INEOS GROUP HOLDINGS S.A.

Condensed consolidated interim financial statements
as of March 31, 2024

INEOS GROUP HOLDINGS S.A.
UNAUDITED CONSOLIDATED INCOME STATEMENT

	Three-Month Period Ended March 31,	
	2024	**2023**
	(€ in millions)	
Revenue	**3,771.4**	**4,120.0**
Cost of sales	(3,306.1)	(3,704.6)
Gross profit	**465.3**	**415.4**
Distribution costs	(49.9)	(54.3)
Administrative expenses	(127.0)	(117.7)
Operating profit	**288.4**	**243.4**
Share of loss of associates and joint ventures using the equity accounting method	(31.3)	(24.4)
Loss on disposal of property, plant and equipment	-	(0.4)
Profit before net finance costs	**257.1**	**218.6**
Finance income before exceptional items	68.4	49.2
Exceptional finance income	16.7	-
Total finance income	85.1	-
Finance costs before exceptional items	(548.8)	(119.9)
Exceptional finance costs	(4.0)	-
Total finance costs	(552.8)	(119.9)
(Loss)/profit before tax	**(210.6)**	**147.9**
Tax credit/(charge)	20.8	(47.0)
(Loss)/profit for the period	**(189.8)**	**100.9**

The condensed notes presented on pages 7 to 26 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS GROUP HOLDINGS S.A.
UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Three-Month Period Ended March 31,	
	2024	**2023**
	(€ in millions)	
(Loss)/profit for the period	(189.8)	100.9
Other comprehensive income/(expense):		
Items that will not be recycled to profit and loss:		
Remeasurement of post employment benefit obligations net of tax	43.9	6.0
Items that may subsequently be recycled to profit and loss:		
Foreign exchange translation differences	(11.0)	(22.7)
Net gain/(loss) on translation of foreign operations and hedge of net investment in foreign operations net of tax	381.3	(143.5)
Other comprehensive income/(expense) for the period net of tax	**414.2**	**(160.2)**
Total comprehensive income/(expense) for the period	**224.4**	**(59.3)**

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INEOS GROUP HOLDINGS S.A.
UNAUDITED CONSOLIDATED BALANCE SHEET

	March 31, 2024	December 31, 2023
	(€ in millions)	
Non-current assets		
Property, plant and equipment	10,085.5	9,739.5
Intangible assets	1,081.0	1,065.9
Investments in equity-accounted investees	1,819.3	1,832.9
Financial assets at fair value through other comprehensive income	25.9	27.1
Derivative financial instruments	26.0	25.4
Employee benefits	121.0	38.1
Trade and other receivables	2,223.2	2,173.2
Deferred tax assets	170.5	137.6
	15,552.4	15,039.7
Current assets		
Inventories	1,615.2	1,588.6
Trade and other receivables	2,098.3	1,833.3
Tax receivables	31.4	68.1
Derivative financial instruments	66.8	67.4
Restricted cash	152.7	-
Cash and cash equivalents	2,923.6	1,774.1
	6,888.0	5,331.5
Total assets	**22,440.4**	**20,371.2**
Equity attributable to owners of the parent		
Share capital	0.9	0.9
Share premium	150.1	150.1
Other reserves	(1,916.0)	(2,330.2)
Retained earnings	6,472.0	6,661.8
Total equity	**4,707.0**	**4,482.6**
Non-current liabilities		
Interest-bearing loans and borrowings	11,354.7	9,402.1
Lease liabilities	918.5	894.8
Trade and other payables	156.6	153.6
Employee benefits	771.5	742.3
Provisions	34.3	34.3
Deferred tax liabilities	761.5	749.3
Derivative financial instruments	-	43.1
	13,997.1	12,019.5
Current liabilities		
Interest-bearing loans and borrowings	206.8	588.0
Lease liabilities	178.7	175.1
Trade and other payables	2,815.5	2,593.3
Tax payable	431.9	432.7
Derivative financial instruments	98.2	73.9
Provisions	5.2	6.1
	3,736.3	3,869.1
Total liabilities	**17,733.4**	**15,888.6**
Total equity and liabilities	**22,440.4**	**20,371.2**

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INEOS GROUP HOLDINGS S.A.
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
			(€ in millions)		
Balance at December 31, 2023..	**0.9**	**150.1**	**(2,330.2)**	**6,661.8**	**4,482.6**
Loss for the period	-	-	-	(189.8)	(189.8)
Other comprehensive (expense)/income:					
Foreign exchange translation differences	-	-	(11.0)	-	(11.0)
Net gain on translation and hedge of net investment in foreign operations........................	-	-	381.3	-	381.3
Remeasurement of post employment benefit obligations net of tax.....................................	-	-	43.9	-	43.9
Balance at March 31, 2024........	**0.9**	**150.1**	**(1,916.0)**	**6,472.0**	**4,707.0**

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
			(€ in millions)		
Balance at December 31, 2022..	**0.9**	**150.1**	**(1,679.8)**	**7,050.2**	**5,521.4**
Profit for the period	-	-	-	100.9	100.9
Other comprehensive (expense)/income:					
Foreign exchange translation differences	-	-	(22.7)	-	(22.7)
Net loss on translation and hedge of net investment in foreign operations........................	-	-	(143.5)	-	(143.5)
Remeasurement of post employment benefit obligations net of tax.....................................	-	-	6.0	-	6.0
Balance at March 31, 2023........	**0.9**	**150.1**	**(1,840.0)**	**7,151.1**	**5,462.1**

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INEOS GROUP HOLDINGS S.A.
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Three-month Period Ended March 31,	
	2024	**2023**
	(€ in millions)	
Cash flows from operating activities		
(Loss)/profit before tax	(210.6)	147.9
Adjustments for:		
Depreciation, amortisation and impairment	227.3	200.8
Net finance cost	467.7	70.7
Share of loss/(profit) of equity-accounted investees	31.3	24.4
Loss on disposal of investments	-	0.4
Increase in trade and other receivables	(161.1)	(412.8)
(Increase)/decrease in inventories	(6.9)	119.9
Increase/(decrease) in trade and other payables	77.8	(100.2)
Increase/(decrease) in provisions and employee benefits	(0.4)	5.2
Tax paid	(15.5)	(26.9)
Net cash from operating activities	**409.6**	**29.4**
Cash flows used in investing activities		
Proceeds from sale of investments	-	0.8
Interest and other finance income received	27.3	22.8
Acquisition of businesses, net of cash acquired	-	(255.3)
Acquisition of property, plant and equipment	(383.5)	(239.2)
Acquisition of intangible assets	(2.6)	(0.5)
Net cash used in investing activities	**(358.8)**	**(471.4)**
Cash flows used in financing activities		
Inventory Facility	(11.3)	(6.9)
Proceeds from Project One Facility	511.8	294.9
Repayment of Project One Interim Facility	(365.0)	-
Proceeds from new Senior Secured Notes	1,519.1	790.9
Proceeds from new Senior Secured Term Loans	877.5	-
Repayment of Senior Secured Notes	(1,031.2)	(178.2)
Issue costs paid	(15.7)	(238.4)
Interest paid and other finance items	(180.0)	(117.6)
Repayment of loans	(24.2)	(19.1)
Transfer to restricted cash	(152.7)	-
Capital element of lease payments	(45.5)	(40.1)
Net cash from financing activities	**1,082.8**	**485.5**
Net increase in cash and cash equivalents	1,133.6	43.5
Cash and cash equivalents at January 1	1,774.1	2,639.1
Effect of exchange rate fluctuations on cash held	15.9	(39.8)
Cash and cash equivalents at March 31	**2,923.6**	**2,642.8**

The condensed notes presented on pages 7 to 26 are an integral part of these unaudited condensed consolidated interim financial statements.

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements include INEOS Group Holdings S.A. and all its subsidiaries (together referred to as the "Group"). Intra-group transactions and balances have been eliminated on consolidation. The financial and operating results for any period less than a year are not necessarily indicative of the results that may be expected for a full year. The Group does not experience any significant seasonality in its operating results.

These condensed consolidated interim financial statements have been prepared on the historical cost basis, except for certain assets and liabilities that have been measured at fair value, principally equity investments taken through other comprehensive income, as well as derivative financial instruments and the assets and liabilities of the Group's defined benefit pension schemes measured at fair value and using the projected unit credit method, respectively.

These condensed consolidated interim financial statements are presented in euro, which is the functional currency of the majority of operations of the Group and is consistent with the audited financial statements for the year ended December 31, 2023.

The significant judgements and key sources of estimation uncertainty applicable to the preparation of the condensed consolidated interim financial statements are the same as those described within the Group's audited financial statements for the year ended December 31, 2023. In each case, judgements have been applied consistently and estimates made using a consistent methodology, with inputs and assumptions updated to reflect the Group's latest forecasts and prevailing market conditions at the balance sheet date as appropriate.

The accompanying condensed consolidated interim financial statements of the Group are unaudited.

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

The Group meets its day to day working capital requirements through its cash generation from Group operations. The Group held cash balances of €3,076.3 million including restricted cash balances of €152.7 million at March 31, 2024 and interest-bearing loans and borrowings (net of debt issue costs) of €11,561.5 million at March 31, 2024. The Directors have considered the Group's projected future cash flows and working capital requirements and are confident that the Company has sufficient cashflows to meet its working capital requirements for the next twelve months from the date of this report. In particular, the Directors have stress tested the forecasts through taking account of reasonable possible changes in trading performance on the impact on EBITDA, cash flow and debt. The stress tests show that the Group will still have sufficient cash flow to meet all of its obligations as they fall due within the next 12 months from the date of this report.

On the basis of this assessment together with net assets of €4,707.0 million as at March 31, 2024 and the Group's ability to meet working capital requirements through its external financing facilities, along with access to cash generated by its subsidiaries, the Directors have concluded that the Group can operate within its current facilities without the need to obtain new ones for a period of at least 12 months from the date of this report and have therefore prepared these financial statements on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The financial information has been prepared and approved by the directors in accordance with IAS 34 "Interim financial reporting" as adopted by the European Union. In compliance with IAS 34, the Company has opted for a condensed scope of reporting in the condensed interim financial statements compared with the consolidated annual financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's audited consolidated annual report and accounts for the year ended December 31, 2023, except for the adoption of new standards, interpretations and amendments effective as of January 1, 2024. The adoption of new standards, interpretations and amendments in the current year has not had a material impact. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective at March 31, 2024.

3. SEGMENTAL INFORMATION

Class of business

The Group reports under three business segments: O&P North America, O&P Europe and Chemical Intermediates.

The revenue and EBITDA before exceptionals attributable to each different class of business is as follows:

	Three-Month Period Ended March 31,	
	2024	2023
	(€ in millions)	
Revenue		
O&P North America	998.4	1,063.8
O&P Europe	1,740.3	1,791.3
Chemical Intermediates	1,756.3	1,882.7
Eliminations	(723.6)	(617.8)
	3,771.4	4,120.0
EBITDA before exceptionals		
O&P North America	226.6	191.3
O&P Europe	114.1	90.0
Chemical Intermediates	175.0	162.9
	515.7	444.2

EBITDA before exceptionals represents profit before net finance costs or income, tax charges or credits, depreciation and amortization, impairment charges, share of profit or loss of associates and joint ventures using the equity accounting method, profit/loss on disposal of investments, profit/loss on disposal of fixed assets, and exceptional items.

