INEOS

INEOS GROUP HOLDINGS S.A.

Condensed consolidated interim financial statements
as of June 30, 2023

INEOS GROUP HOLDINGS S.A.
CONSOLIDATED INCOME STATEMENT

	Three-Month Period Ended June 30,	
	2023	**2022**
	(€ in millions)	
Revenue	**3,722.0**	**6,054.8**
Cost of sales	(3,420.7)	(5,154.3)
Gross profit	**301.3**	**900.5**
Distribution costs	(57.1)	(54.3)
Administrative expenses	(153.6)	(108.1)
Operating profit	**90.6**	**738.1**
Share of (loss)/profit of associates and joint ventures using the equity accounting method	(79.0)	92.9
Profit before net finance costs	**11.6**	**831.0**
Finance income	62.6	16.7
Finance costs	(72.7)	(165.5)
Profit before tax	**1.5**	**682.2**
Tax charge	(20.0)	(115.4)
(Loss)/profit for the period	**(18.5)**	**566.8**

The condensed notes presented on pages 8 to 23 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS GROUP HOLDINGS S.A.
CONSOLIDATED INCOME STATEMENT

	Six-Month Period Ended June 30,	
	2023	**2022**
	(€ in millions)	
Revenue	**7,842.0**	**11,714.9**
Cost of sales	(7,125.3)	(9,867.4)
Gross profit	**716.7**	**1,847.5**
Distribution costs	(111.4)	(104.3)
Administrative expenses	(271.3)	(203.4)
Operating profit	**334.0**	**1,539.8**
Share of (loss)/profit of associates and joint ventures using the equity accounting method	(103.4)	179.4
Loss on disposal of investments	(0.4)	-
Profit before net finance costs	**230.2**	**1,719.2**
Finance income	111.8	31.2
Finance costs	(192.6)	(197.8)
Profit before tax	**149.4**	**1,552.6**
Tax charge	(67.0)	(253.4)
Profit for the period	**82.4**	**1,299.2**

The condensed notes presented on pages 8 to 23 are an integral part of these unaudited condensed consolidated interim financial statements.

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

	Three-Month Period Ended June 30,	
	2023	2022
	(€ in millions)	
(Loss)/profit for the period	(18.5)	566.8
Other comprehensive (expense)/income:		
Items that will not be recycled to profit and loss:		
Remeasurement of post employment benefit obligations net of tax	(15.4)	205.5
Items that may subsequently be recycled to profit and loss:		
Foreign exchange translation differences	(39.5)	(11.4)
Net (loss)/gain on translation of foreign operations and hedge of net investment in foreign operations net of tax	(85.5)	381.2
Other comprehensive (expense)/income for the period net of tax	**(140.4)**	**575.3**
Total comprehensive (expense)/income for the period	**(158.9)**	**1,142.1**

	Six-Month Period Ended June 30,	
	2023	2021
	(€ in millions)	
Profit for the period	82.4	1,299.2
Other comprehensive (expense)/income:		
Items that will not be recycled to profit and loss:		
Remeasurement of post employment benefit obligations net of tax	(9.4)	303.5
Items that may subsequently be recycled to profit and loss:		
Foreign exchange translation differences	(62.2)	(5.7)
Net (loss)/gain on translation of foreign operations and hedge of net investment in foreign operations net of tax	(229.0)	479.2
Other comprehensive (expense)/income for the period net of tax	**(300.6)**	**777.0**
Total comprehensive (expense)/income for the period	**(218.2)**	**2,076.2**

