery terms and the point at which risks and rewards have been transferred to the customer when the prices are determinable and when collectability is considered probable.

Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Exceptional items

The presentation of the Company's results separately identifies the effect of profits and losses on, for instance the disposal of businesses, the 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 a clear and consistent presentation of the underlying operating performance of the Company's ongoing business.

Taxation

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

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

Deferred tax is provided on 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 and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

NOVYN Europe Limited

Notes to the financial statements

1 Revenue

The Company's activities consist of the manufacture and worldwide sale and distribution of chemicals and PVC. These activities are considered to represent a single business segment. All revenues originate from within Europe.

Analysis of turnover, by destination	2020 €m	2019 €m
United Kingdom	454.6	503.1
Rest of Europe	1,906.1	2,048.3
Rest of World	465.5	439.3
	2,826.2	2,990.7

2 Operating profit

Operating profit is stated after charging:

	2020 €m	2019 €m
Audit Fees*	0.1	0.1
Depreciation	0.1	0.1
Amortisation	1.8	1.9
Rentals payable under operating leases:		
Plant and machinery	16.8	19.5

*No non-audit services have been provided to the company (2019: £nil).

Reconciliation of operating profit to earnings before interest, tax, depreciation and amortisation (EBITDA):

	2020 €m	2019 €m
Operating profit	125.2	147.0
Depreciation and amortisation	1.9	2.0
Exceptional administrative (gain)/expense	-	(0.1)
EBITDA	127.1	148.9

3 Directors' emoluments

	2020 €m	2019 €m
Directors' emoluments	2.3	3.5
Retirement benefits are accruing for one director (2019: one) under money purchase pension schemes. In 2020 €17,224 (2019: €18,589) was paid in respect of this.		
	2020 €m	2019 €m
<i>Highest paid director</i>		
Aggregate emoluments	1.0	1.8

Contributions made to money purchase pension schemes on behalf of the highest paid director amounted to €nil (2019: €nil).

INOVYN Europe Limited

Notes to the financial statements (continued)

4 Employee information

The Company had no employees, other than the Directors, during the year or the previous period. Whilst the Company does not directly host any employees a number are seconded to the Company and paid by other INOVYN group entities.

5 Exceptional administrative expenses

In 2019, exceptional costs of £0.1 million were incurred in relation to the settlement of a court case brought by a competitor. No such costs were incurred in 2020.

6 Interest receivable/payable and similar income/expenses

	2020 €m	2019 €m
Interest receivable and similar income		
Net foreign exchange gains	0.4	-
	0.4	-
Interest payable and similar expenses		
Interest payable to group undertakings	(12.7)	(10.8)
Interest payable on finance leases	(0.2)	(0.2)
Net foreign exchange losses	-	(0.3)
	(12.9)	(11.3)

7 Tax on profit

Recognised in the income statement	2020 €m	2019 €m
Current tax on profit		
UK corporation tax	22.8	26.1
Double tax relief	(4.8)	(6.2)
Overseas tax	9.8	9.6
Adjustments in respect of previous periods	(0.4)	(1.3)
Tax on profit	27.4	27.6

Reconciliation of effective tax rate

	2020 €m	2019 €m
Profit before taxation	112.7	135.7
Profit multiplied by the standard rate of tax in the UK of 19% (2019: 19%)	21.4	25.8
Non-deductible expenses	6.3	3.7
Adjustments in respect of previous periods	(0.3)	(1.3)
Total tax charge	27.4	27.6

Factors affecting future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020.

In the 2020 budget it was announced that the corporation tax main rate would remain at 19% for the financial year beginning 1 April 2020, rather than reducing it to 17% from 1 April 2020. The charge to corporation tax and the main rate will also be set at 19% for the financial year beginning 1 April 2021. On 11 March 2021, the Finance Bill 2021 was announced which increased the rate of Corporation Tax to 25% on profits over £250,000 from April 2023, deferred tax assets have not been restated for this change.

INOVYN Europe Limited

Notes to the financial statements (continued)

8 Intangible assets

	Goodwill €m	Intellectual property €m	Other intangibles €m	Total €m
Cost				
At 1 January and 31 December 2019	14.5	4.1	-	18.6
Additions	-	-	1.3	1.3
At 31 December 2020	14.5	4.1	1.3	19.9
Accumulated amortisation				
At 1 January 2019	1.8	0.2	-	2.0
Charge for the year	1.5	0.4	-	1.9
At 31 December 2019	3.3	0.6	-	3.9
Charge for the year	1.4	0.4	-	1.8
At 31 December 2020	4.7	1.0	-	5.7
Net book value				
At 31 December 2020	9.8	3.1	1.3	14.2
At 31 December 2019	11.2	3.5	-	14.7

