



INEOS Quattro Holdings Limited

Condensed consolidated interim financial statements as of September 30, 2023

**INEOS QUATTRO HOLDINGS LIMITED
CONSOLIDATED INCOME STATEMENT**

	Three-Month Period Ended September 30,	
	2023	2022
	<i>(€ in millions)</i>	
Revenue	2,991.9	4,641.5
Cost of sales before exceptional items	(2,725.4)	(4,226.7)
Exceptional cost of sales	-	(1.1)
Total cost of sales	(2,725.4)	(4,227.8)
Gross profit	266.5	413.7
Distribution costs.....	(182.4)	(221.7)
Administrative expenses	(98.7)	(108.8)
Operating (loss)/profit.....	(14.6)	83.2
Share of profit of joint ventures and associated undertakings	1.3	51.0
Dividends received from other investments	2.0	-
Profit on disposal of property, plant and equipment.....	0.3	1.2
(Loss)/profit before net finance costs	(11.0)	135.4
Finance income	49.8	64.0
Finance costs	(116.7)	(101.2)
(Loss)/profit before tax	(77.9)	98.2
Tax credit/(charge)	18.0	(13.5)
(Loss)/profit for the period	(59.9)	84.7
(Loss)/profit attributable to:		
- Owners of the parent	(63.7)	79.6
- Non-controlling interest	3.8	5.1
	(59.9)	84.7

The condensed notes on pages 8 to 24 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS QUATTRO HOLDINGS LIMITED
CONSOLIDATED INCOME STATEMENT

	Nine-Month Period Ended September 30,	
	2023	2022
	<i>(€ in millions)</i>	
Revenue	9,641.0	14,317.0
Cost of sales before exceptional items	(8,546.2)	(11,867.3)
Exceptional cost of sales	-	(1.1)
Total cost of sales	(8,546.2)	(11,868.4)
Gross profit	1,094.8	2,448.6
Distribution costs.....	(513.6)	(696.9)
Administrative expenses	(387.4)	(361.3)
Operating profit.....	193.8	1,390.4
Share of profit of joint ventures and associated undertakings	18.6	220.4
Dividends received from other investments	2.0	-
Loss on disposal of investments	-	(0.1)
Profit on disposal of property, plant and equipment.....	1.9	4.6
Profit before net finance costs	216.3	1,615.3
Finance income	109.0	134.5
Finance costs before exceptional items	(320.2)	(252.2)
Exceptional finance costs	-	(4.3)
Total finance costs.....	(320.2)	(256.5)
Profit before tax.....	5.1	1,493.3
Tax credit/(charge)	8.9	(283.9)
Profit for the period	14.0	1,209.4
Profit attributable to:		
- Owners of the parent.....	5.3	1,176.4
- Non-controlling interest	8.7	33.0
	14.0	1,209.4

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INEOS QUATTRO HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three-Month Period	
	Ended September 30,	
	2023	2022
	<i>(€ in millions)</i>	
(Loss)/profit for the period	(59.9)	84.7
Other comprehensive income/(expense):		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of post-employment benefit obligations, net of tax ...	16.6	(22.8)
Fair value loss on investments in equity instruments designated as FVTOCI	(1.1)	-
<i>Items that may subsequently be recycled to profit and loss:</i>		
Foreign exchange translation differences of subsidiaries	70.2	31.3
Other comprehensive income for the period net of tax.....	85.7	8.5
Total comprehensive income for the period.....	25.8	93.2
Total comprehensive income attributable to:		
- Owners of the parent	20.5	89.0
- Non-controlling interest.....	5.3	4.2
Total comprehensive income for the period.....	25.8	93.2

	Nine-Month Period	
	Ended September 30,	
	2023	2022
	<i>(€ in millions)</i>	
Profit for the period	14.0	1,209.4
Other comprehensive income/(expense):		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of post-employment benefit obligations, net of tax ...	42.0	96.0
Fair value gain on investments in equity instruments designated as FVTOCI	0.9	-
<i>Items that may subsequently be recycled to profit and loss:</i>		
Foreign exchange translation differences of subsidiaries	(62.8)	85.0
Other comprehensive (expense)/income for the period net of tax..	(19.9)	181.0
Total comprehensive (expense)/income for the period.....	(5.9)	1,390.4
Total comprehensive (expense)/income attributable to:		
- Owners of the parent	(14.7)	1,353.2
- Non-controlling interest.....	8.8	37.2
Total comprehensive (expense)/income for the period.....	(5.9)	1,390.4

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INEOS QUATTRO HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEET

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
	<i>(€ in millions)</i>	
Non-current assets		
Property, plant and equipment.....	4,659.2	4,722.8
Intangible assets	2,058.7	2,187.1
Investments in equity-accounted investees.....	1,692.0	1,800.6
Other investments.....	9.9	9.8
Other financial assets	2.3	2.2
Other receivables.....	156.6	152.7
Employee benefits	31.8	27.7
Deferred tax assets	123.0	150.2
Total non-current assets	8,733.5	9,053.1
Current assets		
Inventories.....	1,242.1	1,473.6
Trade and other receivables.....	1,662.9	2,360.9
Tax receivables for current tax.....	147.8	79.2
Other financial assets	269.1	244.5
Cash and cash equivalents.....	2,058.1	1,530.1
Total current assets	5,380.0	5,688.3
Total assets.....	14,113.5	14,741.4
Equity		
Share capital	0.3	0.3
Merger reserve	(4,526.9)	(4,526.9)
Retained earnings	7,965.4	8,961.0
Other reserves.....	128.1	148.1
Equity attributable to owners of the parent.....	3,566.9	4,582.5
Non-controlling interest	74.9	66.1
Total equity	3,641.8	4,648.6
Non-current liabilities		
External interest-bearing loans and borrowings	7,145.7	6,294.8
Lease liabilities.....	223.8	224.3
Trade and other payables.....	200.0	184.2
Employee benefits	119.2	189.5
Provisions.....	149.3	154.6
Deferred tax liabilities.....	287.0	400.3
Total non-current liabilities.....	8,125.0	7,447.7
Current liabilities		
External interest-bearing loans and borrowings	6.5	4.5
Lease liabilities.....	62.9	65.0
Trade and other payables.....	2,004.7	2,301.0
Tax liabilities for current tax	229.9	194.7
Other financial liabilities	16.9	46.2
Provisions.....	25.8	33.7
Total current liabilities	2,346.7	2,645.1
Total liabilities	10,471.7	10,092.8
Total equity and liabilities	14,113.5	14,741.4

The condensed notes on pages 8 to 24 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS QUATTRO HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium reserve	Merger reserve	Retained earnings	Other reserves	Equity attributable to owners of the Company	Non- controlling interest	Total equity
	<i>(€ in millions)</i>							
Balance at December 31, 2022.....	0.3	-	(4,526.9)	8,961.0	148.1	4,582.5	66.1	4,648.6
Profit for the period.....	-	-	-	5.3		5.3	8.7	14.0
Other comprehensive (expense)/income:								
Remeasurement of post-employment benefit obligations, net of tax					40.1	40.1	1.9	42.0
Fair value gain on investments in equity instruments designated as FVTOCI					0.9	0.9		0.9
Foreign exchange translation differences of subsidiaries.....					(61.0)	(61.0)	(1.8)	(62.8)
Total other comprehensive (expense)/income					(20.0)	(20.0)	0.1	(19.9)
Transactions with owners, recorded directly in equity:								
Dividends.....				(1,000.9)		(1,000.9)		(1,000.9)
Total transactions with owners, recorded directly in equity				(1,000.9)		(1,000.9)		(1,000.9)
Balance at September 30, 2023.....	0.3		(4,526.9)	7,965.4	128.1	3,566.9	74.9	3,641.8

	Share capital	Share premium reserve	Merger reserve	Retained earnings	Other reserves	Equity attributable to owners of the Company	Non- controlling interest	Total equity
	<i>(€ in millions)</i>							
Balance at December 31, 2021.....	0.3	-	(4,526.9)	7,551.5	213.5	3,238.4	74.2	3,312.6
Profit for the period.....	-	-	-	1,176.4	-	1,176.4	33.0	1,209.4
Other comprehensive income:								
Remeasurement of post-employment benefit obligations, net of tax	-	-	-	-	92.3	92.3	3.7	96.0
Foreign exchange translation differences of subsidiaries.....	-	-	-	-	84.5	84.5	0.5	85.0
Total other comprehensive income	-	-	-	-	176.8	176.8	4.2	181.0
Transactions with owners, recorded directly in equity:								
Adjustment arising from change in non- controlling interest ⁽¹⁾	-	-	-	10.3	-	10.3	12.2	22.5
Dividends.....				(521.0)		(521.0)	(27.4)	(548.4)
Total transactions with owners, recorded directly in equity	-	-	-	(510.7)	-	(510.7)	(15.2)	(525.9)
Balance at September 30, 2022.....	0.3	-	(4,526.9)	8,217.2	390.3	4,080.9	96.2	4,177.1

⁽¹⁾ On April 22, 2022, the Group sold 13.8% of its shareholding in INEOS Styrolution India Limited to the non-controlling interest for consideration of €22.5 million (\$25.1 million). The Group's shareholding reduced from 75.0% to 61.2% as a result with control being retained. On November 17, 2022, the Group sold its remaining shareholding interest of 61.2% to Shiva Performance Materials Pte Ltd.