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INEOS GROUP HOLDINGS S.A.
CONSOLIDATED BALANCE SHEET

	June 30, 2023	December 31, 2022
	(€ in millions)	
Non-current assets		
Property, plant and equipment	9,268.2	9,013.0
Intangible assets	1,133.9	1,061.4
Investments in equity-accounted investees	1,280.5	1,462.9
Financial assets at fair value through other comprehensive income	27.1	28.3
Derivative financial instruments	104.5	119.4
Employee benefits	35.1	35.0
Trade and other receivables	2,544.8	1,365.5
Deferred tax assets	129.7	118.3
	14,523.8	13,203.8
Current assets		
Inventories	1,676.7	1,927.3
Trade and other receivables	1,988.1	2,108.4
Tax receivables	27.0	13.0
Derivative financial instruments	25.0	22.8
Cash and cash equivalents	2,059.2	2,639.1
	5,776.0	6,710.6
Total assets	**20,299.8**	**19,914.4**
Equity attributable to owners of the parent		
Share capital	0.9	0.9
Share premium	150.1	150.1
Other reserves	(1,980.4)	(1,679.8)
Retained earnings	7,132.6	7,050.2
Total equity	**5,303.2**	**5,521.4**
Non-current liabilities		
Interest-bearing loans and borrowings	9,493.9	8,445.5
Lease liabilities	972.7	927.0
Trade and other payables	108.1	107.4
Employee benefits	655.1	630.2
Provisions	34.2	32.4
Deferred tax liabilities	782.6	837.4
	12,046.6	10,979.9
Current liabilities		
Interest-bearing loans and borrowings	245.3	308.3
Lease liabilities	176.2	162.3
Trade and other payables	2,065.3	2,445.1
Tax payable	433.9	464.3
Derivative financial instruments	23.0	26.0
Provisions	6.3	7.1
	2,950.0	3,413.1
Total liabilities	**14,996.6**	**14,393.0**
Total equity and liabilities	**20,299.8**	**19,914.4**

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

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
		(€ in millions)			
Balance at December 31, 2022	**0.9**	**150.1**	**(1,679.8)**	**7,050.2**	**5,521.4**
Profit for the period	-	-	-	82.4	82.4
Other comprehensive expense:					
Foreign exchange translation differences	-	-	(62.2)	-	(62.2)
Net loss on translation and hedge of net investment in foreign operations	-	-	(229.0)	-	(229.0)
Remeasurement of post employment benefit obligations net of tax	-	-	(9.4)	-	(9.4)
Balance at June 30, 2023	**0.9**	**150.1**	**(1,980.4)**	**7,132.6**	**5,303.2**

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
		(€ in millions)			
Balance at December 31, 2021	0.9	585.6	(2,047.6)	4,814.1	3,353.0
Profit for the period	-	-	-	1,299.2	1,299.2
Other comprehensive income:					
Foreign exchange translation differences	-	-	(5.7)	-	(5.7)
Net gain on translation and hedge of net investment in foreign operations	-	-	479.2	-	479.2
Remeasurement of post employment benefit obligations net of tax	-	-	303.5	-	303.5
Transactions with owners, recorded directly in equity:					
Capital reduction	-	(435.5)	-	435.5	-
Dividends	-	-	-	(200.0)	(200.0)
Balance at June 30, 2022	**0.9**	**150.1**	**(1,270.6)**	**6,348.8**	**5,229.2**