EBITDA before exceptionals is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Reconciliation of EBITDA before exceptionals to operating profit:

	Three-Month Period Ended March 31,	
	2024	2023
	(€ in millions)	
EBITDA before exceptionals	515.7	444.2
Depreciation and amortisation	(227.3)	(200.8)
Operating profit	288.4	243.4

4. TOTAL FINANCE COSTS

	Three-Month Period Ended March 31,	
	2024	2023
	(€ in millions)	
Interest payable on senior notes	35.7	14.4
Interest payable on bank loans and overdrafts	163.1	118.7
Interest payable on securitisation	1.9	1.3
Interest payable on lease liabilities	14.5	14.9
Amortisation of issue costs	13.1	7.7
Other finance charges	26.7	13.5
Net fair value (gain)/loss on derivatives	(24.3)	24.1
Finance costs before exchange movements	230.7	194.6
Exchange movements	351.2	(60.8)
Borrowing costs capitalised in property, plant and equipment	(33.1)	(13.9)
Finance costs before exceptional items	548.8	119.9
Exceptional finance costs (Note 6)	4.0	-
Total finance costs	552.8	119.9

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

5. TAXATION

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual profit or loss.

After adjusting for the results from the share of associates and joint ventures, the effective tax rate for the three month period ended March 31, was 2024 approximately 12%. After adjusting for the results from the share of associates and joint ventures, the underlying effective tax rate in the same period in 2023 was approximately 27%. The lower anticipated tax rate for the three month period ended March 31, 2024 as compared to the same period in 2023 resulted from the split of profits and losses in countries with higher or lower corporate tax rates.

6. EXCEPTIONAL FINANCE ITEMS

In February 2024 the Group issued new Senior Secured Term Loans and Senior Secured Notes due 2029 (see Note 9). Proceeds were used to partly redeem €312.2 million of the 2025 and €735.7 million of the 2026 Senior Secured Notes and to provide funding for the Group's planned acquisitions and development projects. The partial redemption of these Senior Secured Notes was made at a discount to the par value. The €16.7 million income arising from this discount was classed as exceptional finance income in the period.

Unamortised debt issue costs of €4.0 million associated with the partial redemption of the Senior Secured Notes were expensed upon the repayment of the underlying Notes and classed as an exceptional finance cost in the period.

7. PROPERTY, PLANT AND EQUIPMENT

In the three month period ended March 31, 2024, the Group spent €383.5 million (three month period ended March 31, 2023: €239.2 million) on property, plant and equipment. The main capital expenditures in the O&P North America segment related to turnaround and sustenance expenditure across the various sites. The main capital expenditures in the O&P Europe segment related to the Project One expenditure that restarted following the granting of a permit in January 2024 that allowed work to recommence on the construction of a new cracker in Antwerp, Belgium. The main expenditure in the Chemical Intermediates segment was turnaround expenditure for the Oxide business at both the Antwerp and Koln sites. The remaining capital expenditure related primarily to sustenance expenditure.

8. INVENTORIES

	March 31, 2024	December 31, 2023
	(€ in millions)	
Raw materials and consumables	595.0	566.9
Work in progress	42.8	38.5
Finished products	977.4	983.2
	1,615.2	**1,588.6**

9. BORROWINGS

Borrowing obligations as of March 31, 2024 and December 31, 2023 are as follows:

	March 31, 2024	December 31, 2023
	(€ in millions)	
Non-current liabilities		
Senior Secured Term Loans	5,940.0	4,997.0
Senior Secured Notes due 2029	1,510.1	-
Senior Secured Notes due 2028	786.1	775.6
Senior Secured Notes due May 2026	280.2	767.1
Senior Secured Notes due March 2026	77.7	323.0
Senior Secured Notes due 2025	237.3	548.6
Gemini Facility	456.1	450.1
Rain Facility	858.1	838.2
Receivables Securitisation Facility	18.6	18.2
Koln CoGen Facility	22.5	32.3
Rafnes Facility	303.7	303.3
Project One Facility	846.6	331.4
Other loans	17.7	17.3
	11,354.7	**9,402.1**

	March 31, 2024	December 31, 2023
Current liabilities		
Current portion of borrowings under Senior Secured Term Loans	12.7	8.8
Gemini Facility	22.6	21.8
Rafnes Facility	(1.1)	(1.2)
Koln CoGen Facility	39.0	39.0
Inventory Financing Facility	132.7	155.0
Project One Interim Facility	-	363.7
Other loans	0.9	0.9
	206.8	**588.0**

9. BORROWINGS (Continued)

	March 31, 2024		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
		(€ in millions)	
Senior Secured Term Loans	6,063.8	(111.1)	5,952.7
Senior Secured Notes due May 2026	281.2	(1.0)	280.2
Senior Secured Notes due March 2026	78.1	(0.4)	77.7
Senior Secured Notes due 2028	792.8	(6.7)	786.1
Senior Secured Notes due 2029	1,520.0	(9.9)	1,510.1
Senior Secured Notes due 2025	237.8	(0.5)	237.3
Project One Facility	1,033.7	(187.1)	846.6
Receivables Securitisation Facility	18.7	(0.1)	18.6
Koln CoGen Facility	61.5	-	61.5
Rafnes Facility	305.0	(2.4)	302.6
Inventory Financing Facility	132.7	-	132.7
Other	18.6	-	18.6
	10,543.9	**(319.2)**	**10,224.7**
Rain Facility	859.0	(0.9)	858.1
Gemini Facility	484.2	(5.5)	478.7
Total	**11,887.1**	**(325.6)**	**11,561.5**

The Gemini Facility is an obligation of Gemini HDPE LLC. The Rain Facility is an obligation of INEOS China Holdings Limited. Gemini HDPE LLC and INEOS China Holdings Limited are designated as unrestricted subsidiaries in accordance with the Group's Senior Secured Term Loans and Senior Secured Notes so neither the Gemini Facility nor Rain Facility benefits from the security or collateral of those facilities.

	December 31, 2023		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
		(€ in millions)	
Senior Secured Term Loans	5,108.8	(103.0)	5,005.8
Senior Secured Notes due May 2026	770.0	(2.9)	767.1
Senior Secured Notes due March 2026	325.0	(2.0)	323.0
Senior Secured Notes due 2028	782.7	(7.1)	775.6
Senior Secured Notes due 2025	550.0	(1.4)	548.6
Project One Facility	522.0	(190.6)	331.4
Project One Interim Facility	365.0	(1.3)	363.7
Receivables Securitisation Facility	18.3	(0.1)	18.2
Koln CoGen Facility	71.3	-	71.3
Rafnes Facility	305.0	(2.9)	302.1
Inventory Financing Facility	155.1	(0.1)	155.0
Other	18.2	-	18.2
	8,991.4	**(311.4)**	**8,680.0**
Rain Facility	839.2	(1.0)	838.2
Gemini Facility	477.7	(5.8)	471.9
Total	**10,308.3**	**(318.2)**	**9,990.1**

9. BORROWINGS (Continued)

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity
Senior Secured Term Loans	$/€	SOFR+0.10%/ EURIBOR plus 2.50%-4.00%	2027-2031
Senior Secured Notes	$/€	2.125%-7.50%	2025-2029
Gemini Facility	$	SOFR+0.3% plus 3.00%	2027
Rain Facility	$/RMB	SOFR/HIBOR plus 3.75%-4.50%	2026
Receivables Securitisation Facility	$/€/£	Variable	2026
Koln CoGen Facility	€	2.00%-2.85%	2024-2026
Rafnes Facility	€	EURIBOR plus 2.25%	2027
Project One Facility	€	EURIBOR plus 2.75%-3.50%	2037
Other	€/$	2.95%-3.50%	2024-2027

Senior Secured Term Loans

The Group has outstanding borrowings under a senior credit facilities agreement dated April 27, 2012 (as amended and restated) which consist of euro and US dollar denominated Term Loans (referred to as the 'Senior Secured Term Loans' or 'Term Loans').

In February 2024 the Group issued new Senior Secured Term Loans and Senior Secured Notes. The Senior Secured Term Loans included €425 million maturing in February 2031 and $500 million maturing in February 2031. Proceeds were used to partly repay the 2025 and 2026 Senior Secured Notes and to provide funding for the Group's planned acquisitions and development projects. In February 2023 the Group issued new Senior Secured Term Loans and Senior Secured Notes. The Senior Secured Term Loans included €700 million maturing in November 2027 and $1.2 billion maturing in February 2030. Proceeds from the new Senior Secured Term Loans and Senior Secured Notes were used to fully redeem the euro and US dollar denominated Term Loans maturing on March 31, 2024 as well as increasing the liquidity of the Group. In November 2022 the Group extended its maturity profile by issuing new Senior Secured Term Loan maturing in November 2027, consisting of €800 million of euro denominated Term Loans and $1.2 billion of US dollar denominated Term Loans which were used to partially redeem the euro and US dollar denominated Term Loans maturing on March 31, 2024. In November 2021 the Group raised €1.1 billion of additional Senior Secured Term Loans which were used to fully redeem the outstanding Senior Notes due 2024. The additional Senior Secured Term Loans mature on November 8, 2028 and consisted of $845 million of US dollar denominated Term Loans and €350 million of euro denominated Term Loans. In October 2020 the Group issued new euro denominated Senior Secured Term Loans of €375 million which mature on October 27, 2027.

The Senior Secured Term Loans outstanding at March 31, 2024 before issue costs were €6,063.8 million (December 31, 2023: €5,108.8 million) of which €37.3 million (December 31, 2023: €33.0 million) is due within one year. The total amounts outstanding on the Euro denominated Term Loans were €2,637.9 million (December 31, 2023: €2,213.8 million) and the US dollar denominated Term Loans were €3,425.9 million (December 31, 2023: €2,895.0 million).

9. BORROWINGS (Continued)

The Term Loans are to be repaid in equal quarterly instalments, in aggregate annual amounts equal to 1% of the original principal amount of the Term Loans up to the final maturity date, apart from the euro denominated Term Loans maturing November 2027, November 2028 and February 2031 which have no repayments until maturity. Additionally, the dollar denominated Term Loans maturing February 2031 are repaid in equal quarterly instalments, in aggregate annual amounts equal to 0.25% of the original principal amount of the Term Loans up to the final maturity date. The €425 million euro denominated Term Loans and $500 million US dollar denominated Term Loans issued in February 2024 mature on February 7, 2031. The €700 million euro denominated Term Loans issued in February 2023 mature on November 8, 2027 and the € $1.2 billion US dollar denominated Term Loans issued in February 2023 mature on February 16, 2030. The €800 million euro denominated Term Loans and $1.2 billion US dollar denominated Term Loans issued in November 2022 mature on November 8, 2027. The $845 million US dollar denominated Term Loans and €350 million of euro denominated Term Loans issued in November 2021 mature on November 8, 2028, whilst the €375 million euro denominated Senior Secured Term Loans issued in October 2020 mature on October 27, 2027.

The outstanding Term Loans denominated in US dollars bear interest at a rate per annum equal to SOFR plus 0.10% (with the $845 million US dollar denominated Term Loans maturing in November 2028 being subject to a floor of 0.50% per annum), with the exception of the $500 million US dollar denominated Term Loans maturing in February 2031 which bears interest at a rate per annum equal to SOFR, plus the Applicable Margin. All of the Term Loans denominated in euros bear interest at a rate per annum equal to EURIBOR subject to a floor of 0.50% per annum (with the €425 million Euro denominated Term Loans maturing in February 2031 being subject to a floor of 0.0% per annum) plus the Applicable Margin.