The condensed notes on pages 8 to 24 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS QUATTRO HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine-Month Period	
	Ended September 30,	
	2023	2022
	<i>(€ in millions)</i>	
Cash flows from operating activities		
Profit for the period	14.0	1,209.4
Adjustments for:		
Depreciation and impairment	452.6	408.7
Amortization	93.2	96.9
Net finance costs	211.2	122.0
Share of profit of joint ventures and associated undertakings	(18.6)	(220.4)
Dividends received from other investments	(2.0)	-
Loss on disposal of investments	-	0.1
Profit on disposal of property, plant and equipment.....	(1.9)	(4.6)
Tax charge	(8.9)	283.9
Decrease in trade and other receivables	213.5	43.7
Decrease/(increase) in inventories.....	226.4	(138.2)
Decrease in trade and other payables	(210.0)	(176.1)
Decrease in provisions and employee benefits	(34.6)	(49.7)
Tax paid.....	(115.9)	(247.2)
Net cash from operating activities.....	819.0	1,328.5
Cash flows from investing activities		
Interest and other finance income received	18.8	4.7
Receipt from loans made to related parties	4.6	2.7
Dividends received from joint ventures	100.1	294.1
Dividends received from other investments	2.0	0.8
Proceeds from disposal of property, plant and equipment	3.3	10.2
Acquisition of other investments.....	(0.1)	(0.2)
Acquisition of intangible assets.....	(9.8)	(26.8)
Acquisition of property, plant and equipment	(335.4)	(595.8)
Net cash used in investing activities	(216.5)	(310.3)
Cash flows from financing activities		
Proceeds from external borrowings.....	846.6	341.3
Repayment of external borrowings	(16.5)	(413.6)
Debt issue costs	(16.8)	(0.7)
Interest paid and other finance items	(324.1)	(207.7)
Capital element of lease payments	(61.2)	(68.8)
Derivative asset cash movement	1.6	-
Dividends paid	(500.0)	(521.0)
Dividends paid to non-controlling interest	-	(34.9)
Non-controlling interest buy-out	-	22.5
Net cash used in financing activities	(70.4)	(882.9)
Net increase in cash and cash equivalents	532.1	135.3
Cash and cash equivalents at January 1	1,530.1	1,291.3
Effect of exchange rate fluctuations on cash held	(4.1)	72.0
Cash and cash equivalents at September 30	2,058.1	1,498.6

The condensed notes on pages 8 to 24 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS QUATTRO HOLDINGS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements include INEOS Quattro Holdings Limited 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 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, 2022.

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, 2022. 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 €2,058.1 million at September 30, 2023 and interest-bearing loans and borrowings (net of debt issue costs) of €7,152.2 million at September 30, 2023. 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 €3,641.8 million as at September 30, 2023 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.

INEOS QUATTRO HOLDINGS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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 response to the IAS regulation (EC 1606/2002) effective from January 1, 2023. 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.

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, 2022, except for the adoption of new standards, interpretations and amendments effective as of January 1, 2023. The adoption of new standards, interpretations and amendments in the current year, including adoption of the IFRS 17: Insurance Contract, 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 September 30, 2023.

3. SEGMENTAL INFORMATION

Revenue and adjusted EBITDA are key measures used by the chief operating decision makers of the Group to assess the performance of the Business segments.

The Group divides its operations into four segments:

- *Styrolution*, consisting of a portfolio of styrene monomer, polystyrene and acrylonitrile butadiene styrene (“ABS”) and a number of other styrene derivatives under the category of “Specialties” such as ABS specialty and copolymers.
- *INOVYN*, consisting of general purpose and specialty suspension PVC, emulsion PVC, caustic soda, caustic potash, chlorine and chlorine by-products, brine and water, salt, hydrochloric acid, chlorinated paraffins, chlorinated solvents, allylics and epichlorohydrin.
- *Acetyls*, consisting of a variety of organic compounds, including acetic acid, acetic anhydride, methanol, ethyl acetate and vinyl acetate.
- *Aromatics*, consisting of a variety of aromatic chemical compounds, including paraxylene, purified terephthalic acid, benzene and metaxylene.

The revenue and adjusted EBITDA attributable to each business segment is as follows:

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2023	2022	2023	2022
	<i>(€ in millions)</i>			
Revenue				
Styrolution.....	1,077.9	1,684.0	3,465.8	5,196.8
INOVYN.....	765.8	1,248.9	2,781.2	3,948.4
Acetyls	198.4	305.0	657.6	1,075.9
Aromatics	951.6	1,424.8	2,749.2	4,169.2
Eliminations	(1.8)	(21.2)	(12.8)	(73.3)
	2,991.9	4,641.5	9,641.0	14,317.0

INEOS QUATTRO HOLDINGS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

3. SEGMENTAL INFORMATION (continued)

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2023	2022	2023	2022
	<i>(€ in millions)</i>			
Adjusted EBITDA				
Styrolution.....	58.9	75.9	156.9	616.3
INOVYN.....	77.2	182.4	504.0	847.8
Acetyls	11.3	56.2	61.6	328.3
Aromatics	19.1	(1.1)	37.7	325.1
	166.5	313.4	760.2	2,117.5

Reconciliation of earnings before operating exceptional items, interest, taxation, impairment, depreciation and amortisation and after the share of profit/loss of associated undertakings and joint ventures using the equity accounting method and dividends received from other investments (“adjusted EBITDA”) to operating profit:

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2023	2022	2023	2022
	<i>(€ in millions)</i>			
Adjusted EBITDA	166.5	313.4	760.2	2,117.5
Depreciation and amortization	(177.8)	(178.1)	(545.8)	(505.6)
Share of profit of joint ventures and associated undertakings.....	(1.3)	(51.0)	(18.6)	(220.4)
Dividends received from other investments.....	(2.0)	-	(2.0)	-
Exceptional cost of sales.....	-	(1.1)	-	(1.1)
Operating (loss)/profit	(14.6)	83.2	193.8	1,390.4

Adjusted EBITDA 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.

4. EXCEPTIONAL ITEMS

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2023	2022	2023	2022
	<i>(€ in millions)</i>			
Total exceptional cost of sales	-	1.1	-	1.1
Total exceptional finance costs	-	-	-	4.3

Exceptional cost of sales:

Exceptional costs of sales in the nine-month period ending September 30, 2022 primarily related to an additional decommissioning provision posted by the INOVYN business in relation to the closure of the Sulphur Chemicals business in Runcorn.

Exceptional finance costs:

For details of exceptional finance costs see Note 5.

INEOS QUATTRO HOLDINGS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

5. NET FINANCE COSTS

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2023	2022	2023	2022
	<i>(€ in millions)</i>			
Finance income				
Interest on bank and other short term deposit	17.7	1.8	44.0	2.9
Interest receivable from associated undertakings	1.3	0.4	4.8	1.2
Exchange movements	25.9	60.5	10.8	126.6
Other finance income	4.5	1.3	12.5	3.8
Net fair value gain on derivatives	0.4	-	36.9	-
Total finance income	49.8	64.0	109.0	134.5
Finance costs excluding exceptional items				
Interest payable on Term Loans	(88.0)	(40.0)	(234.8)	(103.2)
Interest payable on Senior Secured Notes and Senior Notes	(17.0)	(17.2)	(50.9)	(51.0)
Interest payable on securitization facility	(1.1)	(1.1)	(3.2)	(2.9)
Interest payable on the ABS Plant Facility	-	(2.7)	-	(4.1)
Borrowing costs capitalized in property, plant and equipment	-	2.7	-	4.1
Interest payable to related parties	(0.5)	(0.5)	(1.4)	(1.4)
Amortization of debt issue costs	(4.6)	(4.8)	(13.5)	(13.5)
Interest payable on leases	(3.2)	(3.4)	(10.0)	(8.7)
Net fair value loss on derivatives	-	(32.2)	-	(65.4)
Other finance charges	(0.8)	(1.6)	(2.2)	(4.8)
Interest on employee benefits	(1.5)	(0.4)	(4.2)	(1.3)
Total finance costs excluding exceptional items	(116.7)	(101.2)	(320.2)	(252.2)
Exceptional finance costs				
Debt issue costs	-	-	-	(4.3)
Total exceptional finance costs	-	-	-	(4.3)
Net finance costs	(66.9)	(37.2)	(211.2)	(122.0)

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

Exceptional finance costs

During the nine-month period ended September 30, 2022, exceptional finance costs of €4.3 million were incurred in relation to the write off of unamortized debt issue costs associated with the Term Loan A Facilities due 2023 and the Term Loan A Facilities due 2025 which were repaid in full on May 31, 2022

INEOS QUATTRO HOLDINGS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

6. 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 profit from the share of associates and joint ventures, the effective tax rate of the Group is 65.9% for the nine-months of 2023 (2022: 22.3%) and reflects the anticipated tax rate for the Group for the full year. The effective tax rate for the group was higher than the standard rate in the United Kingdom due to the split of profits and losses between countries with lower or higher tax rates and favourable non-taxable income in Germany and Mexico.

7. PROPERTY, PLANT AND EQUIPMENT

In the nine-month period ended September 30, 2023, the Group spent €335.4 million (nine-month period ended September 30, 2022: €595.8 million) on property, plant and equipment. In the Styrolution business, the most significant expenditures were in relation to a new 100 kiloton ASA plant at Bayport, Texas and the development of a new technology to recycle styrene monomer. In the INOVYN business, the most significant expenditures consisted of a new mechanical vapor recompression salt plant at Tavaux, France, a brine borehole drilling program at Northwich, UK and general safety and sustenance expenditure. There were also planned turnaround events of the chlor-alkali and VCM assets at Martorell in Spain. In the Acetyls business, the most significant expenditures were mainly on sustenance and safety compliance work. In the Aromatics business, the most significant expenditures consisted of planned turnarounds at Zhuhai in China and at Cooper River in the USA.