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

	Six-month Period Ended June 30,	
	2023	**2022**
	(€ in millions)	
Cash flows from operating activities		
Profit before tax	149.4	1,552.6
Adjustments for:		
Depreciation, amortisation and impairment	496.8	398.0
Net finance cost	80.8	166.6
Share of loss/(profit) of equity-accounted investees	103.4	(179.4)
Loss on disposal of investments	0.4	-
Decrease/(increase) in trade and other receivables	133.2	(398.2)
Decrease/(increase) in inventories	264.3	(490.4)
(Decrease)/ increase in trade and other payables	(399.3)	310.3
Increase in provisions and employee benefits	0.8	3.6
Tax paid	(141.1)	(85.2)
Net cash from operating activities	**688.7**	**1,277.9**
Cash flows used in investing activities		
Proceeds from sale of investments	0.8	-
Interest and other finance income received	46.0	2.6
Dividends received	0.5	1.9
Disposal of businesses, net of cash disposed	(1.8)	-
Acquisition of businesses, net of cash acquired	(214.6)	-
Acquisition of property, plant and equipment	(606.3)	(396.3)
Acquisition of intangible assets	(2.1)	(0.8)
Loans to related parties	(1,121.2)	-
Net cash used in investing activities	**(1,898.7)**	**(392.6)**
Cash flows used in financing activities		
Inventory Facility	(41.1)	9.7
Proceeds from Project One Facility	522.0	-
Proceeds from new Senior Secured Notes	790.9	-
Proceeds from Rain Term Loan	236.1	-
Refinancing of Senior Secured Term Loans due 2024	(178.2)	-
Issue costs paid	(244.5)	(1.5)
Interest paid and other finance items	(294.6)	(95.0)
Repayment of loans	(40.7)	(81.4)
Dividends paid	-	(200.0)
Capital element of lease payments	(82.4)	(78.9)
Net cash from/(used) in financing activities	**667.5**	**(447.1)**
Net (decrease)/increase in cash and cash equivalents	(542.5)	438.2
Cash and cash equivalents at January 1	2,639.1	2,106.1
Effect of exchange rate fluctuations on cash held	(37.4)	153.3
Cash and cash equivalents at June 30	**2,059.2**	**2,697.6**

The condensed notes presented on pages 8 to 23 are an integral part of these unaudited condensed consolidated interim financial statements.

1. BASIS OF PREPARATION

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

These condensed consolidated interim financial statements have been prepared on the historical cost basis, except for certain assets and liabilities that have been measured at fair value, principally 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 €2,059.2 million at June 30, 2023 and interest-bearing loans and borrowings (net of debt issue costs) of €9,739.2 million at June 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 €5,303.2 million as at June 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.

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 ("IAS 34"). 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

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

standards, interpretations and amendments in the current year has not had a material impact. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective at June 30, 2023.

3. SEGMENTAL INFORMATION

Class of business

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

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

	Three-Month Period Ended June 30,		Six-Month Period Ended June 30,	
	2023	2022	2023	2022
	(€ in millions)		*(€ in millions)*	
Revenue				
O&P North America	1,054.6	1,595.0	2,118.4	3,065.3
O&P Europe	1,654.5	2,687.1	3,445.8	5,113.3
Chemical Intermediates	1,754.2	2,752.0	3,636.9	5,411.6
Eliminations	(741.3)	(979.3)	(1,359.1)	(1,875.3)
	3,722.0	6,054.8	7,842.0	11,714.9
EBITDA before exceptionals				
O&P North America	202.4	371.7	393.7	821.6
O&P Europe	71.6	222.9	161.6	432.5
Chemical Intermediates	112.6	348.6	275.5	683.7
	386.6	943.2	830.8	1,937.8

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

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

Reconciliation of EBITDA before exceptionals to operating profit:

	Three-Month Period Ended June 30,		Six-Month Period Ended June 30,	
	2023	2022	2023	2022
	(€ in millions)		*(€ in millions)*	
EBITDA before exceptionals	386.6	943.2	830.8	1,937.8
Depreciation and amortisation	(296.0)	(205.1)	(496.8)	(398.0)
Operating profit	90.6	738.1	334.0	1,539.8

4. FINANCE COSTS

	Three-Month Period Ended June 30,		Six-Month Period Ended June 30,	
	2023	2022	2023	2022
	(€ in millions)		*(€ in millions)*	
Interest payable on senior notes	27.6	11.2	42.0	22.4
Interest payable on bank loans and overdrafts	131.9	39.7	250.6	75.2
Interest payable on securitisation	1.4	1.2	2.7	2.4
Interest payable on lease liabilities	15.4	12.2	30.3	23.8
Amortisation of issue costs	13.7	2.8	21.4	5.5
Other finance charges	14.8	7.7	28.3	16.4
Net fair value gain on derivatives	(45.3)	(32.0)	(21.2)	(102.4)
Finance costs before exchange movements	159.5	42.8	354.1	43.3
Exchange movements	(69.8)	125.4	(130.6)	159.6
Borrowing costs capitalised in property, plant and equipment	(17.0)	(2.7)	(30.9)	(5.1)
Finance costs	72.7	165.5	192.6	197.8