The amortisation charge is recognised in the following line items in the income statement:

	2020 €m	2019 €m
Administrative expenses	1.8	1.9

INOVYN Europe Limited

Notes to the financial statements (continued)

9 Property, plant and equipment

	Plant and machinery €m	Total €m
Cost		
At 1 January and 31 December 2019	2.2	2.2
Additions	-	-
At 31 December 2020	2.2	2.2
Accumulated depreciation		
At 1 January 2019	0.4	0.4
Charge for the year	0.1	0.1
At 31 December 2019	0.5	0.5
Charge for the year	0.1	0.1
At 31 December 2020	0.6	0.6
Net book value		
At 31 December 2020	1.6	1.6
At 31 December 2019	1.7	1.7

Leased plant and machinery

At 31 December 2020 the net book value of assets held under finance leases included above is €1.6 million (2019: €1.7 million).

10 Inventories

	2020 €m	2019 €m
Raw materials and consumables	8.6	9.3
Finished goods	79.2	94.1
	87.8	103.4

Raw materials and consumables and work in progress recognised as cost of sales in the year amounted to €1,681.4 million (2019: €1,857.6 million). The write-down of inventories to net realisable value amounted to €nil (2019: €nil). The reversal of write-downs of inventories to net realisable value amounted to €nil (2019: €nil), as net realisable value is higher than cost. The write-down and reversals where applicable are included in cost of sales.

INOVYN Europe Limited

Notes to the financial statements (continued)

11 Debtors – amounts falling due within one year

	2020 €m	2019 €m
Trade debtors	151.0	115.6
Amounts owed by fellow group undertakings	524.2	427.2
Amounts owed by related parties (note 19)	6.2	8.8
Other debtors	31.3	25.0
Prepayments and accrued income	0.7	0.8
Debtors – amounts falling due within one year	713.4	577.4

Amounts owed by related parties and fellow group undertakings exclusively refer to normal trading activity and therefore incur no interest and are repayable on agreed terms. Trade debtors are stated after provisions for impairment of €nil (2019: €nil).

12 Cash at bank and in hand

	2020 €m	2019 €m
Cash and cash equivalents	0.1	0.2

Cash and cash equivalents are pooled as part of an INOVYN group treasury management system.

13 Creditors – amounts falling due within one year

	2020 €m	2019 €m
Trade creditors	88.4	79.4
Amounts owed to fellow group undertakings	530.3	493.1
Amounts owed to related parties (note 19)	41.7	44.8
Corporation tax	21.9	14.6
Overseas tax payable	-	1.8
Other creditors	28.5	17.8
Finance lease liabilities	0.1	0.1
Accruals and deferred income	4.7	4.5
	715.6	656.1

Amounts owed to fellow group undertakings include loans amounting to €119.5 million (2019: €139.2 million). All loans are unsecured, charged at a competitive interest rate, have no fixed date of repayment and are repayable on demand.

Amounts owed to related parties and to fellow group undertakings excluding loans refer to normal trading activity therefore incur no interest and are repayable on agreed terms.

INOVYN Europe Limited

Notes to the financial statements (continued)

14 Creditors – amounts falling due after more than one year

	2020 €m	2019 €m
Finance lease liabilities	2.3	2.3
Accruals	0.3	0.4
	2.6	2.7

15 Interest bearing loans and borrowings

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

	2020 €m	2019 €m
Loans from group undertakings – amounts falling due within one year	119.5	139.2
Finance lease liabilities – amounts falling due within one year	0.1	0.1
Finance lease liabilities – amounts falling due after more than one year	2.3	2.3
	121.9	141.6

None of the above refers to convertible debt (2019: €nil).

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments		Interest		Principal	
	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m
Less than one year	0.3	0.3	0.2	0.2	0.1	0.1
Between one and five years	1.3	1.3	0.6	0.7	0.7	0.6
More than five years	2.1	2.3	0.5	0.6	1.6	1.7
	3.7	3.9	1.3	1.5	2.4	2.4

16 Capital and reserves

Share capital – allotted and issued	2020 Number	2020 €	2019 Number	2019 €
Ordinary shares of €1 each	100	100	100	100

Retained earnings represent accumulated profits from the date of the Company's incorporation to 31 December 2020 (2019: 31 December 2019)

17 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Plant and machinery	
	2020 €m	2019 €m
Less than one year	15.9	18.4
Between one and five years	20.0	14.3
More than five years	8.8	5.2
	44.7	37.9

INOVYN Europe Limited

Notes to the financial statements (continued)

18 Commitments

The Company has a number of financial commitments (i.e. a contractual requirement to make a cash payment in the future) that are not recorded in the balance sheet as the contract is not yet due for delivery. Such commitments include contracts for the future purchase of ethylene, KCL, propylene, salt/brine and other raw materials.