Investments in property, plant and equipment in the nine-month period ended September 30, 2022 by the Styrolution business mainly included a new 100 kiloton ASA plant at Bayport, Texas and a new 600 kiloton ABS facility at Ningbo, China, which has been transferred to the joint venture created with Sinopec on December 28, 2022. In INOVYN, the largest investments in the comparative period were in relation to the expansion of the SPVC plant in Jemeppe, Belgium and a new mechanical vapor recompression salt plant at Tavaux, France. Capital expenditures in the Aromatics and Acetyls businesses were mainly on sustenance and safety compliance work.

8. INVENTORIES

	September 30, 2023	December 31, 2022
	<i>(€ in millions)</i>	
Raw materials and consumables.....	548.9	601.8
Work in progress	159.8	165.6
Finished products	533.4	706.2
	1,242.1	1,473.6

INEOS QUATTRO HOLDINGS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

10. EXTERNAL INTEREST BEARING LOANS AND BORROWINGS

To provide more informative financial information, amounts due to related parties have now been separated from external interest bearing loans and borrowings on the balance sheet. Accordingly, the comparative information for 2022 reflects the reclassification of amounts due to related parties of €41.7 million from what is now “External interest bearing loans and borrowings” to “Trade and Other Payables”.

Borrowing obligations as of September 30, 2023 and December 31, 2022 are as follows:

	September 30, 2023	December 31, 2022
	<i>(€ in millions)</i>	
Non-current liabilities		
Senior Secured Notes due 2026	1,273.4	1,268.7
Senior Notes due 2026	500.0	500.0
Term Loan B Facilities due 2026	3,331.9	3,328.1
Term Loan B Facilities due 2030	843.6	-
Term Loan B Facilities due 2027	632.9	632.5
Senior Secured Notes due 2027	600.0	600.0
Other loans	0.1	0.1
Gross borrowings	7,181.9	6,329.4
Less: unamortized finance costs	(36.2)	(34.6)
Net borrowings	7,145.7	6,294.8
Current liabilities		
Term Loan B Facilities due 2026	18.9	18.7
Term Loan B Facilities due 2030	3.6	-
Term Loan B Facilities due 2027	1.9	1.9
Gross borrowings	24.4	20.6
Less: unamortized finance costs	(17.9)	(16.1)
Net borrowings	6.5	4.5

Gross debt and issue costs

	September 30, 2023		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
	<i>(€ in millions)</i>		
Senior Secured Notes due 2026	1,273.4	(9.9)	1,263.5
Senior Notes due 2026	500.0	-	500.0
Term Loan B Facilities due 2026	3,350.8	(23.7)	3,327.1
Term Loan B Facilities due 2030	847.2	(15.4)	831.8
Term Loan B Facilities due 2027	634.8	(2.6)	632.2
Senior Secured Notes due 2027	600.0	(2.4)	597.6
Securitization facilities	-	(0.1)	(0.1)
Other loans	0.1	-	0.1
	7,206.3	(54.1)	7,152.2

INEOS QUATTRO HOLDINGS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

10. EXTERNAL INTEREST BEARING LOANS AND BORROWINGS (continued)

Gross debt and issue costs	December 31, 2022		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
		<i>(€ in millions)</i>	
Senior Secured Notes due 2026.....	1,268.7	(13.2)	1,255.5
Senior Notes due 2026	500.0	-	500.0
Term Loan B Facilities due 2026.....	3,346.8	(31.2)	3,315.6
Term Loan B Facilities due 2027	634.4	(3.1)	631.3
Senior Secured Notes due 2027.....	600.0	(3.0)	597.0
Securitization facilities	-	(0.2)	(0.2)
Other loans	0.1	-	0.1
	6,350.0	(50.7)	6,299.3

Terms and debt repayment schedule as at September 30, 2023

	Currency	Nominal interest rate	Year of maturity
Euro Senior Secured Notes due 2026.....	€	2.50%	2026
Dollar Senior Secured Notes due 2026	\$	3.375%	2026
Senior Notes due 2026	€	3.75%	2026
Senior Secured Notes due 2027.....	€	2.25%	2027
Dollar Term Loan B Facility due 2026	\$	SOFR (floor of 0.5%) + 2.75%	2026
Euro Term Loan B Facility due 2026.....	€	EURIBOR (floor of 0.0%) + 2.75%	2026
Euro Term Loan B Facility due 2027	€	EURIBOR (floor of 0.5%) + 2.00%	2027
Dollar Term Loan B Facility due 2027	\$	SOFR (floor 0.0%) + 2.00%	2027
Euro Term Loan B Facility due 2030.....	€	EURIBOR (floor of 0.0%) + 4.00%	2030
Dollar Term Loan B Facility due 2030	\$	SOFR (floor 0.0%) + 3.75%	2030
Securitization facilities	\$/€/£	Variable	2024

Senior Secured Notes due 2026

In January 2021 the Group raised €1,206.5 million of Senior Secured Notes maturing on January 15, 2026 consisting of €800.0 million of Euro Senior Secured Notes and \$500 million of Dollar Senior Secured Notes.

The Senior Secured Notes outstanding at September 30, 2023 before issue costs were €1,273.4 million (December 31, 2022: €1,268.7 million). The total amounts outstanding on the Euro denominated Secured Notes were €800 million (December 31, 2022: €800.0 million) and the US dollar denominated Secured Notes were \$500.0 million (€473.4 million equivalent) (December 31, 2022: €468.7 million).

The Senior Secured Notes are listed on the Euro MTF - Luxembourg stock exchange. The Euro Senior Secured Notes bear interest at a rate of 2½% per annum. The Dollar Senior Secured Notes bear interest at a rate of 3⅜% per annum. Interest on the Euro Senior Secured Notes and the Dollar Senior Secured Notes is payable semi-annually in arrears. The Senior Secured Notes have no repayment until maturity.

The Euro Senior Secured Notes and the Dollar Senior Secured Notes are jointly and severally guaranteed on a senior secured basis by certain of the Group's subsidiaries. The Euro Senior Secured Notes and the Dollar Senior Secured Notes and the related guarantees are secured by first priority liens (subject to certain exceptions) on the same assets that secure the obligations under the Credit Facility Agreements, the Senior Secured Notes due 2027, and certain hedging obligations and cash management arrangements.

INEOS QUATTRO HOLDINGS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

10. EXTERNAL INTEREST BEARING LOANS AND BORROWINGS (continued)

Senior Secured Notes due 2026 (continued)

The Euro Senior Secured Notes are subject to redemption at any time on or after January 15, 2023, at the option of the Issuer, in whole or in part, at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the twelve-month period beginning on January 15 of the year indicated below:

Year	Euro Senior Secured Notes Redemption Price
2023	101.250%
2024	100.625%
2025 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 Dollar Senior Secured Notes are subject to redemption at any time on or after January 15, 2023, at the option of the Issuer, in whole or in part, at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the twelve-month period beginning on January 15 of the year indicated below:

Year	Dollar Senior Secured Notes Redemption Price
2023	101.6875%
2024	100.84375%
2025 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 Euro Senior Secured Notes and the Dollar Senior Secured Notes contain a number of restrictions including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

The Senior Secured Notes due 2026 are stated net of debt issue costs of €9.9 million (December 31, 2022: €13.2 million). These costs are allocated to the profit and loss account over the term of the Senior Secured Notes due 2026.

Senior Notes due 2026

In January 2021 the Group raised €500.0 million of Senior Notes maturing on July 15, 2026. The Senior Notes outstanding at September 30, 2023 were €500.0 million (December 31, 2022: €500.0 million).

The Senior Notes are listed on the Euro MTF - Luxembourg stock exchange. The Senior Notes bear interest at a rate of 3¾% per annum. Interest on the Senior Notes is payable semi-annually in arrears. The Senior Notes have no repayment until maturity.

The Senior Notes are jointly and severally guaranteed on a senior subordinated basis by the guarantors (other than the parent, which guarantees the Senior Notes on a senior basis). The Senior Notes and the related guarantees are secured by second-ranking security interests (subject to certain exemptions) over the shares of the capital stock of the Issuer and the loan made by INEOS Quattro Finance 2 Plc to the Issuer of the proceeds of the Senior Notes. These security interests rank behind the security interests granted over those assets in favor of the creditors of certain other indebtedness, including under the Senior Secured Notes due 2027, the Senior Secured Notes due 2026 and the Credit Facility Agreements.