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

5. TAXATION

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

After adjusting for the results from the share of associates and joint ventures, the effective tax rate of approximately 27% reflects the anticipated tax rate for the Group for the full year. After adjusting for the results from the share of associates and joint ventures, the underlying effective tax rate in the same period in 2022 was approximately 19%, which reflected the anticipated tax rate for the full year. The higher anticipated tax rate for the six month period ended June 30, 2023 as compared to the same period in 2022 reflected decreased profitability in countries with lower corporate tax rates.

6. PROPERTY, PLANT AND EQUIPMENT

In the six month period ended June 30, 2023, the Group spent €606.3 million (six month period ended June 30, 2022: €396.3 million) on property, plant and equipment. The main capital expenditures in the O&P North America segment related to turnaround expenditure. The main capital expenditures in the O&P Europe segment related to the completion of the cogeneration project at the Koln, Germany site, expenditure on a new ARG compressor, a turnaround on a polyethylene unit and expenditure on Project ONE. The main expenditure in the Chemical Intermediates segment was further growth expenditure by the Oligomers business on the LAO platform at Chocolate Bayou, USA and by the Phenol business on the new cumene unit project at Marl, Germany. There was also turnaround expenditure by the Oligomers business at Chocolate Bayou, USA. The remaining capital expenditure related primarily to sustenance expenditure.

7. INVENTORIES

	June 30, 2023	December 31, 2022
	(€ in millions)	
Raw materials and consumables	610.0	712.5
Work in progress	38.6	36.1
Finished products	1,028.1	1,178.7
	1,676.7	1,927.3

8. BORROWINGS

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

	June 30, 2023	December 31, 2022
	(€ in millions)	
Non-current liabilities		
Senior Secured Term Loans	5,047.7	5,286.7
Senior Secured Notes due 2028	783.6	-
Senior Secured Notes due May 2026	766.5	765.8
Senior Secured Notes due March 2026	322.6	322.1
Senior Secured Notes due 2025	548.2	547.9
Gemini Facility	470.3	491.4
Rain Facility	844.8	625.5
Receivables Securitisation Facility	18.5	18.7
Koln CoGen Facility	42.0	61.5
Rafnes Facility	302.2	301.4
Project One Facility	324.2	-
Other loans	23.3	24.5
	9,493.9	**8,445.5**

	June 30, 2023	December 31, 2022
Current liabilities		
Current portion of borrowings under Senior Secured Term Loans	20.9	43.0
Gemini Facility	21.9	21.9
Rafnes Facility	(0.6)	(0.7)
Koln CoGen Facility	39.0	39.0
Inventory Financing Facility	161.5	202.5
Other loans	2.6	2.6
	245.3	**308.3**

	June 30, 2023		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
		(€ in millions)	
Senior Secured Term Loans	5,183.2	(114.6)	5,068.6
Senior Secured Notes due May 2028	790.3	(6.7)	783.6
Senior Secured Notes due May 2026	770.0	(3.5)	766.5
Senior Secured Notes due March 2026	325.0	(2.4)	322.6
Senior Secured Notes due 2025	550.0	(1.8)	548.2
Receivables Securitisation Facility	18.6	(0.1)	18.5
Koln CoGen Facility	81.0	-	81.0
Rafnes Facility	305.0	(3.4)	301.6
Inventory Financing Facility	161.5	-	161.5
Project One Facility	522.0	(197.8)	324.2
Other	25.9	-	25.9
	8,732.5	**(330.3)**	**8,402.2**
Gemini Facility	498.9	(6.7)	492.2
Rain Facility	853.4	(8.6)	844.8
Total	**10,084.8**	**(345.6)**	**9,739.2**