As at March 31, 2024 the Applicable Margin for the €425 million euro denominated Term Loans maturing February 2031 was 4.00%; for the $500 million US dollar denominated Term Loans maturing February 2031 it was 3.75%; for the €700 million euro denominated Term Loans maturing November 2027 it was 4.00%; for the $1.2 billion US dollar denominated Term Loans maturing November 2030 it was 3.50%; for the euro denominated Term Loans maturing October 2027 and November 2028 it was 2.75%; for the US dollar denominated Term Loans maturing November 2028 it was 2.50%; for the €800 million euro denominated Term Loans maturing November 2027 it was 4.00% and for the US dollar denominated Term Loans maturing November 2027 it was 3.75%.

The Senior Secured Term Loans rank pari passu with the Senior Secured Notes due 2029, the Secured Notes due 2028, the Senior Secured Notes due May 2026, Senior Secured Notes due March 2026 and the Senior Secured Notes due 2025. The Term Loans are guaranteed by INEOS Group Holdings S.A., INEOS Holdings Limited and certain of their subsidiaries on a senior secured basis. The Term Loans and the guarantees are secured by first ranking liens on the same assets (subject to certain exceptions) that secure INEOS Holdings Limited's obligations under the senior secured notes.

The Term Loans have numerous customary operating and financial incurrence covenants all of which have been complied with during the period, including covenants relating to, among other things, limitations on indebtedness, ability to give guarantees, creation of security interests, making acquisitions and investments, disposing of assets and paying dividends. The Term Loans have no financial maintenance covenants. The Senior Secured Term Loans are stated net of debt issue costs of €111.1 million (December 31, 2023: €103.0 million). These costs are allocated to the profit and loss account over the term of the Term Loans.

Senior Secured Notes due 2025

In November 2017 the Group issued €550 million of Senior Secured Notes due 2025. The proceeds from the new Notes were used to partially repay the Senior Secured Term Loans. The Senior Secured Notes due 2025 are listed on the Euro MTF - Luxembourg Stock Exchange. The Senior Secured Notes due 2025 bear interest at 2.125% per annum, payable semi-annually in arrears on May 15 and November 15

9. BORROWINGS (Continued)

of each year. Unless previously redeemed as noted below, the Senior Secured Notes due 2025 will be redeemed by the Group at their principal amount on November 15, 2025.

In February 2024, the Group redeemed €312.2 million of the Senior Secured Notes due 2025 and expensed €0.7 million of unamortised associated debt issue costs (see note 6).

The Senior Secured Notes due 2025 can be subject to redemption at any time on or after November 15, 2020, at the option of the Issuer, in whole or in part, on not less than 10 nor more than 60 days' prior notice at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the 12-month period beginning November 15 of the year indicated below:

Year	Redemption Price
2022 and thereafter	100.000%

In each case, the redemption premium will be in addition to accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

The Senior Secured Notes due 2025 rank pari passu with the Senior Secured Term Loans, the Senior Secured Notes due May 2026, the Senior Secured Notes due March 2026, the Senior Secured Notes due 2028 and the Senior Secured Notes due 2029. The notes are guaranteed by INEOS Group Holdings S.A., INEOS Luxembourg I S.A., INEOS Holdings Limited and certain of their subsidiaries on a senior secured basis. The notes and the guarantees are secured by first ranking liens on the same assets (subject to certain exceptions) that secure INEOS Holdings Limited's obligations under the Senior Secured Term Loans.

The Indenture contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

The Senior Secured Notes due 2025 are stated net of debt issue costs of €0.5 million (December 31, 2023: €1.4 million). These costs are allocated to the profit and loss account over the term of the Senior Secured Notes due 2025.

Senior Secured Notes due May 2026
In April 2019, the Group issued €770 million of Senior Secured Notes due May 2026. The Senior Secured Notes due May 2026 are listed on the Euro MTF - Luxembourg Stock Exchange. The Senior Secured Notes due May 2026 bear interest at 2.875% per annum, payable semi-annually in arrears on May 1 and November 1 of each year, beginning November 1, 2019. Unless previously redeemed as noted below, the Senior Secured Notes due May 2026 will be redeemed by the Group at their principal amount on May 1, 2026.

In February 2024, the Group redeemed €488.9 million of the Senior Secured Notes due May 2026 and expensed €1.8 million of unamortised associated debt issue costs (see note 6).

The Senior Secured Notes due May 2026 can be subject to redemption at any time on or after May 1, 2022, at the option of the Issuer, in whole or in part, on not less than 10 nor more than 60 days' prior notice at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the 12-month period beginning May 1 of the year indicated below:

9. BORROWINGS (Continued)

Year	Redemption Price
2023	100.71875%
2024 and thereafter	100.000%

In each case, the redemption premium will be in addition to accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

The Senior Secured Notes due May 2026 rank pari passu with the Senior Secured Term Loans, the Senior Secured Notes due 2025, the Senior Secured Notes due March 2026, the Senior Secured Notes due 2028 and The Senior Secured Notes due 2029. The notes are guaranteed by INEOS Group Holdings S.A., INEOS Luxembourg I S.A., INEOS Holdings Limited and certain of their subsidiaries on a senior secured basis. The notes and the guarantees are secured by first ranking liens on the same assets (subject to certain exceptions) that secure INEOS Holdings Limited's obligations under the Senior Secured Term Loans.

The Indenture contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

The Senior Secured Notes due May 2026 are stated net of debt issue costs of €1.0 million (December 31, 2023: €2.9 million). These costs are allocated to the profit and loss account over the term of the Senior Secured Notes due May 2026.

Senior Secured Notes due March 2026

In October 2020, the Group issued €325 million of Senior Secured Notes due March 2026. The Senior Secured Notes due March 2026 are listed on the Euro MTF - Luxembourg Stock Exchange. The Senior Secured Notes due March 2026 bear interest at 3.375% per annum, payable semi-annually in arrears on May 15 and November 15 of each year, beginning May 15, 2021. Unless previously redeemed as noted below, the Senior Secured Notes due March 2026 will be redeemed by the Group at their principal amount on March 31, 2026.

In February 2024, the Group redeemed €246.9 million of the Senior Secured Notes due May 2026 and expensed €1.4 million of unamortised associated debt issue costs (see note 6).

The Senior Secured Notes due March 2026 can be subject to redemption at any time on or after November 15, 2022, at the option of the Issuer, in whole or in part, on not less than 10 nor more than 60 days' prior notice at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the 12-month period beginning November 15 of the year indicated below:

Year	Redemption Price
2023	100.844%
2024 and thereafter	100.000%

In each case, the redemption premium will be in addition to accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

The Senior Secured Notes due March 2026 rank pari passu with the Senior Secured Term Loans, the Senior Secured Notes due 2025, the Senior Secured Notes due May 2026, the Senior Secured Notes due 2028 and the Senior Secured Notes due 2029. The notes are guaranteed by INEOS Group Holdings S.A., INEOS Luxembourg I S.A., INEOS Holdings Limited and certain of their subsidiaries on a senior secured

9. BORROWINGS (Continued)

basis. The notes and the guarantees are secured by first ranking liens on the same assets (subject to certain exceptions) that secure INEOS Holdings Limited's obligations under the Senior Secured Term Loans.

The Indenture contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

The Senior Secured Notes due March 2026 are stated net of debt issue costs of €0.4 million (December 31, 2023: €2.0 million). These costs are allocated to the profit and loss account over the term of the Senior Secured Notes due March 2026.

Senior Secured Notes due 2028

In February 2023, the Group issued €400 million and $425 million of Senior Secured Notes due 2028. The Senior Secured Notes due 2028 are listed on the Euro MTF - Luxembourg Stock Exchange. The Senior Secured Notes due 2028 denominated in euros bear interest at 6.625% per annum. The Senior Secured Notes due 2028 denominated in dollars bear interest at 6.750% per annum. Interest is payable semi-annually in arrears on May 15 and November 15 of each year, beginning November 15, 2023. Unless previously redeemed as noted below, the Senior Secured Notes due 2028 will be redeemed by the Group at their principal amount on May 15, 2028.

The Senior Secured Notes due 2028 can be subject to redemption at any time on or after February 15, 2025, at the option of the Issuer, in whole or in part, on not less than five nor more than 60 days' prior notice at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the 12-month period beginning February 15 of the year indicated below:

Year	Euro Notes redemption price	Dollar Notes redemption price
2025	103.3125%	103.375%
2026	101.6563%	101.6875%
2027 and thereafter	100.000%	100.000%

In each case, the redemption premium will be in addition to accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

The Senior Secured Notes due 2028 rank pari passu with the Senior Secured Term Loans, the Senior Secured Notes due 2025, the Senior Secured Notes due March 2026, the Senior Secured Notes due May 2026 and the Senior Secured Notes due 2029. The notes are guaranteed by INEOS Group Holdings S.A., INEOS Luxembourg I S.A., INEOS Holdings Limited and certain of their subsidiaries on a senior secured basis. The notes and the guarantees are secured by first ranking liens on the same assets (subject to certain exceptions) that secure INEOS Holdings Limited's obligations under the Senior Secured Term Loans.

The Indenture contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

The Senior Secured Notes due 2028 are stated net of debt issue costs of €6.7 million (December 31, 2023: €7.1 million). These costs are allocated to the profit and loss account over the term of the Senior Secured Notes due 2028.

Senior Secured Notes due 2029

In February 2024 the Group issued €850 million and $725 million of Senior Secured Notes due 2029. The Senior Secured Notes due 2029 are listed on the Euro MTF - Luxembourg Stock Exchange. The Senior Secured Notes due 2029 denominated in euros bear interest at 6.375% per annum. The Senior

9. BORROWINGS (Continued)

Secured Notes due 2029 denominated in dollars bear interest at 7.500% per annum. Interest is payable semi-annually in arrears on April 15 and October 15 of each year, beginning April 15, 2024. Unless previously redeemed as noted below, the Senior Secured Notes due 2029 will be redeemed by the Group at their principal amount on April 15, 2029.

The Senior Secured Notes due 2029 can be subject to redemption at any time on or after April 15, 2026, at the option of the Issuer, in whole or in part, on not less than five nor more than 60 days' prior notice at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the 12-month period beginning April 15 of the year indicated below

Year	Euro Notes redemption price	Dollar Notes redemption price
2026	103.1875%	103.750%
2027	101.594%	101.875%
2028 and thereafter	100.000%	100.000%

The Senior Secured Notes due 2029 rank pari passu with the Senior Secured Term Loans, the Senior Secured Notes due 2025, the Senior Secured Notes due March 2026, the Senior Secured Notes due May 2026 and the Senior Secured Notes due 2028. The notes are guaranteed by INEOS Group Holdings S.A., INEOS Luxembourg I S.A., INEOS Holdings Limited and certain of their subsidiaries on a senior secured basis. The notes and the guarantees are secured by first ranking liens on the same assets (subject to certain exceptions) that secure INEOS Holdings Limited's obligations under the Senior Secured Term Loans.