INEOS QUATTRO HOLDINGS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

10. EXTERNAL INTEREST BEARING LOANS AND BORROWINGS (continued)

Senior Notes due 2026 (continued)

The Senior Notes are subject to redemption at any time on or after January 15, 2023, at the option of the Issuer, in whole or in part, at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the twelve-month period beginning on January 15 of the year indicated below:

Year	Senior Notes Redemption Price
2023	101.875%
2024	100.9375%
2025 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 Notes contain a number of restrictions including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

Term Loan B Facilities due 2026 and 2030

On July 31, 2020, the Group has entered into a Term Loan Agreement (as amended and restated) which consists of:

- (i) Term loans maturing in 2023 denominated in US dollar and denominated in euro, in aggregate principal amount of \$140.0 million (the “Three-Year Dollar Term Loan A Facility”) and €120.0 million (the “Three-Year Euro Term Loan A Facility”), respectively, (together, the “Term Loan A Facilities due 2023”).
- (ii) Term loans maturing in 2025 denominated in US dollar in an aggregate principal amount of \$210.0 million (the “Five Year Dollar Term Loan A Facility”); and
- (iii) Term loans maturing in 2026 denominated in US dollar (the “Dollar Term Loan B Facility due 2026”) and in euro (the “Euro Term Loan B Facility due 2026”), in an aggregate principal amount of \$2,000.0 million and €1,500.0 million, respectively, (together, the “Term Loan B Facilities due 2026”).

The Five-Year Euro Term Loan A Facility was fully repaid in January 2021. The Three-Year Euro Term Loan A Facility and the Five-Year Dollar Term Loan A Facility were fully repaid in May 2022.

On March 14, 2023, the Group successfully raised incremental debt under the existing 2026 term loans increasing the principal amount of the Euro Term Loan B borrowings by €375 million (the “Euro Term Loan B due 2030”) and the Dollar Term Loan B borrowings by \$500.0 million (the Dollar Term Loan B due 2030”). The 2030 Term Loans were made in a single drawing on March 14, 2023.

As at September 30, 2023, \$1,955.0 million was drawn under the Dollar Term Loan B Facility due 2026 (€1,850.8 million equivalent) (December 31, 2022: €1,846.8 million); €1,500.0 million was drawn under the Euro Term Loan B Facility due 2026 (December 31, 2022: €1,500.0 million). Additionally, \$498.8 million was drawn under the Dollar Term Loan B Facility due 2030 (€472.2 million equivalent) (December 31, 2022: €nil); and €375.0 million was drawn under the Euro Term Loan B Facility due 2030 (December 31, 2022: nil).

Since May 2023, the Dollar Term Loan B Facility due 2026 bears interest at a rate per annum equal to the applicable Term SOFR plus 0.11448% CSA (subject to a floor of 0.5%) plus 2.75%.

The Dollar Term Loan B Facility due 2030 bears interest at a rate per annum equal to the applicable Term SOFR plus 0.10% CSA (subject to a floor of 0% per annum) plus a margin of 3.75%.

The Term Loan B Facilities denominated in euros bear interest at a rate per annum equal to EURIBOR (subject to a floor of 0% per annum) plus 2.75% for the Euro Term Loan B Facility due 2026 and 4.0% for the Euro Term Loan B Facility due 2030.

The obligations under the Term Loans are jointly and severally guaranteed on a senior basis by the certain of the Group’s subsidiaries. The Term Loan Agreement contains a number of restrictions including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

INEOS QUATTRO HOLDINGS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

10. EXTERNAL INTEREST BEARING LOANS AND BORROWINGS (continued)

Term Loan B Facilities due 2026 and 2030 (continued)

The Dollar Term Loan B Facility due 2026 and the Dollar Term Loan B Facility due 2030 are to be repaid in quarterly instalments beginning on September 30, 2021 and September 30, 2023, respectively, equal to 0.25% of the original aggregate principal amount of the Dollar Term Loan B Facility due 2026 and the Dollar Term Loan B Facility due 2030. The Euro Term Loan B Facility due 2026 and the balance of the Dollar Term Loan B Facility due 2026 are payable, subject to certain exemptions, on January 15, 2026. The Euro Term Loan B Facility due 2030 and the balance of the Dollar Term Loan B Facility due 2030 are payable, subject to certain exemptions, on March 14, 2030.

The Term Loans B facilities due 2026 are stated net of debt issue costs of €23.7 million (December 31, 2022: €31.2 million). The Term Loans B facilities due 2030 are stated net of debt issue costs of €15.4 million (December 31, 2022: €nil). These costs are allocated to the profit and loss account over the term of the Term Loans.

Term Loan B facilities due 2027

The Group has outstanding borrowings under a credit facilities agreement dated November 7, 2014 (as amended and restated) which consist of euro and US dollar denominated Term loans (referred to as the “Term Loan B Facilities agreement”).

On January 31, 2020, the Group successfully completed a refinancing transaction of the existing term loans increasing the principal amount of the Euro Term Loan B borrowings to €450.0 million (the “Euro Term Loan B due 2027”) and the Dollar Term Loan B borrowings remained at \$202.3 million (the Dollar Term Loan B due 2027”).

As at September 30, 2023, €450.0 million under the Euro Term Loan B due 2027 (December 31, 2022: €450.0 million) and \$195.2 million (€184.8 million equivalent) under the Dollar Term Loan B Facility due 2027 (December 31, 2022: €184.4 million) remained outstanding.

Since May 2023, the Dollar Term Loan B Facility due 2027 bears interest at a rate per annum equal to the applicable Term SOFR plus 0.10% CSA (subject to a floor of 0% per annum) plus a margin of 2.00%.

From January 2020, the new Euro Term Loan B Facility due 2027 bears interest at a rate per annum equal to EURIBOR (subject to a floor of 0.50% per annum) plus 2.00%.

The obligations under the Term Loan B Facilities due 2027 is jointly and severally guaranteed on a senior basis by the certain of the Group’s subsidiaries.

The Term Loan B Facilities due 2027 contains a number of restrictions including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

The Term Loan B Facilities due 2027 do not contain any financial maintenance covenants.

The new Dollar Term Loan B Facility due 2027 is to be repaid in quarterly instalments equal to 0.25% of the original principal amount of the new Dollar Term Loan B Facility due 2027. The new Euro Term Loan Facility due 2027 and the balance of the new Dollar Term Loan B Facility due 2027 are payable on January 31, 2027.

The Term Loans B facilities due 2027 are stated net of debt issue costs of €2.6 million (December 31, 2022: €3.1 million). These costs are allocated to the profit and loss account over the term of the Term Loans.

Senior Secured Notes due 2027

On January 31, 2020, the Group issued €600.0 million aggregate principal amount 2¼% Senior Secured Notes due 2027 (the “Senior Secured Notes due 2027”). The Senior Secured Notes due 2027 are listed on the Euro MTF - Luxembourg stock exchange and bear interest at 2¼% per annum, payable semi-annually in arrears on January 15 and July 15 of each year, beginning July 15, 2020. Unless previously redeemed as noted below, the Senior Secured Notes due 2027 will be repaid by the Group at their principal amount on January 16, 2027.

The Senior Secured Notes due 2027 outstanding at September 30, 2023 were €600.0 million (December 31, 2022: €600.0 million).

INEOS QUATTRO HOLDINGS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

10. EXTERNAL INTEREST BEARING LOANS AND BORROWINGS (continued)

Senior Secured Notes due 2027 (continued)

The Senior Secured Notes due 2027 are subject to redemption at any time on or after January 15, 2023 in whole or in part, at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the twelve-month period beginning on January 15 of the year indicated below:

Year	Senior Secured Notes due 2027 Redemption Price
2023	100.5625%
2024 and thereafter	100.0000%

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 2027 are jointly and severally guaranteed on a senior secured basis by certain of the Group's subsidiaries. They are secured by first priority liens (subject to certain exceptions) on the same assets that secured the obligations under the Term Loan B Facilities due 2027, the Term Loan Agreement and certain hedging obligations and cash management arrangements.

The Senior Secured Notes due 2027 contain a number of restrictions including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

The Senior Secured Notes due 2027 are stated net of debt issue costs of €2.4 million (December 31, 2022: €3.0 million). These costs are allocated to the profit and loss account over the term of the Notes.

Securitization facilities

INEOS Styrolution Group GmbH and certain other Group companies are party to a €600.0 million trade receivables securitization program (the "Styrolution Securitization Program") that matures on June 30, 2024. The facility is secured by pledges over the trade receivables sold into the program. For drawn amounts, interest is charged on the facility at a rate of either EURIBOR or SOFR or short-term commercial paper rates plus a margin of 0.95%. For undrawn amounts, the facility bears interest of 0.5%. Undrawn available Facility represents €350.5 million as at September 30, 2023.

INOVYN Group Treasury Limited and certain other INOVYN business' companies are party to a €240.0 million trade receivables securitization program (the "INOVYN Securitization Program") that matures on June 30, 2024. The facility is secured by pledges over the trade receivables sold into the program. For drawn amounts, interest is charged on the facility at a rate of either EURIBOR, SOFR or SONIA or short-term commercial paper rates plus a margin of 0.95%. For undrawn amounts, the facility bears interest of 0.5%. Undrawn available Facility represents €161.1 million as at September 30, 2023.

Other facilities

The Group has several short-term credit facilities with different local banks to fund working capital requirements up to a total aggregate amount of €244.1 million equivalent as of September 30, 2023 (December 31, 2022: €224.2 million equivalent) in China, Malaysia, Singapore, South Korea and Thailand. The available amount under the working capital facilities at September 30, 2023 amounted to €212.8 million equivalent (December 31, 2022: €197.8 million equivalent), with €31.3 million (December 31, 2022: €26.4 million) of certain trade finance facilities being utilized in China.

The Group also has letter of credit facilities in China, Indonesia, Mexico, Thailand, and United Kingdom. As of September 30, 2023, the drawn amount under all letter of credit facilities was €16.4 million equivalent (December 31, 2022: €16.0 million equivalent). The letters of credit are generally secured by current assets. The facilities also provide for a limited number of other financial services, such as bank guarantees and foreign exchange hedging lines.