19 Related party transactions

During 2019 and 2020 the Company's controlling party was INEOS Limited. Related parties therefore comprise all entities controlled by the shareholders of INEOS Limited inclusive of associated undertakings and jointly controlled entities; those companies included within the consolidated financial statements of INOVYN Limited, of which the company is one have been excluded from disclosure.

Mr J A Ratcliffe, Mr A C Currie and Mr J Reece are the shareholders of INEOS Limited.

Transactions with related parties during this year were as follows:

	2020 Sales/cost recoveries to €m	2020 Expenses/cost recoveries from €m	2019 Sales/cost recoveries to €m	2019 Expenses/cost recoveries from €m
INEOS Compounds Aycliffe Limited	26.1	-	28.0	-
INEOS Compounds Sweden AB	-	-	0.1	-
INEOS Compounds Switzerland AG	18.4	-	18.6	-
INEOS Europe AG	0.2	45.4	0.2	1.4
INEOS AG	-	(6.4)	-	23.5
INEOS Nitriles UK Limited	0.2	-	0.5	-
INEOS Commercial Services UK Limited	0.5	-	0.5	-
INEOS Phenol NV	1.2	-	1.4	-
INEOS Phenol GmbH	0.5	-	0.5	-
INEOS Solvents Germany GmbH	0.5	-	0.7	-
INEOS Solvents Germany SA	-	-	0.1	-
INEOS Derivatives France Limited	0.3	-	0.5	-
INEOS Infrastructure (Grangemouth) Limited	0.5	-	0.7	-
INEOS Limited	-	25.6	-	-
INEOS Sales Norge AS	-	3.4	-	4.0
INEOS Sales UK Limited	-	351.1	-	382.0
INEOS Olefins SA	6.1	-	14.2	-
INEOS Paraform GmbH & Co KG	-	-	0.1	-
INEOS Industries Property Limited	-	0.9	-	0.9
	54.5	420.0	66.1	411.8

INOVYN Europe Limited

Notes to the financial statements (continued)

19 Related party transactions (continued)

	Payables outstanding 2020 €m	Payables outstanding 2019 €m	Receivables outstanding 2020 €m	Receivables outstanding 2019 €m
INEOS Compounds Aycliffe Limited	-	-	2.9	1.1
INEOS Compounds Sweden AB	-	-	0.9	0.5
INEOS Compounds Switzerland AG	-	-	0.9	0.6
INEOS Europe AG	-	-	0.1	5.3
INEOS Phenol NV	-	-	0.1	0.2
INEOS Phenol GmbH	-	-	0.1	0.1
INEOS Sales Norge AS	0.3	0.6	-	-
INEOS Sales UK Limited	41.1	44.2	-	-
INEOS Olefins SA	-	-	1.1	0.8
INEOS Commercial Services UK Limited	-	-	-	0.1
INEOS Solvents Germany GmbH	-	-	0.1	0.1
INEOS Industries Property Limited	0.3	-	-	-
	41.7	44.8	6.2	8.8

20 Controlling Parties

The immediate parent undertaking is INOVYN Finance Plc, a company registered in England and Wales.

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

The smallest group that consolidates the Company's financial statements is that headed by INOVYN Limited. The consolidated financial statements of INOVYN Limited are available to the public and may be obtained from the Company Secretary at Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom. The largest group in which the results of the Company are consolidated is that headed by INEOS Quattro Holdings Limited. The consolidated financial statements of INEOS Quattro Holdings Limited are available to the public and may be obtained from the Company Secretary at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

The registered address of INOVYN Limited is Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom. The registered address of INEOS Quattro Holdings Limited is Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

Notes to the financial statements (continued)

21 Critical accounting judgements and key sources of estimation uncertainty

The Company prepares its financial statements in accordance with the FRS102, 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 Company's accounting policies

There are no critical judgements made by the directors in the process of applying the Company's accounting policies that have a significant effect on the amounts in the financial statements.

Key sources of estimation uncertainty

There are no key sources of estimation uncertainty.

22 Subsequent events

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

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

Securitisation facility

On 29 June 2021, the Group renegotiated its trade receivables securitisation programme that was acquired with the INOVYN business. The maximum amount available under the securitisation programme remained the same at €240.0 million. The facility now matures on 30 June 2024. The interest rates were also reduced and, for drawn amounts, the revised facility bears interest at a rate equal to the cost to the lenders of issuing Commercial Paper plus a margin of 0.95% (previously the margin was 1.1%), except that if any lending is funded other than by issuing Commercial Paper then the applicable interest rate is SONIA/SOFR plus 0.95% (previously the margin was 1.1%). For undrawn amounts, the facility bears interest of 0.5%.