The Indenture contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

The Senior Secured Notes due 2029 are stated net of debt issue costs of €9.9 million. These costs are allocated to the profit and loss account over the term of the Senior Secured Notes due 2029.

Receivables Securitisation Facility
The Group has entered into a €800 million receivables securitisation facilities agreement ("Receivables Securitisation Facility") which matures on December 31, 2026. The total amount outstanding at March 31, 2024 before issue costs was €18.7 million (December 31, 2023: €18.3 million). The facility is secured by pledges over the trade receivables sold into the programme. Interest is charged on the facility at a rate of either EURIBOR, SOFR or SONIA plus a margin or short term commercial paper rates plus a margin.

The Receivables Securitisation Facility is stated net of debt issue costs of €0.1 million (December 31, 2023: €0.1 million).

Koln CoGen Facility
As part of a project at the Group's Koln site to replace part of its incineration or cogeneration unit, the Group entered into a €120 million loan facility which matures in December 2024. In May 2021 the Group entered into an additional facility of €60 million which matures in June 2026. The total amount outstanding under the loan facilities ("Koln CoGen Facility") at March 31, 2024 was €61.5 million (December 31, 2023: €71.3 million) of which €39.0 million (December 31, 2023: €39.0 million) is due within one year.

The €120 million loan facility is to be repaid in equal quarterly instalments of €6 million, starting from March 2020 and bears a fixed interest rate of 2.85% per annum.

The €60 million additional loan facility is to be repaid in equal quarterly payments of €3.75 million starting in September 2022 and bears a fixed interest rate of 2.00% per annum.

9. BORROWINGS (Continued)

The Koln CoGen Facility is secured by pledges over the plant and equipment of INEOS Manufacturing Deutschland GmbH's new cogeneration assets.

Rafnes Facility

As part of the Group's purchase of the remaining 50% interest in the Noretyl ethylene cracker at Rafnes, Norway from the Kerling group on July 1, 2015, the Group also assumed the obligations of a €140 million loan facility that Noretyl had in place. In November 2019 following the repayment of the initial loan the term loan facility was amended and restated with a new facility amount of €250.0 million. In November 2022 the Group amended and extended the facility to be €305.0 million. The total amount outstanding at March 31, 2024 before issue costs was €305.0 million (December 31, 2023: €305.0 million) none of which is due within one year (December 31, 2023: nil).

The Rafnes Facility is to be repaid in six equal semi-annual instalments commencing in May 2025. The facility matures in November 2027. The facility is secured by pledges over the property, plant and equipment of INEOS Rafnes AS. The Rafnes Facility bears interest at a rate per annum equal to EURIBOR (subject to a floor of 0% per annum) plus a margin of 2.25%.

The Rafnes Facility is stated net of debt issue costs of €2.4 million (December 31, 2023: €2.9 million).

Inventory Financing Facility

In June 2019 the Group entered into an inventory monetisation agreement with J Aron & Company LLC ('J Aron'), for an initial term of one year which was extendable by mutual agreement. The facility was moved from J Aron to Goldman Sachs International ('GSI') in June 2023. The new facility is for an initial term of one year to expire in June 30, 2024 and is extendable by mutual agreement. Under this arrangement, the Group sells certain inventory to GSI and agrees to buy-back equivalent inventory at the end of the term at the same price. During the term, and subject to certain covenants and rights of GSI, GSI provides the Group with a just-in-time service for use of the inventory, and the ability to substitute used inventory with equivalent inventory, in return for a transaction fee. The arrangement is supported by a Group parent company guarantee and a cash collateral mechanism.

The total amount outstanding at March 31, 2024 before issue costs was €132.7 million (December 31, 2023: €155.1 million). The Inventory Financing Facility is stated net of debt issue costs of nil (December 31, 2023: €0.1 million).

Gemini Facility

As part of the Group's purchase of the remaining 50% interest in the Gemini HDPE plant in Texas, USA, from Sasol Chemicals on December 31, 2020, the Group amended and upsized the existing Term Loan facility within the acquired Gemini HDPE LLC legal entity. The amended loan facility was upsized to $600.0 million ("Gemini Facility") and the maturity was extended to October 31, 2027. The total amount outstanding at March 31, 2024 before issue costs was €484.2 million ($447.5 million) (December 31, 2023: €477.7 million ($505.2 million)) of which €24.4 million ($26.4 million) (December 31, 2023: €23.6 million ($26.2 million)) is due within one year.

The Gemini Facility is to be repaid in quarterly instalments starting on April 30, 2021 with a final payment of $420.0 million on October 31, 2027 when the facility matures. The facility is secured by pledges over the plant and equipment of Gemini HDPE LLC. The outstanding Gemini Facility bears interest at a rate per annum equal to SOFR plus a credit spread adjustment of 0.3% plus a margin of 3.0%. Gemini HDPE LLC has been designated as an unrestricted subsidiary in accordance with the Group's Senior Secured Term Loans and Senior Secured Notes.

The Gemini Facility is stated net of debt issue costs of €5.5 million (December 31, 2023: €5.8 million).

9. BORROWINGS (Continued)

Rain Facility

As part of the Group's acquisition of a 50% interest in Shanghai SECCO Petrochemical Company Limited ("SECCO") from Sinopec in December 2022 the Group entered into a RMB 1,045 million and $525 million term loan facility agreement maturing in June 2026 (the "Rain Facility"). In April 2023, the Group successfully completed a syndication of the acquisition financing originally funded in December 2022. As part of the syndication, which increased the numbers of lenders to ten, the debt was increased to $785 million and RMB 1,045 million.

The Rain Facility is to be repaid when the facility matures in June 2026. The Rain Facility is secured by pledges of the shares held by INEOS Investment (Shanghai) Company Limited in SECCO and of the shares held by INEOS China Holdings Limited in INEOS Investment (Shanghai) Company Limited. The Rain Facility carries an interest rate per annum equal to SOFR plus a margin of 3.75% on the US dollar denominated loan and HIBOR plus a margin of 4.50% on the RMB denominated loan. INEOS China Holdings Limited has been designated as an unrestricted subsidiary in accordance with the Group's Senior Secured Term Loans and Senior Secured Notes.

The total amount outstanding at March 31, 2024 before issue costs was €859.0 million (December 31, 2023: €839.2 million).

The Rain Facility is stated net of debt issue costs of €0.9 million (December 31, 2023: €1.0 million).

Project One Facility

On December 22, 2022, the Group entered into certain agreements (the "Project One Facility") providing for loans in an aggregate principal amount of €3,500 million under (i) facilities guaranteed by export credit agencies (UKEF, SACE and CESCE), (ii) a facility partially guaranteed by Gigarant (a special purpose vehicle of the Flemish government) and (iii) a Commercial Facility to fund the construction of Project One, a 1,450 ktpa ethane cracker and olefins complex located in the port of Antwerp. The ability to draw the funds was contingent on the receipt of certain guarantees which completed in February 2023.

The Group expects the Project One Facility to be drawn in stages throughout the construction period to the end of 2026.

The total amount outstanding at March 31, 2024 before issue costs was €1,033.7 million (December 31, 2023: €522.0 million).

The Project One Facility is stated net of debt issue costs of €187.1 million (December 31, 2023: €190.6 million). The debt issue costs relate to legal and advisory fees, upfront fees to banks, agency fees to the facilities agents and the upfront Export Credit Agency Guarantee premiums paid to UKEF, CESCE and SACE.

On July 20, 2023 the Group received a decision from the Council for Permit Disputes annulling the permit for Project One. As a result of the annulment of the permit, no further drawings may be made until such time as a new permit is reissued. Under the terms of the facility there is a period of up to 18 months to achieve this. In January 2024 a new permit was reissued for Project One when the Group's appeal to reconfirm the permit was granted by the Flemish Minister for Justice and Enforcement, Environment and Spatial Development and Energy and Tourism, so construction of Project One has now resumed.

9. BORROWINGS (Continued)

Project One Interim Facility

On September 15, 2023, the Group entered into certain agreements (the "Project One Interim Facility") providing for loans in an aggregate principal amount of €400 million under a facility partially guaranteed by Gigarant (a special purpose vehicle of the Flemish government). This is a short dated facility repayable within 364 days. The debt will continue to be drawn in stages based on the ongoing cash requirements of the project. In January 2024 a new permit was reissued for Project One when the Group's appeal to reconfirm the permit was granted by the Flemish Minister for Justice and Enforcement, Environment and Spatial Development and Energy and Tourism, so construction of Project One has now resumed. On February 29, 2024 the Group repaid the entire drawn down balance of the Project One Interim Facility of €375.0 million from borrowings under the Project One Facility.

The total amount outstanding at March 31, 2024 before issue costs was nil (December 31, 2023: €365.0 million). The facility is stated net of debt issue costs of nil (December 31, 2023: €1.3 million).

10. FINANCIAL INSTRUMENTS

The carrying amount is a reasonable approximation of fair value of trade receivables and payables.

The financial assets/liabilities categorised as Fair Value through Profit and Loss (FVTPL) presented in Level 2 contains commodity and interest rate swap derivatives. The financial assets/liabilities categorised as Fair Value through Other Comprehensive Income (FVOCI) presented in Level 3 contains equity securities.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels, determined in accordance with IFRS 13 "Fair Value Measurement", have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		Level				Level		
	Fair value	**1**	**2**	**3**	**Fair value**	**1**	**2**	**3**
	March 31, 2024				**December 31, 2023**			
	(€ in millions)							
Financial assets held at fair value through profit or loss:								
Derivative commodity contracts	66.8	2.8	64.0	-	63.4	5.4	58.0	-
Interest rate swap contracts	26.0	-	26.0	-	29.4	4.1	25.3	-
Financial assets held at fair value through other comprehensive income:								
Equity investments	25.9	-	-	25.9	27.1	-	-	27.1
Financial liabilities held for trading at fair value through profit and loss:								
Derivative commodity contracts	(81.0)	(15.4)	(65.6)	-	(73.9)	(10.6)	(63.3)	-
Interest rate swap contracts	(17.2)	-	(17.2)	-	(43.1)	-	(43.1)	-
Consideration payable	(598.7)	-	-	(598.7)	(598.7)	-	-	(598.7)
Total financial (liabilities) and assets held at fair value	**(578.2)**	**(12.6)**	**7.2**	**(572.8)**	**(595.8)**	**(1.1)**	**(23.1)**	**(571.6)**

The commodity derivatives are fair valued using rates in a quoted market. There have been no transfers between levels during the three month period ended March 31, 2024 (2023: no transfers between levels). In July 2023, the Group signed a shareholders' agreement with Sinopec relating to a proposed joint venture in respect of a 1,200kt per annum ethylene cracker and related derivative plants in Tianjin, China. This has resulted in the recognition of financial asset held at fair value through other comprehensive income of RMB 4,425 million (€598.7 million) which represents the latest view of the 50% equity share of the joint venture. As at March 31, 2024 the Group has also recognised a financial liability of the same value within its balance sheet.

10. FINANCIAL INSTRUMENTS (Continued)

Net investment hedges

The Group has US$ and Sterling financial liabilities in respect of the Senior Notes and Securitisation Facility that are designated net investment hedges of US$ and Sterling operations in accordance with the requirements of IFRS 9. For the three month period ended March 31, 2024, net gains on translation of foreign operations and hedge of net investment in foreign operations net of tax of €370.3 million were taken directly to reserves and reported in the Statement of Comprehensive Income for the period then ended (three month period ended March 31, 2023: losses of €166.2 million). There was no ineffectiveness recognised in the income statement for the three month period ended March 31, 2024 (three month period ended March 31, 2023: €nil). The cumulative net investment hedge reserve amount as at March 31, 2024 was €427.2 million (December 31, 2023: €56.9 million).