INEOS QUATTRO HOLDINGS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

11. FINANCIAL INSTRUMENTS (continued)

	Level			Level				
	Fair value	1	2	3	Fair value	1	2	3
		September 30, 2023			December 31, 2022			
	<i>(€ in millions)</i>							
Financial assets designated as fair value through other comprehensive income:								
Equity instruments.....	6.4	6.4	-	-	5.5	5.5	-	-
Total financial assets designated as fair value through other comprehensive income	6.4	6.4	-	-	5.5	5.5	-	-

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 analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered or are adjusted accordingly. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Investments, cash and cash equivalents

Surplus cash investments are only made with banks with which the Group has a relationship. Occasionally deposits are made with banking counterparties that provide financing arrangements, reducing the credit exposure of the Group.

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 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.

INEOS QUATTRO HOLDINGS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

11. FINANCIAL INSTRUMENTS (continued)

Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Sterling, Norwegian krone and Swedish krona as well as other currencies including the Chinese renminbi, the Korean won and Thai baht. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

A substantial portion of the Group's revenue is generated in, or linked to, Sterling, US dollars and the Euro. Product prices, certain feedstock costs and most other operating costs are denominated in US dollar, Sterling, Euro, Norwegian krone, Swedish krona, the Chinese renminbi, the Korean won and Thai baht. In the US petrochemical and specialty chemical businesses, product prices, raw materials costs and most other costs are primarily denominated in US 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.

Commodity price risk

This section discusses the Group's exposure to the commodity contracts which are not covered under the own use exemption and are recognised as derivative instruments.

The Group is exposed to commodity price risk through fluctuations in raw material prices and sales of products. The raw material exposures result primarily from the price of feedstocks, electricity 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 in some circumstances enters into swap contracts to acquire physical volumes of commodities at future dates which are not covered under the own use exemption and are recognised as derivative instruments. The Group operates within procedures and policies designed to ensure that risks, including those relating to the default of counterparties, are minimised.

12. 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.

INEOS QUATTRO HOLDINGS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

13. SUBSEQUENT EVENTS

13.1 Eastman Transaction

In September 2023, the Group agreed with Eastman Chemical Company to acquire the Eastman Texas City site, including the 600kt acetic acid plant and all associated third-party activities on the site, for a purchase price of \$490.0 million, consisting of approximately \$413.0 million at closing and the remainder in equal installments on the first and second anniversaries of the closing. The final purchase price is subject to working capital and other customary adjustments at closing. The Eastman Transaction is expected to be completed in the fourth quarter of 2023, subject to regulatory approvals and satisfaction of other customary closing conditions. A portion of the purchase price for the Eastman Transaction is intended to be financed with the proceeds from the offering of the Notes (see note 13.2 below).

13.2 Amendment to Term Loan Agreement and issuance of new Senior Secured Notes

On November 14, 2023, the Term Loan Agreement was amended by a joinder and amendment agreement. In addition to the Existing Term Loans due 2026 and 2030, the joinder and amendment agreement to the Term Loan Agreement provided for new term loans B of the Group maturing in 2029 denominated in dollars (the “Dollar Term Loan B Facility due 2029”) and denominated in euro (the “Euro Term Loan B Facility due 2029”) and, together with the Dollar Term Loan B Facility due 2029, the “New Term Loan B Facilities”) in aggregate principal amounts of \$1,100.0 million (€1,035.0 million equivalent) and €875.0 million, respectively.

In addition, the Group issued \$400.0 million (€376.6 million equivalent) aggregate principal amount of 9 5/8% Senior Secured Notes due 2029 (the “Dollar Senior Secured Notes due 2029”) and €525.0 million aggregate principal amount of 8 1/2% Senior Secured Notes due 2029 (the “Euro Senior Secured Notes due 2029”) and, together with the Dollar Senior Secured Notes due 2029, the “Senior Secured Notes due 2029”).

The Group completed a Tender Offer for the purchase of a proportion of the Senior Notes due 2026 and Senior Secured Notes due 2026 on November 14, 2023. As a result of the Tender Offer the Group purchased €127.8 million of the Senior Notes due 2026 for a purchase price of €115.6 million; €417.9 million of the Euro Senior Secured Notes due 2026 for a purchase price of €392.9 million and \$353.8 million (€333.2 million equivalent) of the Dollar Senior Secured Notes due 2026 for a purchase price of \$336.1 million (€316.5 million equivalent).

The gross proceeds from the refinancing were used to redeem €1,542.0 million of outstanding borrowings under the 2026 Term Loan facility; purchase a portion of the Senior Notes due 2026 and Senior Secured Notes due 2026 in accordance with the Tender Offer; pay related fees and expenses and to provide funds for a portion of the Eastman Transaction upon completion of the acquisition (see note 13.1 above).

INEOS QUATTRO HOLDINGS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

14. RELATED PARTIES

Related parties comprise:

- Parent entities and their subsidiaries not included within the INEOS Quattro Holdings Limited group;
- Entities controlled by the shareholders of INEOS Limited, the ultimate parent company of INEOS Quattro Holdings Limited;
- Key management personnel;
- Jointly controlled entities and associated undertakings held by INEOS Limited (and their subsidiaries); and
- Jointly controlled entities and associated undertakings held within the INEOS Quattro Holdings Limited group.

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

Parent entities and their subsidiaries not included within the INEOS Quattro Holdings Limited group

Material trading and non-trading transactions by the Group with the entities controlled by INEOS Limited are as follows:

	<u>Transaction value</u>		<u>Balance outstanding</u>	
	<u>Nine-Month Period Ended</u>		<u>Period Ended</u>	
	<u>September 30, 2023</u>	<u>September 30, 2022</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>
	<i>(€ in millions)</i>			
Sale of products.....	186.1	255.1	-	-
Purchase of raw materials.....	(806.0)	(1,178.5)	-	-
Cost recoveries.....	62.4	84.8	-	-
Services (received)/provided.....	(106.7)	(176.2)	-	-
Net interest.....	(1.1)	(1.4)	-	-
Trade and other receivables.....	-	-	67.4	97.0
Loan receivables.....	-	-	-	500.8
Trade and other payables.....	-	-	(146.1)	(172.4)
Interest-bearing loans and borrowings.....	-	-	(43.1)	(41.7)

Included within services above is a management fee paid to INEOS Limited of €50.7 million (September 30, 2022: €44.6 million). No amounts remained outstanding at the period-end (December 31, 2022: €nil).

In general, all outstanding balances with INEOS companies are priced based on contractual arrangements and are to be settled in cash within two months of the reporting date, with the exception of the interest-bearing loans and borrowings. None of the balances are secured. The transactions were made on terms equivalent to those that prevail in arm's length transactions. There were no provisions for doubtful debt related to INEOS companies as at September 30, 2023 (December 31, 2022: €nil).

The interest bearing loan is an unsecured loan due to INEOS Enterprises Holdings Limited. The loan bears interest at a rate of 4.5%. There is no formal repayment date under the loan agreement.

The loan receivable of €500.8 million as at December 31, 2022 was an unsecured loan owed by INEOS Industries Holdings Limited. This loan was fully settled through a dividend distribution on January 23, 2023.

INEOS QUATTRO HOLDINGS LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

14. RELATED PARTIES (continued)

Entities controlled by the shareholders of INEOS Limited

The shareholders of INEOS Limited own a controlling interest in the share capital of INEOS Limited and Screencondor Limited. During the nine-month period ended September 30, 2023, the Group made no sales or purchases with these companies (September 30, 2022: €nil). As at September 30, 2023, amounts owed by Screencondor Limited were €1.5 million (December 31, 2022: €1.4 million).

Jointly controlled entities and associated undertakings held within the INEOS Limited group and jointly controlled entities and associated undertakings held within the INEOS Quattro Holdings Limited group.

Material trading and non-trading transactions with these entities during the period were as follows:

	Transaction value		Balance outstanding	
	Nine-Months Period Ended		Period Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	December 31, 2022
	<i>(€ in millions)</i>			
Sale of products	42.6	7.3	-	-
Purchase of raw materials.....	(244.7)	(450.2)	-	-
Cost recoveries	80.4	198.4	-	-
Services (received)/provided	(0.1)	0.1	-	-
Net interest	4.4	1.2	-	-
Trade and other receivables.....	-	-	34.0	77.8
Trade and other payables.....	-	-	(50.1)	(67.1)
Deferred consideration	-	-	251.3	239.0
Loans receivable.....	-	-	68.8	75.1

In general, all outstanding balances with these related parties are priced based on contractual arrangements and are to be settled in cash within two months of the reporting date with the exception of the interest-bearing loans and borrowings. None of the balances are secured. The transactions were made on terms equivalent to those that prevail in arm's length transactions. There were no provisions for doubtful debt related to INEOS companies as at September 30, 2023 (December 31, 2022: €nil).

The deferred considerations are related to future instalments to be received from Sinopec on the achievement of certain milestones, which are expected to be fulfilled by December 2023.

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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.

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The following discussion is based upon the unaudited pro forma consolidated historical financial statements of Quattro prepared in accordance with the recognition and measurement of 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 a leading global petrochemicals producer, marketer and merchant. Our business operates approximately 45 manufacturing sites in 18 countries in the Americas, Europe and Asia. We have a strong global footprint and leading market positions with respect to our key products. Our business benefits from cost advantages as a result of operating large scale, highly integrated facilities strategically located near major transportation routes and customer locations.