8. BORROWINGS (Continued)

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

	December 31, 2022		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
		(€ in millions)	
Senior Secured Term Loans	5,424.7	(95.0)	5,329.7
Senior Secured Notes due May 2026	770.0	(4.2)	765.8
Senior Secured Notes due March 2026	325.0	(2.9)	322.1
Senior Secured Notes due 2025	550.0	(2.1)	547.9
Receivables Securitisation Facility	18.9	(0.2)	18.7
Koln CoGen Facility	100.5	-	100.5
Rafnes Facility	305.0	(4.3)	300.7
Inventory Financing Facility	202.6	(0.1)	202.5
Other	27.1	-	27.1
	7,723.8	**(108.8)**	**7,615.0**
Gemini Facility	521.0	(7.7)	513.3
Rain Facility	632.8	(7.3)	625.5
Total	**8,877.6**	**(123.8)**	**8,753.8**

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity
Senior Secured Term Loans	$/€	SOFR+0.10%/ EURIBOR plus 2.50%-4.00%	2027-2030
Senior Secured Notes	$/€	2.125%-6.750%	2025-2028
Gemini Facility	$	USD LIBOR plus 3.00%	2027
Rain Facility	$/RMB	SOFR/HIBOR plus 3.75%-3.75%-4.50%	2026
Receivables Securitisation Facility	$/€/£	Variable	2024
Koln CoGen Facility	€	2.00%-2.85%	2024-2026
Rafnes Facility	€	EURIBOR plus 2.25%	2027
Other	€/$	2.95%-3.50%	2024-2027

Senior Secured Term Loans

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

In February 2023 the Group issued new Senior Secured Term Loans and Senior Secured Notes. The Senior Secured Term Loans included €700 million maturing in November 2027 and $1.2 billion maturing in February 2030. Proceeds from the new Senior Secured Term Loans and Senior Secured Notes were used to fully redeem the euro and US dollar denominated Term Loans maturing on March 31, 2024 as well as increasing the liquidity of the Group. In November 2022 the Group extended its maturity profile by issuing new Senior Secured Term Loan maturing in November 2027, consisting of €800 million of euro denominated Term Loans and $1.2 billion of US dollar denominated Term Loans which were used to partially redeem the euro and US dollar denominated Term Loans maturing on March 31, 2024. In November 2021 the Group raised €1.1 billion of additional Senior Secured Term Loans which were used to fully redeem the outstanding Senior Notes due 2024. The additional Senior Secured Term Loans mature on November 8, 2028 and consisted of $845 million of US dollar denominated Term Loans and

8. BORROWINGS (Continued)

€350 million of euro denominated Term Loans. In October 2020 the Group issued new euro denominated Senior Secured Term Loans of €375 million which mature on October 27, 2027.

The Senior Secured Term Loans outstanding at June 30, 2023 before issue costs were €5,183.2 million (December 31, 2022: €5,424.7 million) of which €33.5 million (December 31, 2022: €56.3 million) is due within one year. The total amounts outstanding on the Euro denominated Term Loans were €2,215.6 million (December 31, 2022: €2,770.9 million) and the US dollar denominated Term Loans were €2,967.6 million (December 31, 2022: €2,653.8 million).

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

The outstanding Term Loans denominated in US dollars bear interest at a rate per annum equal to SOFR plus 0.10% (with the $845 million US dollar denominated Term Loans maturing in November 2028 being subject to a floor of 0.50% per annum) plus the Applicable Margin. All of the Term Loans denominated in euros bear interest at a rate per annum equal to EURIBOR subject to a floor of 0.5% per annum plus the Applicable Margin.

As at June 30, 2023 the Applicable Margin for the €700 million euro denominated Term Loans maturing November 2027 was 4.00%, for the $1.2 billion US dollar denominated Term Loans maturing November 2030 it was 3.50%, for the euro denominated Term Loans maturing October 2027 and November 2028 it was 2.75%, for the US dollar denominated Term Loans maturing November 2028 it was 2.50%, for the €800 million euro denominated Term Loans maturing November 2027 it was 4.00% and for the US dollar denominated Term Loans maturing November 2027 it was 3.75%.