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, deposits with financial institutions and derivatives.

Group Treasury policy and objectives in relation to credit risk is to minimize the likelihood that the Group will experience financial loss due to counterparty failure. The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered or are adjusted accordingly. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval.

Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group. The Group's exposure to liquidity risk is limited by the fact that it operates with significant cash resources, and it maintains the most appropriate mix of short, medium and long-term borrowings from the Group's lenders.

The Group is reliant on committed funding from a variety of sources at Group and subsidiary company level to meet the anticipated needs of the Group for the period covered by the Group's budget.

The Group forecasts on a regular basis the expected cash flows that will occur on a weekly and monthly basis. This information is used in conjunction with the weekly reporting of actual cash balances at bank in order to calculate the level of funding that will be required in the short and medium term. On a monthly basis the level of headroom on existing facilities is reported and forecast forward until the end of the financial period.

Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. A substantial portion of the Group's revenue is generated in, or linked to, the U.S. dollar and the euro. In the European petrochemical business, product prices, certain feedstock costs and most other costs are denominated in euro and sterling. In the U.S. petrochemical and specialty chemicals businesses, product prices, raw materials costs and most other costs are primarily denominated in U.S. dollars.

The Group has established a currency risk policy under which material currency flows are analysed and if management considers it needed the risks are mitigated. The Group looks at transactional and translation currency risks.

10. FINANCIAL INSTRUMENTS (Continued)

Commodity price risk

The Group is exposed to commodity price risk through fluctuations in raw material prices and sales of products. The raw material exposures result primarily from the price of crude oil and base chemicals linked to the price of crude. The sales price exposures are primarily related to petrochemicals where prices are in general linked to the market price of crude oil.

The Group enters into contracts to supply or acquire physical volumes of commodities at future dates during the normal course of business that may be considered derivative contracts. Where such contracts exist and are in respect of the normal purchase or sale of products to fulfil the Group's requirements, the own use exemption from derivative accounting is applied.

The Group manages commodity price exposures through trading refined products and chemical feedstock and using commodity swaps, options and futures as a means of managing price and timing risks. As at March 31, 2024 there was a net mark to market derivative liability in respect of commodity contracts of €14.2 million entered into by the Group to manage such risk (December 31, 2023: net derivative liability of €10.5 million).

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

11. CONTINGENCIES

The Group is subject to various proceedings instituted by governmental authorities arising under the provisions of applicable laws or regulations relating to the discharge of materials into the environment or otherwise relating to the protection of the environment. In management's opinion, none of the proceedings is material to the financial condition or results of operation of the Group.

12. RELATED PARTIES

Related parties comprise:

- Parent entities and their subsidiaries not included within the INEOS Group Holdings S.A. group;
- Entities controlled by the shareholders of INEOS Limited, the ultimate parent company of INEOS Group Holdings S.A.;
- Key management personnel; and

Mr JA Ratcliffe, Mr AC Currie and Mr J Reece are shareholders in INEOS Limited.

INEOS Limited and INEOS AG, a subsidiary of INEOS Limited, provide operational management services to the Group through a management services agreement. Management fees of €28.9 million (March 31, 2023: €26.6 million) were charged to the income statement during the three month period ended March 31, 2024. As at March 31, 2024 amounts owed to INEOS Limited were €30.0 million (December 31, 2023: €34.8 million) and amounts owed by INEOS Limited were nil (December 31, 2023: nil). Amounts owed to INEOS AG were nil (December 31, 2023: nil) and amounts owed by INEOS AG were €43.2 million (December 31, 2023: €42.9 million). Amounts owed by INEOS Holdings AG and INEOS Holdings Luxembourg S.A., both wholly owned subsidiaries of INEOS AG, were €103.6 million (December 31, 2023: €102.5 million) and €16.5 million (December 31, 2023: €14.6 million) respectively.

INEOS Limited owns and controls a number of operating subsidiaries that are not included in the INEOS Group Holdings S.A. group, including INEOS Industries Limited, INEOS Enterprises Holdings Limited and the Lavéra petrochemical assets and businesses together with other French and Italian assets of O&P South.

12. RELATED PARTIES (Continued)

During the three month period ended March 31, 2024 the Group has made sales to these subsidiaries of €339.6 million (March 31, 2023: €433.6 million), received net cost recoveries of €48.4 million (March 31, 2023: net costs recovered of €104.6 million) and made purchases of €324.8 million (March 31, 2023: €308.5 million). As at March 31, 2024, €760.4 million (December 31, 2023: €684.0 million) was owed by and €244.9 million (December 31, 2023: €197.6 million) was owed to these subsidiaries (excluding the INEOS Upstream and INEOS Grangemouth loans).

In January 2023 the Group provided a loan of €309.3 million via INEOS Industries Holdings Limited to INEOS Grangemouth Limited, a related party, to facilitate the repayment of its Senior Term and Revolving Loan Facilities. The loan facility is unsecured, matures in January 2028 and bears interest at 5.75% per annum. As at March 31, 2024 €309.3 million (December 31, 2023: €309.3 million) was outstanding under the facility.

In April 2023 the Group provided a loan of €811.9 million via INEOS Industries Holdings Limited to INEOS Upstream Holdings Limited, a related party, to partly fund its acquisition of US onshore oil and gas assets in the Eagle Ford shale field from Chesapeake Energy. The loan facility is unsecured, matures in April 2028 and bears interest at 8.5% per annum. As at March 31, 2024 €811.9 million (December 31, 2023: €811.9 million) was outstanding under the facility.

During 2015 the Group provided a loan of $623.7 million via INEOS Industries Holdings Limited to INEOS Upstream Limited, a related party, in connection with its acquisition of natural gas assets in the North Sea. The loan facility is unsecured, matures in June 2026 and bears interest at 7% per annum. On September 29, 2017, INEOS Upstream Limited, a related party, acquired further natural gas assets in the North Sea through its acquisition of the entire oil and gas business of DONG Energy A/S. In connection with the DONG Acquisition, the Group advanced a loan of $376.2 million (€315.7 million) via INEOS Industries Holdings Limited to INEOS Upstream Limited, the proceeds of which were on-lent to certain of its subsidiaries. The loan is unsecured, matures in June 2026 and bears interest at 7% per annum. As at March 31, 2024 $617.1 million (€570.3 million) was outstanding under these facilities (December 31, 2023: $617.1 million (€555.6 million)).

INEOS Limited owns interests in a number of joint ventures that are not included in the Ineos Group Holdings S.A. group, including the French joint ventures associated with the Lavera petrochemical assets and businesses which were divested by the Group on July 1, 2014 and the refining joint ventures between PetroChina and INEOS Investments (Jersey) Limited, a related party.

The Refining joint ventures are between PetroChina and INEOS Investments (Jersey) Limited, a related party. During the three month period ended March 31, 2024 the Group has made sales of €0.1 million (March 31, 2023: nil), received cost recoveries of €5.3 million (March 31, 2023: received costs recovered of €11.3 million) and made purchases of nil (March 31, 2023: €8.8 million). As at March 31, 2024, €0.5 million (December 31, 2023: €0.9 million) was owed by the Refining joint ventures and €0.5 million (December 31, 2023: €1.5 million) was owed to the Refining joint ventures.

The Group has entered into a number of derivative contracts with INEOS UK SNS Limited, INEOS UK E&P Holdings Limited and INEOS Energy Trading Limited, all related parties. The net fair value loss on these derivatives during the three month period ended March 31, 2024 was €3.6 million (March 31, 2023: nil). As at March 31, 2024, the mark to market derivative liability was €62.2 million (December 31, 2023: €45.1 million) and the mark to market derivative asset was €64.0 million (December 31, 2023: €58.1 million) in respect of these related party derivative financial instruments.

In general, any trading balances with related parties are priced based on contractual arrangements and are to be settled in cash. The transactions are made on terms equivalent to those that prevail in arm's length transactions. As at March 31, 2024 none (December 31, 2023: none) of the related party balances are secured and no guarantees have been given or received. There were no provisions for doubtful debt related to any related parties as at March 31, 2024 (December 31, 2023: nil).

13. SUBSEQUENT EVENTS

The Group transferred €152.7 million into an escrow account in March 2024 ahead of the completion of the acquisition of TotalEnergies' Lavera assets the next month.

In April 2024 the Group completed the acquisition of the cracker and derivative assets in Lavéra, France from TotalEnergies and an INEOS affiliate. The acquisition has fully integrated the Lavera petrochemical assets and associated pipeline infrastructure and brings the entire site under common ownership. Total cash consideration for both shares was approximately €400 million.

FORWARD-LOOKING STATEMENTS

The Company includes "forward-looking statements," within the meaning of the US securities laws, based on our current expectations and projections about future events, including:

- the cyclical and highly competitive nature of our businesses;
- our significant debt service obligations, as well as our ability to generate sufficient cash flow to service our debt;
- our sales growth across our principal businesses and our strategy for controlling costs, growing margins, increasing manufacturing capacity and production levels, and making capital expenditures;
- our ability to deleverage through strategic disposals of certain assets and non-core businesses;
- raw material costs or supply arrangements;
- our technological and manufacturing assets and our ability to utilize them to further increase sales and the profitability of our businesses;
- impacts of climate change, including regulatory requirements on greenhouse gas emissions, the costs to purchase emissions allowances and the physical risks to our facilities of severe weather conditions;
- current or future health, safety and environmental requirements and the related costs of maintaining compliance with, and addressing liabilities under, those requirements;
- operational hazards, including the risk of accidents that result in injury to persons and environmental contamination;
- our ability to retain existing customers and obtain new customers;
- our ability to develop new products and technologies successfully;
- our ability to successfully integrate acquired businesses with our historical business and realize anticipated synergies and cost savings, including with respect to businesses acquired;
- currency fluctuations;
- our ability to attract and retain members of management and key employees; and
- our relationship with our shareholders.

All statements other than statements of historical facts included in this report including, without limitation, statements regarding our future financial position, risks and uncertainties related to our business and the notes, strategy, capital expenditures, projected costs and our plans and objectives for future operations, may be deemed to be forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties. Words such as "believe," "expect," "anticipate," "may," "intend," "will," "should," "estimate" and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. In addition, from time to time we or our representatives, acting in respect of information provided by us, have made or may make forward-looking statements orally or in writing and these forward-looking statements may be included in but are not limited to press releases (including on our website), reports to our security holders and other communications. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The following discussion is based upon the unaudited consolidated historical financial statements of INEOS prepared in accordance with IFRS. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements.

Overview

Combined Business

We are one of the world's largest chemical companies as measured by revenue. Our business has highly integrated, world class chemical facilities and production technologies. We have leading global market positions for a majority of our key products and a strong and stable customer base. We operate 34 manufacturing sites in seven countries throughout the world. We are led by a highly experienced management team with, on a combined basis, over 100 years of experience in the chemical industry. As of December 31, 2023, our total chemical production capacity was approximately 25,000 kta, of which 53% was in Europe, 43% was in North America and 4% was in Asia.