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 September 30,			
	2023		2022	
	<i>(€ in millions)</i>	%	<i>(€ in millions)</i>	%
Revenue	2,991.9	100.0	4,641.5	100.0
Cost of sales before exceptional items	(2,725.4)	(91.1)	(4,226.7)	(91.1)
Exceptional cost of sales	-	-	(1.1)	-
Cost of sales	(2,725.4)	(91.1)	(4,227.8)	(91.1)
Gross profit	266.5	8.9	413.7	8.9
Distribution costs.....	(182.4)	(6.1)	(221.7)	(4.8)
Administrative expenses	(98.7)	(3.3)	(108.8)	(2.3)
Operating (loss)/profit.....	(14.6)	(0.5)	83.2	1.8
Share of profit of joint ventures and associated undertakings	1.3	-	51.0	1.1
Dividends received from other investments	2.0	0.1	-	-
Profit on disposal of property, plant and equipment	0.3	-	1.2	-
(Loss)/profit before net finance costs.....	(11.0)	(0.4)	135.4	2.9
Net finance costs	(66.9)	(2.2)	(37.2)	(0.8)
(Loss)/profit before tax	(77.9)	(2.6)	98.2	2.1
Tax credit/(charge)	18.0	0.6	(13.5)	(0.3)
(Loss)/profit for the period	(59.9)	(2.0)	84.7	1.8

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Three-month period ended September 30, 2023, compared with three-month period ended September 30, 2022

Consolidated

Revenue. Revenue decreased by €1,649.6 million, or 35.5%, to €2,991.9 million in the three-month period ended September 30, 2023, from €4,641.5 million in the three-month period ended September 30, 2022. The decrease in revenue was driven by lower average sales prices and volumes than in the comparative period across all businesses. Global demand was soft as the market confidence was affected by high energy prices, inflation and increasing interest rates. On the American market, customer demand remained weak due to low internal demand and higher volume of Asian imports. The European market remained subdued due to ongoing weak customers demand but showed sign of stabilization especially in the acid and anhydride markets. Asian market continued to be characterized by weak demand combined with an oversupply market, but early signs of recovery were visible as more discipline returned in the market after the capacity increases. The average sales prices were lower than in the comparative period due to the weak market environment and the decrease in energy prices.

Cost of sales before exceptional. Cost of sales before exceptional decreased by €1,501.3 million, or 35.5%, to €2,725.4 million in the three-month period ended September 30, 2023, from €4,226.7 million in the three-month period ended September 30, 2022. The decrease was the result of lower costs of the Group's key raw materials including ethylene, benzene and methanol (linked to lower oil prices) and lower electricity and natural gas costs as well as the reduction in production.

Exceptional cost of sales. Exceptional cost of sales was €nil in the three-month period ended September 30, 2023 as compared to €1.1 million in the three-month ended September 30, 2022. Exceptional cost of sales in prior year period related to an additional decommissioning provision posted by the INOVYN business in relation to the closure of their Sulphur Chemicals business in Runcorn, U.K.

Gross profit. Gross profit decreased by €147.2 million, or 35.6%, to €266.5 million in the three-month period ended September 30, 2023, from €413.7 million in the three-month period ended September 30, 2022. The decrease was primarily driven by a reduction in average margins across all businesses combined with a reduction in volumes. Margins in Europe remained heavily impacted by the low-cost import from Asia although the stabilization of the European energy markets brought some relief. Weak demand and low-cost imports from Asia drove the margin on the American market down for all products except acetic acid. The Asian market remained at bottom of cycle levels across all businesses due to a soft demand combined with additional capacities.

Distribution costs. Distribution costs decreased by €39.3 million, or 17.7%, to €182.4 million in the three-month period ended September 30, 2023, from €221.7 million in the three-month period ended September 30, 2022. This was mainly due to lower sales volumes and a weaker US dollar versus the euro in the three-month period ended September 30, 2023, as compared to the same period in 2022.

Administrative expenses. Administrative expenses decreased by €10.1 million, or 9.3%, to €98.7 million in the three-month period ended September 30, 2023, from to €108.8 million in the three-month period ended September 30, 2022 mainly as a result of the cost optimisation implemented by the businesses in response to the weak economical environment and positive foreign exchange impact driven by a weaker US dollar versus euro in the three-month period ended September 30, 2023, as compared to the same period in 2022.

Operating (loss)/profit. Operating profit decreased by €97.8 million, or 117.5% to €(14.6) million in the three-month period ended September 30, 2023, from to €83.2 million in the three-month period ended September 30, 2022.

Share of profit of joint ventures and associated undertakings. Share of profit of joint ventures and associated undertakings decreased by €49.7 million, or 97.5% to €1.3 million in the three-month period ended September 30, 2023, from €51.0 million in the three-month period ended September 30, 2022. Share of profit of joint ventures decreased across all Asian joint ventures marginally offset by improvement in performance of the American joint venture. Demand remained weak across all Asian countries pushing margins of acetic acid down. On the American market, margins improved compared to prior period as a result of higher sales of methanol and lower fixed costs.

Dividend received from other investments. Dividend received from other investments was €2.0 million for the three-month period ended September 30, 2023, as compared to €nil for the same period in 2022.

Profit on disposal of property, plant and equipment. Profit on the disposal of property, plant and equipment was €0.3 million for the three-month period ended September 30, 2023, as compared to €1.2 million for the same period in 2022.

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(Loss)/profit before net finance costs. (Loss)/profit before net finance costs decreased by €146.4 million, or 108.1%, to a loss of €(11.0) million for the three-month period ended September 30, 2023, as compared to a profit of €135.4 million for the three-month period ended September 30, 2022.

Net finance costs. Net finance costs increased by €29.7 million, or 79.8%, to €66.9 million in the three-month period ended September 30, 2023 from €37.2 million in the three-month period ended September 30, 2022. The main reason for the increase was €48.0 million of higher interest costs on the Term loans and €34.6 million of lower net foreign exchange gains, partially offset by €32.6 million of lower losses on commodity derivative fair value movements and €15.9 million higher interest income compared to the comparative quarter.

(Loss)/profit before tax. (Loss)/profit before income tax decreased by €176.1 million, or 179.3%, to a loss of €(77.9) million in the three-month period ended September 30, 2023, from a profit of €98.2 million in the three-month period ended September 30, 2022.

Tax (credit)/charge. Tax (credit)/charge decreased by €31.5 million, or 233.3%, to a credit of €18.0 million in the three-month period ended September 30, 2022, from a charge of €(13.5) million in the three-month period ended September 30, 2022. After adjusting for the profit/(loss) from the share of associates and joint ventures, the underlying effective tax rate for the three-month period ended September 30, 2023 was 22.7% compared to 28.6% in the comparative quarter. The lower anticipated effective tax rate for the three-month period ended September 30, 2023 as compared to the same period in 2022 resulted from the split of profits and losses in countries with higher or lower tax rates.

(Loss)/profit for the period. (Loss)/profit for the period decreased by €144.6 million, or 170.7%, to a loss of €(59.9) million in the three-month period ended September 30, 2023 from a profit of €84.7 million in the three-month period ended September 30, 2022.

Business segments

The Group reports under four business segments: Styrolution, INOVYN, Acetyls and Aromatics.

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

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2023	2022	2023	2022
	<i>(€ in millions)</i>			
Revenue				
Styrolution.....	1,077.9	1,684.0	3,465.8	5,196.8
INOVYN	765.8	1,248.9	2,781.2	3,948.4
Acetyls	198.4	305.0	657.6	1,075.9
Aromatics	951.6	1,424.8	2,749.2	4,169.2
Eliminations	(1.8)	(21.2)	(12.8)	(73.3)
	2,991.9	4,641.5	9,641.0	14,317.0

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2023	2022	2023	2022
	<i>(€ in millions)</i>			
Adjusted EBITDA				
Styrolution.....	58.9	75.9	156.9	616.3
INOVYN	77.2	182.4	504.0	847.8
Acetyls	11.3	56.2	61.6	328.3
Aromatics	19.1	(1.1)	37.7	325.1
	166.5	313.4	760.2	2,117.5

INEOS QUATTRO HOLDINGS LIMITED OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Styrolution

Revenue. Revenue in the Styrolution segment decreased by €606.1 million, or 36.0%, to €1,077.9 million in the three-month period ended September 30, 2023, as compared to €1,684.0 million for the same period in 2022. The decrease in revenue was driven by lower sales prices combined with lower volumes. Polymer sales volumes were lower due to general economic uncertainty and customers postponing orders. High energy prices, inflation and increasing interest rates weakened the overall market sentiment. This was prevalent in all regions and industry sectors. From an industry perspective, automotive remained the most stable sector, as packaging, electronics and construction were particularly soft. Average sales prices decreased across all product groups and all regions due to the weak demand.

Adjusted EBITDA. Adjusted EBITDA in the Styrolution segment decreased by €17.0 million, or 22.4%, to €58.9 million in the three-month period ended September 30, 2023, as compared to €75.9 million in the same period in 2022. Margins were lower than the prior year period, due to continuously low demand in combination with additional capacity in China. As of the third quarter of 2023, the market reached bottom of the cycle and the margins started to improve as more discipline returned in the markets after the capacity increases. In Asia, some signs of market consolidation were observed with stabilized margins albeit still at bottom of cycle and higher volumes. Styrene monomer margins were stronger in Europe and in the Americas due to outages in the market despite weak downstream demand. Gross margins were impacted by inventory holdings losses of €13.9 million due to continuously reducing prices in the three-month period ended September 30, 2023 as opposed to inventory holdings losses of €52.8 million in the comparative period.

INOVYN

Revenue. Revenue in the INOVYN segment decreased by €483.1 million, or 38.7%, to €765.8 million in the three-month period ended September 30, 2023, as compared to €1,248.9 million for the same period in 2022. Sales volumes of most of key products were marginally lower than in prior year quarter, but the main reason for the decrease in turnover was the reduction in pricing across the whole of the product portfolio. General purpose PVC prices in domestic markets was significantly lower than the comparative quarter due to lower ethylene input costs, weak demand, high industry stock levels and ample supply complemented by high volumes of competitively priced imports. Export general purpose PVC sales volumes were higher than the comparative quarter due to very weak demand in European markets, but pricing was lower on the back of subdued global demand and abundant availability of material from China and the US. Sales prices for Specialty PVC in the domestic European market was lower than prior period quarter due to the weak demand environment and in response to the attempts of our EU competitors to increase their domestic volumes. Export specialty PVC prices were also lower than the comparative period. Demand for caustic soda remained well below historical levels with the operating rate of European chlorine producers falling to around 60% which was more than sufficient to cover domestic demand. Sales of excess caustic soda tonnes into export markets reached 19% of total volumes in the third quarter of 2023 compared to 1% in Q3, 2022. Revenues of other products such as caustic potash, epichlorohydrin, chloromethanes and salt were all lower than the third quarter of 2022.

Adjusted EBITDA. Adjusted EBITDA in the INOVYN segment decreased by €105.2 million, or 57.7%, to €77.2 million in the three-month period ended September 30, 2023, as compared to €182.4 million in the same period in 2022. The decrease in EBITDA was mainly the result of general purpose and specialty PVC margin reductions and lower caustic soda pricing, partially offset by lower electricity and gas costs. The portfolio of manufacturing assets continued to be run at low operating rates to avoid the production of negative margin tonnes. As a result of the subdued demand environment for general purpose PVC, the spread over ethylene in domestic markets was around 60% lower than the third quarter of 2022, with similar reductions observed in export markets. Spreads on specialty PVC also suffered, although to a lesser extent than general purpose PVC with margins achieved on our high technical specification grades remaining healthy. The caustic soda European contract price settled lower at €721/tonne for the third quarter of 2023 representing a 42% reduction compared to prior year quarter, due to weak demand and ample supply. Offsetting these negative impacts was the reduced cost of electricity and natural gas with EEX (German power) and TTF (Dutch natural gas) indices trading at levels that were 76% and 83% respectively, lower than the comparative quarter, although prices were still high compared with historical levels. Lower margins were achieved in the third quarter of 2023 on other products such as Cereclor, epichlorohydrin, chloromethanes and caustic potash due to a combination of volume and price impacts.

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Acetyls

Revenue. Revenue in the Acetyls segment decreased by €106.6 million, or 35.0%, to €198.4 million in the three-month period ended September 30, 2023, as compared to €305.0 million for the same period in 2022. The decrease in revenues compared to the prior year quarter was driven by lower sales volumes combined with lower average sales prices. Sales volumes were 6% lower compared to the same period in the prior year because of a reduction in volumes. Demand in Europe started to stabilise during the third quarter of 2023 but at low levels for acid and anhydride. Volumes in the US market were below prior year quarter but recorded an increase compared to the second quarter of 2023. In Asia, the demand remained weak but early signs of recovery were visible as operating rates increased during the quarter and sales volumes were 8% higher compared to the prior year quarter. Sales prices continued to be lower than prior year quarter except for the US market. European Acid prices dropped 45% from €1,236/tonne in the third quarter of 2022 to €680/tonne in the third quarter of 2023. In the US, prices increased by 20% from €963/tonne in the third quarter of 2022 to €1,154/tonne in the third quarter of 2023 with healthier margins on very competitive gas prices. In Asia, prices dropped 21% from €585/tonne in the third quarter of 2022 to €461/tonne in the third quarter of 2023 but toward the end of the quarter acid prices have spiked due to tight supply.

Adjusted EBITDA. Adjusted EBITDA in the Acetyls segment decreased by €44.9 million, or 79.9%, to €11.3 million in the three-month period ended September 30, 2023, as compared to €56.2 million in the same period in 2022. The EBITDA decrease was mainly driven by reduction in volumes partially offset by improved average margins. Europe experienced an erosion in margin with a drop of 13% compared to the same period in the prior year. Europe continued to be disadvantaged by costs due to high gas prices and increased imports from the US and Asia. In the US, margins rose significantly from an average of €92/tonne in the third quarter of 2022 to €185/tonne in the third quarter 2023. Share of profit of joint ventures and associated undertakings decreased by €49.0 million compared to the same period in 2022 mainly due to weak demand across Asia.

Aromatics

Revenue. Revenue in the Aromatics segment decreased by €473.2 million, or 33.2%, to €951.6 million in the three-month period ended September 30, 2023, as compared to €1,424.8 million for the same period in 2022. The decrease in revenues compared to the prior year quarter was driven by lower sales volumes and lower average sales prices across all regions. PTA sales volumes were down by 46% in the US and by 13% in Europe compared to the third quarter of 2022. The reduction in volumes in the US was driven by key customers reducing their purchase volume in response to weak demand and higher import from Asia. The European market remained subdued due to ongoing weak customers' demand. Volumes in Asia were lower due to a planned turnaround at the plant in Merak, Indonesia. Sales prices were lower compared to the third quarter of 2022 in all regions due to a reduction in crude oil price from \$98/bbl to \$86/bbl.

Adjusted EBITDA. Adjusted EBITDA in the Aromatics segment increased by €20.2 million or 1,836.4%, to €19.1 million in the three-month period ended September 30, 2023, as compared to a loss of €(1.1) million in the same period in 2022. The EBITDA increase was mainly related to €24.0 million of inventory holdings gains realised in the three-month period ended September 30, 2023 due to increase in crude oil prices compared to inventory holdings losses of €96.0 million in the comparative period, where crude oil prices had decreased. Aside from the positive impact of inventory holdings gains, the EBITDA decreased due to a reduction in volumes in all regions and a reduction in margins in the US and Asia, partially offset by improved margins in Europe. In the US, margins decreased versus the same quarter in 2022 as increased discounts were required to secure sales volume in a weak demand environment. In Europe, margins improved as cost competitiveness started to return due to lower material and energy costs. In Asia, margins decreased compared to the comparative quarter as delayed new PTA production capacity came online in the region and the India export restrictions reduced outlets for Chinese production.

Liquidity and Capital Resources

Capital Resources

Our historical liquidity requirements have arisen primarily from the need for us to fund external acquisitions such as the acquisition by the Group of the Aromatics and Acetyls businesses from certain subsidiaries of BP on December 31, 2020, to fund capital expenditures for the general maintenance and expansion of our production facilities and for new facilities, to meet our debt service requirements, to fund movements in our working capital and to pay taxes.

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Our primary sources of liquidity are from borrowings composed of a mixture of secured term loans and secured notes, together with unsecured notes as well as our Securitization Programs, cash flows from operations of subsidiaries and cash on balance sheet. As of September 30, 2023, our Securitizations Programs remained undrawn. 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 borrowings program under the Securitization Programs and other facilities that we are able to sufficiently fund our working capital requirements, anticipated capital expenditures and debt service requirements as they become due, although this may not be the case. Management estimates that, even in a downturn in the business cycle and weaker market conditions, we would have sufficient liquidity to meet our anticipated liabilities when due without incurring unacceptable losses or risking damage to our reputation.

Our working capital requirements depend on market price developments of our key feedstock, market demand and planned maintenance. We anticipate that our working capital requirements will vary due to changes in raw material, which affect inventory, accounts receivable and accounts payable levels as well as 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 the Securitization Programs.

Financing Arrangements

On March 14, 2023, the Group successfully raised incremental debt under the existing 2026 term loans increasing the principal amount of the Euro Term Loan B borrowings by €375 million (the “Euro Term Loan B due 2030”) and the Dollar Term Loan B borrowings by \$500.0 million (the Dollar Term Loan B due 2030”). As of September 30, 2023, the Group’s financing arrangements included €800.0 million and \$500.0 million of Senior Secured Notes due 2026, €600.0 million of Senior Secured Notes due 2027, €500.0 million Senior Notes due 2026, €1,500.0 million and \$1,955.0 million Term Loan B facilities due 2026, €450.0 million and \$195.2 million Term Loan B facilities due 2027 and €375.0 million and \$498.8 million Term Loan B facilities due 2030. Our financing arrangements also include Securitization Programs, which as at September 30, 2023 had a total capacity of €840.0 million and an available drawdown amount of €511.6 million, none of which was drawn. The programs are subject to certain borrowing limits that are adjusted periodically based on the amount of eligible trade receivables available at the time of adjustment.

The Group also has various short-term credit facilities with different local banks to fund our working capital requirements in China, Malaysia, Singapore, South Korea and Thailand.

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.