Results of Operations

Consolidated

The following table sets forth, for the periods indicated, our revenue and expenses and such amounts as a percentage of revenue.

	Three-Month Period Ended March 31,			
	2024		**2023**	
	€m	%	€m	%
Revenue	**3,771.4**	**100.0**	**4,120.0**	**100.0**
Cost of sales	(3,306.1)	(87.7)	(3,704.6)	(89.9)
Gross profit	**465.3**	**12.3**	**415.4**	**10.1**
Distribution costs	(49.9)	(1.3)	(54.3)	(1.3)
Administrative expenses	(127.0)	(3.4)	(117.7)	(2.9)
Operating profit	**288.4**	**7.6**	**243.4**	**5.9**
Share of loss of associates and joint ventures	(31.3)	(0.8)	(24.4)	(0.6)
Loss on disposal of investments	-	-	(0.4)	(0.0)
Profit before net finance costs	**257.1**	**6.8**	**218.6**	**5.3**
Finance income before exceptional items	68.4	1.8	49.2	1.2
Exceptional finance income	16.7	0.4	-	-
Total finance income	85.1	2.3	-	-
Finance costs before exceptional items	(548.8)	(14.6)	(119.9)	2.9
Exceptional finance costs	(4.0)	(0.1)	-	
Total finance costs	(552.8)	(14.7)	(119.9)	2.9
(Loss)/profit before tax	**(210.6)**	**(5.6)**	**147.9**	**3.6**
Tax credit/(charge)	20.8	0.6	(47.0)	(1.1)
(Loss)/profit for the period	**(189.8)**	**(5.0)**	**100.9**	**2.4**

Three-Month Period Ended March 31, 2024, Compared to Three-Month Period Ended March 31, 2023

Revenue. Revenue decreased by €348.6 million, or 8.5%, to €3,771.4 million in the three month period ended March 31, 2024 as compared to €4,120.0 million for the same period in 2023. The decrease in revenues was largely driven by lower selling prices. Overall sales volumes for the Group were approximately 1% lower in the three month period ended March 31, 2024 as compared to the same period in 2023. An increase in volumes in the Phenol business was offset by a fall in volumes in all of the other businesses. Selling prices were lower in the first quarter of 2024 as compared to the same period in 2023 as all businesses experienced a generally falling price environment. Revenues were also impacted by the depreciation of the US dollar by approximately 2% against the euro in the three month period ended March 31, 2024 as compared to the same period in 2023, which has reduced the reported euro results.

Cost of sales. Cost of sales decreased by €398.5 million, or 10.8%, to €3,306.1 million in the three month period ended March 31, 2024 as compared to €3,704.6 million for the same period in 2023. The decrease in cost of sales was the result of lower costs of the Group's key raw materials together with lower energy costs during the three month period ended March 31, 2024, as compared to the same period in 2023.

Gross profit. Gross profit increased by €49.9 million, or 12.0%, to €465.3 million in the three month period ended March 31, 2024 as compared to €415.4 million for the same period in 2023. The increase in profitability was largely driven by higher margins and higher inventory holding gains, partly offset by a small reduction in volumes which were approximately 1% lower in the three month period ended March 31, 2024 as compared to the same period in 2023. In the O&P North America business, profitability increased due to higher olefin margins and greater sales levels in higher margin products. In the three month period ended March 31, 2023, the business was also adversely impacted by a tornado at the Battleground, Texas facility which resulted in lost margin and increased fixed costs. Increased margins in the O&P Europe business were partly offset by higher fixed costs in the three month period ended March 31, 2024 as compared to the same period in 2023. Sales volumes were relatively consistent overall with some variations between products, whilst fixed costs were higher due to higher shipping costs as more time charter vessels were contracted. Inventory holding gains within the O&P segments were approximately €19 million in the three month period ended March 31, 2024, as compared to inventory holding gains of approximately €3 million in the same period in 2023. Chemical Intermediates experienced an increase in overall profitability in the three month period ended March 31, 2024 as compared to the same period in 2023. The increase in profitability in the three month period ended March 31, 2024 as compared to the same period in 2023 was mainly driven by the Phenol and Nitriles businesses. The Phenol business saw higher margins and volumes whilst the Nitriles business benefitted from lower fixed costs. Reducing gross profitability was the depreciation of the US dollar by approximately 2% against the euro in the three month period ended March 31, 2024 as compared to the same period in 2023, which has decreased the reported euro results.

Distribution costs. Distribution costs decreased by €4.4 million, or 8.1%, to €49.9 million in the three month period ended March 31, 2024 as compared to €54.3 million for the same period in 2023. The decrease in distribution costs reflected lower volumes in the three month period ended March 31, 2024 as compared to the same period in 2023.

Administrative expenses. Administrative expenses increased by €9.3 million, or 7.9%, to €127.0 million in the three month period ended March 31, 2024 as compared to €117.7 million for the same period in 2023, mainly as a result of the impact of the general inflationary environment on the cost base in the three month period ended March 31, 2024, as compared to the same period in 2023.

Operating profit. Operating profit increased by €45.0 million, or 18.5%, to €288.4 million in the three month period ended March 31, 2024 as compared to €243.4 million for the same period in 2023.

Share of loss of associates and joint ventures. Share of loss of associates and joint ventures was a loss of €31.3 million in the three month period ended March 31, 2024 as compared to a loss of €24.4 million for the same period in 2023. The share of loss from associates and joint ventures in the three month period ended March 31, 2024 and the same period in 2023 primarily reflected the Group's share of losses from the SECCO joint venture with Sinopec which was acquired in December 2022.

Loss on disposal of investments. There was no loss on disposal of investments in the three month period ended March 31, 2024 as compared to a €0.4 million loss in the same period in 2023.

Profit before net finance costs. Profit before net finance costs increased by €38.5 million, or 17.6% to €257.1 million in the three month period ended March 31, 2024 as compared to €218.6 million for the same period in 2023.

Finance income before exceptional items. Finance income before exceptional items increased by €19.2 million, or 39.0%, to €68.4 million in the three month period ended March 31, 2024 as compared to €49.2 million for the same period in 2023. The income in the three month period ended March 31, 2024 primarily related to interest income from loans to related parties, including INEOS Upstream, and higher interest rates received on increased cash balances held by the Group.

Exceptional finance income. Exceptional finance income was €16.7 million in the three month period ended March 31, 2024 as compared to nil in the same period in 2023. The exceptional finance income in the three month period ended March 31, 2024 related to the discount on the partial redemption of the Senior Secured Notes due 2025 and 2026 in February 2024.

Finance costs before exceptional items. Finance costs before exceptional items increased by €428.9 million, or 357.7%, to €548.8 million in the three month period ended March 31, 2024 as compared to €119.9 million for the same period in 2023. The increase in finance costs for the three month period ended March 31, 2024 reflected higher interest costs on the Group's variable rate debt as a result of higher interest rates together with higher levels of overall debt, partly offset by net fair value gains on derivatives of €24.3 million as compared to losses of €24.1 million for the same period in 2023. There were also foreign exchange losses of €351.2 million in the three month period ended March 31, 2024 as compared to gains of €60.8 million in the same period in 2023.

Exceptional finance costs. Exceptional finance costs were €4.0 million in the three month period ended March 31, 2024 as compared to nil in the same period in 2023. The exceptional finance costs in the three month period ended March 31, 2024 related to the write-off of debt issue costs associated with the partial redemption of the Senior Secured Notes due 2025 and 2026 in February 2024.

(Loss)/profit before tax. (Loss)/profit before tax decreased by €358.5 million, or 242.4% to a loss of €210.6 million in the three month period ended March 31, 2024, as compared to a profit of €147.9 million for the same period in 2023.

Tax credit/(charge). Tax credit/(charge) decreased by €67.8 million, or 144.3%, to a tax credit of €20.8 million in the three month period ended March 31, 2024, as compared to a tax charge of €47.0 million for the same period in 2023 primarily due to the decreased profitability of the Group. After adjusting for the loss from the share of associates and joint ventures, the effective tax rate for the three month period ended March 31, 2024 was approximately 12%. The underlying effective tax rate for the three month period ended March 31, 2023 was approximately 27% after adjusting for the profit from the share of associates and joint ventures. The lower anticipated effective tax rate for the three month period ended March 31, 2024 as compared to the same period in 2023 resulted from the split of profits and losses in countries with higher or lower corporate tax rates.

(Loss)/profit for the period. (Loss)/profit for the period decreased by €290.7 million, or 288.1% to a loss of €189.8 million in the three month period ended March 31, 2024, as compared to a profit of €100.9 million for the same period in 2023.

Business segments

The Group reports under three business segments: O&P North America, O&P Europe and Chemical Intermediates.

The following table provides an overview of the historical revenue and EBITDA before exceptionals of each of the business segments for the periods indicated:

	Three-Month Period Ended March 31,	
	2024	2023
	(€ in millions)	
Revenue		
O&P North America	998.4	1,063.8
O&P Europe	1,740.3	1,791.3
Chemical Intermediates	1,756.3	1,882.7
Eliminations	(723.6)	(617.8)
	3,771.4	4,120.0
EBITDA before exceptionals		
O&P North America	226.6	191.3
O&P Europe	114.1	90.0
Chemical Intermediates	175.0	162.9
	515.7	444.2

O&P North America

Revenue. Revenue in the O&P North America segment decreased by €65.4 million, or 6.1%, to €998.4 million in the three month period ended March 31, 2024, as compared to €1,063.8 million for the same period in 2023. The decrease was primarily driven by lower prices in the three month period ended March 31, 2024 as compared to the same period in 2023. The weighted average sales price for the whole business was approximately 3% lower in the three month period ended March 31, 2024 as compared to the same period in 2023, with the biggest decreases coming from olefins, pipe and polyethylene, partly offset by higher polypropylene prices. There was a slight depreciation of the US dollar by approximately 2% against the euro in the three month period ended March 31, 2024 as compared to the same period in 2023 which has decreased the reported euro results. Overall sales volumes for the business decreased by approximately 4% in the three month period ended March 31, 2024 as compared to the same period in 2023, however higher third-party polyethylene sales resulted in revenues increasing as a result of a sales mix effect.

EBITDA before exceptionals. EBITDA before exceptionals in the O&P North America segment increased by €35.3 million, or 18.5%, to €226.6 million in the three month period ended March 31, 2024 as compared to €191.3 million in the same period in 2023. The increase in profitability in the three month period ended March 31, 2024 as compared to the same period in 2023 was largely due to higher margins and greater volumes in higher margin products. The weighted average sales margins for the whole business were approximately 5% higher in the three month period ended March 31, 2024 as compared to the same period in 2023, with this largely being driven by increased olefins margins. Fixed costs were also lower in the three month period ended March 31, 2024 as compared to the same period in 2023 largely driven by additional costs at the Battleground facility following the impact of a tornado in January 2023. The increase in profitability was partly offset by the depreciation of the US dollar by approximately 2% against the euro in the three month period ended March 31, 2024 as compared to the same period in 2023, which has decreased the reported euro results. Furthermore, there were lower inventory holding gains of €19.0 million for the three month period ended March 31, 2024 as compared to €26.0 million for the same period in 2023.