During the nine-month periods ended September 30, 2023 and 2022, capital expenditures analysed by business segment were as follows:

	Nine-Month Period Ended September 30,	
	2023	2022
	<i>(€ in millions)</i>	
Styrolution.....	117.5	386.6
INOVYN.....	170.2	153.0
Acetyls.....	6.1	26.6
Aromatics.....	41.6	29.6
Total.....	335.4	595.8

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In the Styrolution business, the most significant expenditures were in relation to a new 100 kiloton ASA plant at Bayport, Texas and the development of a new technology to recycle styrene monomer. In the INOVYN business, the most significant expenditures consisted of a new mechanical vapor recompression salt plant at Tavaux, France, a brine borehole drilling program at Northwich, UK and general safety and sustenance expenditure. There were also planned turnaround events of the chlor-alkali and VCM assets at Martorell in Spain. In the Acetyls business, the most significant expenditures were mainly on sustenance and safety compliance work. In the Aromatics business, the most significant expenditures consisted of planned turnarounds at Zhuhai in China and at Cooper River in the USA.

Investments in property, plant and equipment in the nine-month period ended September 30, 2022 by the Styrolution business mainly included a new 100 kiloton ASA plant at Bayport, Texas and a new 600 kiloton ABS facility at Ningbo, China, which has been transferred to the joint venture created with Sinopec on December 28, 2022. In INOVYN, the largest investments in the comparative period were in relation to the expansion of the SPVC plant in Jemeppe, Belgium and a new mechanical vapor recompression salt plant at Tavaux, France. Capital expenditures in the Aromatics and Acetyls businesses were mainly on sustenance and safety compliance work.

Working Capital

We anticipate that our working capital requirements will vary due to changes in raw material and energy costs, which affect inventory, accounts receivable and accounts payable levels as well as sales volumes. Working capital levels typically develop in line with raw material and energy 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 the Securitization Program and other short-term credit facilities.

Cash Flows

During the nine-month period ended September 30, 2023 and 2022, the Group's net cash flows were as follows:

	Nine-Month Period	
	Ended September 30,	
	2023	2022
	<i>(€ in millions)</i>	
Net cash flows from operating activities	819.0	1,328.5
Net cash flows used in investing activities	(216.5)	(310.3)
Net cash flows used in financing activities	(70.4)	(882.9)

Net cash flows from operating activities

Net cash inflows from operating activities in the nine-month period ended September 30, 2023 were €819.0 million, compared to €1,328.5 million in the same period in 2022. Positive cash flow was generated by profit generated from operations and by working capital inflows. Working capital inflows were €229.9 million in 2023, compared to outflows of €270.6 million in 2022. The inflows in 2023 were caused by lower closing stocks as a result of lower volumes and lower average inventory prices. Lower raw material prices led to an offsetting reduction in both trade debtors and trade creditors. The outflows in 2022 were due to higher inventories due to high feedstock prices and lower payables due to reduced raw materials prices compared to December 2021 and a reduction in production rate.

There were outflows of €34.6 million on provisions and employee benefits in the nine-month period ended September 30, 2023 (nine-month period ended September 30, 2022: €49.7 million outflow), mainly for UK pension schemes in the INOVYN business.

The Group made taxation payments of €115.9 million in the nine-month period ending September 30, 2023 (nine-month period ending September 30, 2022: €247.2 million). The largest payments were in Switzerland and Belgium (nine-month period ending September 30, 2022: Korea, USA, Germany, Switzerland, China and India).

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Net cash flows used in investing activities

The total cash outflow for investing activities in the nine-month period ended September 30, 2023 was €216.5 million compared to €310.3 million in the same period in 2022.

During the nine-month period ended September 30, 2023 the Group received dividends from joint ventures and other investments of €100.1 million and €2.0 million respectively (nine-month period ended September 30, 2022: €294.1 million and €0.8 million respectively). The Group received €3.3 million in proceeds for the disposal of property, plant and equipment mainly in relation the sale of real estate in France and the sale of redundant equipment in the US (nine-month period ended September 30, 2022: €10.2 million in relation to the sale of precious metal catalyst in China and the sale of redundant equipment in the US).

Spend on intangible assets of €9.8 million in the nine-month period ended September 30, 2023 primarily consisted of EU and UK CO₂ emission allowances (nine-month period ended September 30, 2022: €26.8 million).

During the nine-month period ended September 30, 2023 the Group received €15.3 million of interest payment related to external cash investments and €3.5 million of interest payment in relation to shareholder loans to related parties (nine month period ended September 30, 2022: €4.5 million and €0.2 million respectively). In addition, €4.6 million was received from the Group's associated undertaking, INEOS Runcorn (TPS) Limited for partial repayment of a shareholder loan in the nine-month period ended September 30, 2023 (nine-month period ended September 30, 2022: €2.7 million).

There were no other significant cash flows from investing activities in the nine-month period ended September 30, 2023 and 2022 other than the acquisition of property, plant and equipment (refer to the "Capital Expenditure" section).

Net cash flows used in financing activities

The total cash outflow for financing activities in the nine-month period ended September 30, 2023 was €70.4 million compared to €882.9 million in the same period in 2022.

On March 14, 2023, the Group raised incremental debt under the existing 2026 term loans increasing the principal amount of the Euro Term Loan B borrowings by €375.0 million and the Dollar Term Loan B borrowings by \$500.0 million (€471.6 million equivalent). Debt issue costs of €16.8 million were paid in relation with this transaction.

In January 2022, the Styrolution business entered into a new long-term loan agreement with Bank of China and ICBC to provide RMB 3,300.0 million of financing for the construction of a new 600 kiloton ABS plant in Ningbo, China. The term loan facility matures in 2032 and has a straight-line semi-annual amortization over the lifetime commencing after the start of operations. Drawdowns of RMB 2,385.2 million (€341.3 million equivalent) were made in the nine-month period ended September 30, 2022. On December 28, 2022, a subsidiary of the Group completed an equity transfer agreement with China Petroleum & Chemical Corporation relating to the sale and purchase of 50% equity interest in INEOS Styrolution Advanced Materials (Ningbo) Pte Ltd. As a result of this divestiture, the obligations of the Group under this term loan facility have been transferred to the newly created joint-venture and disposed of in the Group consolidated financial statements. The Group provides a parent company guarantee on the term loan during the construction phase, which is expected to be completed in the first quarter of 2024.

During the nine-month period ended September 30, 2022, the Group made debt issued cost payments of €0.7 million) in respect of the renewal of the Styrolution Securitization Program.

In the nine-month period ended September 30, 2023, the Group made scheduled repayments of \$15.0 million (€14.0 million equivalent) on the Dollar Term Loan B Facility due 2026 (nine-month period ended September 30, 2022: €14.1 million), \$1.5 million (€1.4 million equivalent) on the Dollar Term Loan B Facility due 2027 (nine-month period ended September 30, 2022: €1.4 million) and \$1.3 million (€1.1 million equivalent) on the Dollar Term Loan B Facility due 2030 (nine-month period ended September 30, 2022: nil). In the nine-month period ended September 30, 2022, the Group also made scheduled repayments of €15.0 million on the Three-Year Euro Term Loan A Facility, \$17.5 million (€15.6 million equivalent) on the Three-Year Dollar Term Loan A Facility and scheduled repayments of €9.6 million to the Bank of China in respect of a loan acquired as part of the Aromatics business acquisition.

On May 31, 2022, the Group repaid the amounts outstanding under the Three-Year Dollar Term Loan A Facility of \$87.5 million (€83.2 million equivalent), the Three-Year Euro Term Loan A Facility of €75.0 million and the Five-Year Dollar Term Loan A Facility of \$210.0 million (€199.7 million equivalent).

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Interest payments of €324.1 million were made for the nine-month period ended September 30, 2023 compared to €207.7 million for the period ended September 30, 2022. The interest payments during the first nine months of 2023 related primarily to scheduled cash payments in respect of the Term Loan B Facilities due 2026, 2027 and 2030, Senior Secured Notes due 2026 and 2027, Senior Notes due 2026, securitization facilities of €3.2 million, lease liabilities of €10.0 million and payments to settle losses on commodity derivative contracts of €4.9 million. The interest payments during the first nine months of 2022 related primarily to scheduled cash payments in respect of the Term Loan A Facilities due 2023 and 2025, Term Loan B Facilities due 2026 and 2027, Senior Secured Notes due 2026 and 2027, Senior Notes due 2026, securitization facilities of €2.8 million, lease liabilities of €8.3 million and payments to settle losses on commodity derivative contracts of €17.5 million.

During the nine-month period ended September 30, 2023, the Group made payments of €61.2 million (September 30, 2022: €68.8 million) in respect of the capital element of lease liabilities.

The Group paid dividends to its parent of €500.0 million in the nine-month period ended September 30, 2023 as compared to €521.0 million in the nine-month period ended September 30, 2022. The Group also paid dividends to minority interests of €nil in the nine-month period ended September 30, 2023 as compared to €34.9 million in the nine-month period ended September 30, 2022.

On April 22, 2022, the Group sold 13.8% of its shareholding in INEOS Styrolution India Limited for consideration of \$25.1 million (€22.5 million equivalent). The Group's shareholding reduced from 75.0% to 61.2% as a result with control being retained.

Net debt

Total net debt as at September 30, 2023 was €5,148.2 million (December 31, 2022: €4,861.6 million), excluding lease liabilities of €286.7 million (December 31, 2022: €289.3 million). The Group held net cash balances of €2,058.1 million as at September 30, 2023 (December 31, 2022: €1,530.1 million) which included restricted cash of €13.4 million used as collateral against bank guarantees and letters of credit. As at September 30, 2023 the Group had availability under the undrawn securitization facilities of €511.6 million.