O&P Europe

Revenue. Revenue in the O&P Europe segment decreased by €51.0 million, or 2.8%, to €1,740.3 million in the three month period ended March 31, 2024 as compared to €1,791.3 million for the same period in 2023. The decrease in revenues was driven by lower prices in the three month period ended March 31, 2024 as compared to the same period in 2023. Overall sales volumes decreased slightly in the three month period ended March 31, 2024 as compared to the same period in 2023, with higher volumes in the olefins and polymers business being offset by lower volumes in the Trading and Shipping business. The decrease in selling prices was driven by the general price environment, with the price per tonne falling for most products in the three month period ended March 31, 2024 as compared to the same period in 2023.

EBITDA before exceptionals. EBITDA before exceptionals in the O&P Europe segment increased by €24.1 million or 26.8% to €114.1 million in the three month period ended March 31, 2024, as compared to €90.0 million in the same period in 2023. The results for the three month period ended March 31, 2024 increased compared to the same period in 2023, primarily due to inventory holding gains and higher margins, partly offset by lower sales volumes and higher fixed costs. The higher margins were mainly derived from increased margins in the C4 business, higher margins in the Trading and Shipping business and increased ethane margins, with these being partly offset by a decrease in polymers margins. Inventory holding gains were approximately nil in the three month period ended March 31, 2024 as compared to inventory holding losses of €23 million in the three month period ended March 31, 2023. The inventory holding gains in the first quarter of 2024 were driven by feedstock prices remaining relatively stable throughout most of the period in 2024 as compared to the comparative prices falling throughout the period in 2023. Overall sales volumes were at a consistent level in the three month period ended March 31, 2024 as compared to the same period in 2023. Fixed costs rose in the three month period ended March 31, 2024 as compared to the same period in 2023, largely due to increased shipping costs in the Trading and Shipping business.

Chemical Intermediates

Revenue. Revenue in the Chemical Intermediates segment decreased by €126.4 million, or 6.7%, to €1,756.3 million in the three month period ended March 31, 2024 as compared to €1,882.7 million for the same period in 2023. The Oxide business revenues decreased in the three month period ended March 31, 2024 as compared to the same period in 2023 driven by lower volumes and lower prices. Volumes sold were approximately 3% lower in the three month period ended March 31, 2024 as compared to the same period in 2023, with this being driven by two production units being down during the quarter. Lower demand and competition from cheaper imports has continued to put product pricing under pressure, especially for commodity products which has led to a decrease in prices in the three month period ended March 31, 2024 as compared to the same period in 2023. Prices for speciality products have seen less price pressure due to the limited impact from cheaper imports. The Oligomers business revenues were lower in the three month period ended March 31, 2024 as compared to the same period in 2023, due to lower prices and lower sales volumes. Regional prices in the quarter moved in line with the underlying raw material prices of ethylene and naphtha. Regional feedstock prices were lower in the three month period ended March 31, 2024 as compared to the same period in 2023 with lower European and US ethylene prices impacting LAO and PAO prices, whilst decreased naphtha prices impacted PIB and SO pricing. Sales volumes were lower in the three month period ended March 31, 2024 as compared to the same period in 2023, with lower LAO and PIB sales volumes being partly offset by higher PAO and SO sales volumes. The decrease in LAO sales volumes was primarily seen in the North American and Asian markets, partially offset by higher European volumes, whilst PIB sales were lower in Europe and North American markets, partly offset by growth in the sales volumes in the Asian market. PAO and SO sales volumes increased in all three regions. Nitriles revenues decreased in the three month period ended March 31, 2024 as compared to the same period in 2023, driven by lower prices and the negative effects of a changing product mix. Overall sales volumes contributed to an increased revenue in the three month period ended March 31, 2024 as compared to the same period in 2023, largely due to increased ammonia and nitric acid sales, as the plants were in shutdown during the 2023 comparative period. This was partly offset by a decrease in acrylonitrile sales volumes in the three month period ended March 31, 2024 as compared to the same period in 2023 due to lower demand, particularly in Europe. Weakened demand and lower US propylene prices also led to the average acrylonitrile sales price decreasing by approximately 6% in the three month period ended March 31, 2024 as compared to the same period in 2023. The Phenol business revenues increased in the three month period ended March 31, 2024 as compared to the same period in 2023, driven by higher volumes, partly offset by lower prices. Sales volumes were higher in the three month period ended March 31, 2024 as compared to the same period in 2023 across all product lines other than raw material trading, with the primary driver of this being the acquisition of the new Asian business in Singapore in March 2023. The decrease in sales prices was driven by a significant fall in the price of US propylene for the three month ended March 31, 2024 as compared to the same period in 2023.

EBITDA before exceptionals. EBITDA before exceptionals in the Chemical Intermediates segment increased by €12.1 million, or 7.4%, to €175.0 million in the three month period ended March 31, 2024 as compared to €162.9 million for the same period in 2023. The Oxide business results in the three month period ended March 31, 2024 were lower compared to the same period in 2023, due to a decrease in margins and sales volumes, partially offset by lower fixed costs. Due to the pressure on sales prices, margins receded in the three month period ended March 31, 2024 as compared to the same period in 2023 as the bottom of cycle conditions persisted throughout the period. The Oligomers business profitability decreased in the three month period ended March 31, 2024 as compared with the same period in 2023 as a result of lower margins and lower sales volumes. Margins were lower in the three month period ended March 31, 2024 as compared with the same period in 2023 principally driven by lower LAO and PAO margins. LAO margins were lower due to lower margins in Asia, Europe and North America. PAO margins were lower due to higher margins in Asia being more than offset by lower margins in both Europe and North America. PIB saw stronger margins due to lower realizations and lower variable costs, whilst SO margins were lower. The Nitriles business experienced an increase in profitability in the three month period ended March 31, 2024 as compared to the same period in 2023, mainly driven by lower fixed costs, partly offset by lower volumes and margins. Acrylonitrile volumes and margins both decreased as a result of weakened demand and cheaper imports from Asia and there were lower margins for catalyst sales due to continued low demand. This was partly offset by increased ammonia volumes in the three month period ended March 31, 2024 as the plant was in shutdown for the first three months of 2023. The Phenol business profitability increased in the three month period ended March 31, 2024 as compared to the same period in 2023, primarily due to an increase in margins and sales volumes. Overall sales margins have increased for all products in Europe and North America in the three month period ended March 31, 2024 as compared to the same period in 2023, with this being partly offset by lower phenol margins in Asia.

Liquidity and Capital Resources

Capital Resources

Our historical liquidity requirements have arisen primarily from the need for us to meet our debt service requirements, to fund capital expenditures for the general maintenance and expansion of our production facilities and for new facilities, and to fund growth in our working capital.

Our primary sources of liquidity are cash flows from operations of subsidiaries, cash on our balance sheet and borrowings under the Receivables Securitization Program and Inventory Financing Facility. Our ability to generate cash from our operations depends on future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive market, legislative, regulatory and other factors, many of which are beyond our control.

We believe that our operating cash flows, together with the cash resources and future borrowings under the Securitization Program, the Project One Facilities, and Inventory Financing Facility, will be sufficient to fund our working capital requirements, anticipated capital expenditures and debt service requirements as they become due, although this may not be the case.

We have also historically paid dividends to our shareholders. We may make strategic decisions, including the payment of dividends, the size of which may change or increase from time to time, depending on the performance of the business, and may not necessarily be in line with past practice.

In addition, we may engage in strategic transactions, including future debt incurrence in the capital and leverage finance markets, including inventory financing or similar arrangements, or repurchases of our debt (on the open market or otherwise) with cash on hand or from the proceeds of future debt incurrences, which may impact the availability of cash resources.

Financing Arrangements

The Group's capital structure includes a mixture of secured term loans and secured notes. These various debt instruments are denominated in both euro and U.S. dollars where appropriate, to approximately match the main currencies of the cash flows generated by the Group's operations.

The Group has a €800.0 million Securitization Facility in place, which matures in December 2026. The Group also has an Inventory Financing Facility in place, which matures in June 2024, although this is extendable by mutual agreement.

The Group has a €300.0 million LC facility in place. Under the terms of the facility the Group undertakes to provide cash collateral to cover any letters of credit, guarantees, bonds or indemnities issued under the facility.

Following the Group's purchase of the remaining 50% interest in the Noretyl ethylene cracker at Rafnes, Norway from the Kerling group in July 2015, the Group assumed the obligations of a loan facility of Noretyl AS. In November 2019, following the repayment of the initial loan, the loan facility was amended and restated with a new facility amount of €250.0 million. In November 2022 the Group amended and extended the existing Rafnes facility to €305.0 million, resulting in an additional drawdown of €126.5 million. The new facility matures in November 2027.

As part of a project at the Group's Koln site to replace part of its incineration or cogeneration unit, the Group entered into a €120.0 million loan facility which matures in December 2024, together with a €60.0 million additional loan facility which matures in June 2026.

As part of the Group's purchase of the remaining 50% interest in the Gemini HDPE plant in Texas, USA, from Sasol Chemicals on December 31, 2020, the Group amended and upsized the existing Term Loan facility within the acquired legal entity. The amended loan facility was upsized to $600.0 million and matures on October 31, 2027.

As part of the Group's purchase of the 50% interest in the SECCO joint venture in Shanghai, China from Sinopec on December 31, 2022, the Group entered into the Rain Facilities with an aggregate principal amount of RMB 1,045 million and $525.0 million through an Unrestricted Subsidiary. In April 2023, the Group successfully completed syndication of the Rain Facilities increasing the Rain Facilities to RMB 1,045 million and $785.0 million. The Rain Facilities are fully drawn, guaranteed by INEOS Group Holdings S.A. and INEOS Holdings Limited, and matures in June 2026.

In December 2022, the Group entered into project financing agreements in connection with Project ONE to borrow loans of up to €3.5 billion to fund the majority of the capital expenditure plus associated financing costs during construction. On July 20, 2023 the Group received a decision from the Council for Permit Disputes annulling the permit for Project ONE. As a result of the annulment of the permit, no further drawings could be made until such time as a new permit was reissued. Under the terms of the facility there was a period of up to 18 months to achieve this. In September 2023, the Group entered into certain agreements providing for loans in an aggregate principal amount of €400 million under a facility partially guaranteed by Gigarant (a special purpose vehicle of the Flemish government). This was a short dated facility repayable within 364 days. On January 7, 2024, a new permit was issued. On February 29, 2024 the Group repaid the Project ONE Interim Facility from borrowings under the Project ONE Facilities.

As of March 31, 2024, excluding unamortized debt issuance costs, the Group had a total of €6,063.8 million Senior Secured Term Loans, €1,520.0 million Senior Secured Notes due 2029, €792.8 million Senior Secured Notes due 2028, €237.8 million Senior Secured Notes due 2025, €78.1 million Senior Secured Notes due March 2026 and €281.2 million Senior Secured Notes due May 2026.

We or our affiliates may repay, redeem or repurchase any of our outstanding debt instruments, including term loans and notes, at any time and from time to time in the open market, in privately negotiated transactions, pursuant to one or more tender or exchange offers or otherwise, upon such terms and with such consideration as we or any such affiliate may determine. The amounts involved may be material.

Capital Expenditures

As part of our strategy to focus capital investments on improving returns, we have instituted measures to ensure the most efficient uses of capital investment. We intend to manage capital expenditures to maintain our well-invested asset base.

Capital expenditure incurred during the three months ended March 31, 2024 was €383.5 million (€239.2 million in the three months ended March 31, 2023) analysed by business segment as follows:

	Three-month period ended March 31,	
	2024	**2023**
	(€ in millions)	
O&P North America	53.5	43.1
O&P Europe	290.3	152.9
Chemical Intermediates	39.7	43.2
	383.5	239.2

In the three month period ended March 31, 2024, the Group spent €383.5 million (three month period ended March 31, 2023: €239.2 million) on property, plant and equipment. The main capital expenditures in the O&P North America segment related to turnaround and sustenance expenditure across the various sites. The main capital expenditures in the O&P Europe segment related to the Project One expenditure that restarted following the granting of a permit in January 2024 that allowed work to recommence on the construction of a new cracker in Antwerp, Belgium. The main expenditure in the Chemical Intermediates segment was turnaround expenditure for the Oxide business at both the Antwerp and Koln sites. The remaining capital expenditure related primarily to sustenance expenditure.

In the three month period ended March 31, 2023, the Group spent €239.2 million (three month period ended March 31, 2023: €156.7 million) on property, plant and equipment. The main capital expenditures in the O&P North America segment related to turnaround expenditure. The main capital expenditures in the O&P Europe segment related to Project One expenditure on a new cracker in Antwerp, Belgium; the completion of the cogeneration project at the Koln, Germany site; expenditure on a new ARG compressor and a turnaround on a polyethylene unit. The main expenditure in the Chemical Intermediates segment was further growth expenditure by the Oligomers business on the LAO platform at Chocolate Bayou, USA. The remaining capital expenditure related primarily to sustenance expenditure.

Working Capital

We anticipate that our working capital requirements will vary due to changes in raw material costs, which affect inventory and account receivables levels, and sales volumes. Working capital levels typically develop in line with raw material prices, although timing factors can affect flows of capital. We expect to fund our working capital requirements with cash generated from operations and drawings under our Receivables Securitisation Facility and Inventory Financing Facilities.

Cash Flows

During the three month period ended March 31, 2024 and 2023, our cash flow was as follows:

	Three-month period ended March 31,	
	2024	**2023**
	(€ millions)	
Cash flow from operating activities	409.6	29.4
Cash flow used in investing activities	(358.8)	(471.4)
Cash flow generated in financing activities	1,082.8	485.5

Cash flows from operating activities

Net cash flow from operating activities was an inflow of €409.6 million for the three month period ended March 31, 2024 (inflow of €29.4 million in the three month period ended March 31, 2023). The inflow was due to the operating profit generated, partly offset by working capital outflows of €90.2 million in the three month period ended March 31, 2024 (outflow of €393.1 million in the three month period ended March 31, 2023). The working capital outflows in the three month period ended March 31, 2024 primarily reflected an increase in trade and other receivables in the period.

Taxation payments of €15.5 million were made in the three month period ended March 31, 2024 (payments of €26.9 million in the three month period ended March 31, 2023). The payments in the three month period ended March 31, 2024 primarily reflected tax payments in Germany and Canada. The payments in the three month period ended March 31, 2023 primarily reflected tax payments in Germany, the UK and Canada.

Cash flows used in investing activities

Interest receipts of €27.3 million were received in the three month period ended March 31, 2024 (€22.8 million in the three month period ended March 31, 2023) which related primarily to interest received on cash balances held by the Group.

On March 31, 2023, the Group completed the acquisition of the entire asset base of Mitsui Phenols Singapore Ltd from Mitsui Chemicals, a leading Japanese chemicals manufacturer, for a total consideration of $273.0 million (€257.5 million). Cash balances acquired with the business were €2.2 million.

There were no other significant cash flows used in investing activities in the three month period ended March 31, 2024 and 2023 other than the acquisition of property, plant and equipment (refer to the "Capital Expenditure" section).

Cash flows from financing activities

Interest payments of €180.0 million were made in the three month period ended March 31, 2024 (€117.6 million in the three month period ended March 31, 2023). The interest payments during the first three months of 2024 related primarily to monthly cash payments in respect of the Senior Secured Term Loans, quarterly interest payments on the Gemini Facility, Rafnes facility and Rain Term Loans, and interest paid on lease liabilities of €13.3 million. The interest payments during the first three months of 2023 related primarily to monthly cash payments in respect of the Senior Secured Term Loans, quarterly interest payments on the Gemini Facility and interest paid on lease liabilities of €13.4 million, partially offset by the net settlement of derivative commodity contracts of €16.6 million.

The Group made repayments of €11.3 million on the Inventory Financing Facility during the three month period ended March 31, 2024 (repayment of €6.9 million in the three month period ended March 31, 2023).

In December 2022, the Group entered into project financing agreements in connection with Project One to borrow loans of up to €3.5 billion to fund the majority of the capital expenditure plus associated financing costs during construction. In February 2023 the Group received certain guarantees which meant it could start drawing under the Project One Facility. During the three month period ended March 31, 2024 the Group made drawdowns under the Project One Facility of €511.8 million (€294.9 million in the three month period ended March 31, 2023) and paid nil debt issue costs in the period (€202.4 million relating to legal and advisory fees, upfront fees to banks, agency fees to the facilities agents and the upfront Export Credit Agency Guarantee premiums paid to UKEF, CESCE and SACE in the three month period ended March 31, 2023).

In July 2023 the Group received a decision from the Council for Permit Disputes annulling the permit for Project One. As a result of the annulment of the permit, no further drawings could be made until such time as a new permit is reissued, therefore in September 2023, the Group entered into certain agreements providing for loans in an aggregate principal amount of €400.0 million under a facility partially guaranteed by Gigarant (a special purpose vehicle of the Flemish government). In January 2024, a new permit was reissued for Project One when the Group's appeal to reconfirm the permit was granted by the Flemish Minister for Justice and Enforcement, Environment and Spatial Development and Energy and Tourism, so construction of Project One has now resumed. On February 29, 2024 the Group repaid the entire drawn down balance of the Project One Interim Facility of €365.0 million from borrowings under the Project One Facility.

In February 2024 the Group issued new Senior Secured Term Loans and Senior Secured Notes due 2029. The Senior Secured Term Loans included €425 million and $500 million maturing in February 2031 which were issued at a discount resulting in a cash inflow of €877.5 million. Debt issue costs of €5.7 million were paid in relation to the new Senior Secured Term Loans. The Senior Secured Notes consisted of €850 million and $725 million (€669.1 million) and mature in April 2029. Debt issue costs of €9.9 million were paid by the Group in relation to the new Senior Secured Notes. Proceeds were used to partly redeem €312.2 million of the 2025 and €735.7 million of the 2026 Senior Secured Notes for a discounted cash consideration of €1,031.3 million and to provide funding for the Group's planned acquisitions and development projects.

In February 2023 the Group issued new Senior Secured Term Loans and Senior Secured Notes. The Senior Secured Term Loans included €700.0 million maturing in November 2027 and $1.2 billion (€1,103.9 million) maturing in February 2030. The Group paid debt issue cost of €29.6 million in relation to the new Senior Secured Term Loans. The Senior Secured Notes consisted of €400 million and $425 million (€390.9 million) and mature in May 2028. Debt issue cost of €6.2 million were paid by the Group in relation to the new Senior Secured Notes. The proceeds were used to fully redeem the remaining Senior Secured Term Loans due 2024 of €1,982.1 million as well as increasing the liquidity of the Group.

The Group made scheduled repayments of €8.5 million on the Senior Secured Term Loans during the three month period ended March 31, 2024 (scheduled repayments of €2.9 million in the three month period ended March 31, 2023).

As part of a Koln, Germany project to replace part of the site's incineration and cogeneration unit, the Group entered into a €120.0 million loan facility. The Group has made scheduled loan repayments of €6.0 million on the Koln CoGen Facility during the three month period ended March 31, 2024 (scheduled repayments of €6.0 million during the three month period ended March 31, 2023). As part of this project the Group also entered into an additional loan facility of €60.0 million in May 2021. The first repayments under this additional facility started in September 2022 with scheduled loan repayments of €3.8 million being made in the three month period ended March 31, 2024 (scheduled repayments of €3.8 million during the three month period ended March 31, 2023).

In August 2020, the Group entered into a new €19.2 million bank loan agreement to fund capital expenditure on a freight rail car fleet covering North America for the Oligomers business. The Group has made scheduled loan repayments of €0.1 million during the three month period ended March 31, 2024 (€0.1 million repayments in the three month period ended March 31, 2023).

As part of the Group's purchase of the remaining 50% interest in the Gemini HDPE plant in Texas, USA, from Sasol Chemicals on December 31, 2020, the Group amended and upsized the existing Term Loan facility within the acquired Gemini HDPE LLC legal entity. The Group has made scheduled loan repayments of €5.8 million during the three month period ended March 31, 2024 (scheduled repayments of €5.9 million in the three month period ended March 31, 2023).

In November 2020, the Group entered into a separate bank loan agreement to fund specific capital expenditure on a new cumene unit at Marl, Germany for the Phenol business. During the three month period ended March 31, 2024 the Group made no scheduled repayments (€0.4 million in the three month period ended March 31, 2023).

During the three month period ended March 31, 2024 the Group paid further debt issue costs of €0.1 million associated with the December 2023 amendment agreement to extend the maturity of the Securitization Facility to December 2026.

During the three month period ended March 31, 2024 the Group made payments of €45.5 million (€40.1 million in the three month period ended March 31, 2023) in respect of the capital element of lease liabilities.

During the three month period ended March 31, 2024 the Group transferred €152.7 million into an escrow account ahead of the completion of the acquisition of the Lavera assets from TotalEnergies in April 2024 (see note 13 for further details).

Net debt

Total net debt as at March 31, 2024 was €8,810.8 million (December 31, 2023: €8,534.2 million). The Group held net cash balances of €3,076.3 million as at March 31, 2024 (December 31, 2023: €1,774.1 million) which included restricted cash of €152.7 million held in escrow in advance of the TotalEnergies acquisition (see note 13). The Group had availability under the undrawn receivables securitization facility of €666.0 million as at March 31, 2024.

The Group entered into three interest rate swap contracts effective June 2020 to hedge the variable interest rate exposure on $1.2 billion of the USD denominated Senior Secured Term Loans. On a quarterly basis, the Group will receive 3-month USD SOFR and pay a fixed rate. Two of these swap contracts, totaling $850 million of exposure were terminated in October 2023. The remaining $350 million derivative instrument expires in June 2025. The Group entered into a further interest rate swap contract effective April 2023 to hedge the variable interest rate exposure on $500 million of the USD denominated Senior Secured Term Loans. On a quarterly basis, the Group will receive 3-month USD SOFR and pay a fixed rate. This derivative instrument expires in April 2025.

The Group entered into several interest rate swap contracts and zero-cost collar contracts with a hedge coordinating bank in advance of reaching financial close under the Project ONE Facilities. These derivative instruments are based on an accreting gross notional profile up to €2,450 million. At financial close effective February 2023, the Group novated these derivative instruments to the wider banking syndicate involved in the Project ONE Facilities. Under the interest rate swap contracts on a 6-month (bi-annual) basis the Group receives 6-month Euribor and pays a fixed rate. Under the zero-cost collar contracts on a 6-month (bi-annual) basis the Group receives 6-month Euribor and pays a fixed rate against the Cap and receives a fixed rate and pays 6-month Euribor against the floor. These derivative instruments expire March 2028. As at March 31, 2024, the gross notional profile of these derivative instruments was €1,160.9 million.