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

The Term Loans have numerous customary operating and financial incurrence covenants all of which have been complied with during the period, including covenants relating to, among other things, limitations on indebtedness, ability to give guarantees, creation of security interests, making acquisitions and investments, disposing of assets and paying dividends. The Term Loans have no financial maintenance covenants.

The Senior Secured Term Loans are stated net of debt issue costs of €114.6 million (December 31, 2022: €95.0 million). These costs are allocated to the profit and loss account over the term of the Term Loans.

Senior Secured Notes due 2025

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

8. BORROWINGS (Continued)

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

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

Year	Redemption Price
2022 and thereafter	100.000%

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

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

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

The Senior Secured Notes due 2025 are stated net of debt issue costs of €1.8 million (December 31, 2022: €2.1 million). These costs are allocated to the profit and loss account over the term of the Senior Secured Notes due 2025.

Senior Secured Notes due May 2026

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

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

Year	Redemption Price
2023	100.71875%
2024 and thereafter	100.000%

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

8. BORROWINGS (Continued)

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

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

The Senior Secured Notes due May 2026 are stated net of debt issue costs of €3.5 million (December 31, 2022: €4.2 million). These costs are allocated to the profit and loss account over the term of the Senior Secured Notes due May 2026.

Senior Secured Notes due March 2026

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

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

Year	Redemption Price
2022	101.688%
2023	100.844%
2024 and thereafter	100.000%

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

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

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

The Senior Secured Notes due March 2026 are stated net of debt issue costs of €2.4 million (December 31, 2022: €2.9 million). These costs are allocated to the profit and loss account over the term of the Senior Secured Notes due March 2026.

8. BORROWINGS (Continued)

Senior Secured Notes due 2028

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

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

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

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

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

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

The Senior Secured Notes due 2028 are stated net of debt issue costs of €6.7 million. These costs are allocated to the profit and loss account over the term of the Senior Secured Notes due 2028.

Receivables Securitisation Facility

The Group has entered into a €800 million receivables securitisation facilities agreement ("Receivables Securitisation Facility") which matures on December 31, 2024. The total amount outstanding at June 30, 2023 before issue costs was €18.6 million (December 31, 2022: €18.9 million). The facility is secured by pledges over the trade receivables sold in to the programme. Interest is charged on the facility at a rate of either EURIBOR, SOFR or SONIA plus a margin or short term commercial paper rates plus a margin.

The Receivables Securitisation Facility is stated net of debt issue costs of €0.1 million (December 31, 2022: €0.2 million).

Koln CoGen Facility

As part of a project at the Group's Koln site to replace part of its incineration or cogeneration unit, the Group entered into a €120 million loan facility which matures in December 2024. In May 2021 the Group entered into an additional facility of €60 million which matures in June 2026. The total amount outstanding under the loan facilities ("Koln CoGen Facility") at June 30, 2023 was €81.0 million

8. BORROWINGS (Continued)

(December 31, 2022: €100.5 million) of which €39.0 million (December 31, 2022: €39.0 million) is due within one year.

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

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

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

Rafnes Facility

As part of the Group’s purchase of the remaining 50% interest in the Noretyl ethylene cracker at Rafnes, Norway from the Kerling group on July 1, 2015, the Group also assumed the obligations of a €140 million loan facility that Noretyl had in place. In November 2019 following the repayment of the initial loan the term loan facility was amended and restated with a new facility amount of €250.0 million. In November 2022 the Group amended and extended the facility to be €305.0 million. The total amount outstanding at June 30, 2023 before issue costs was €305.0 million (December 31, 2022: €305.0 million) none of which is due within one year (December 31, 2022: nil).

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

The Rafnes Facility is stated net of debt issue costs of €3.4 million (December 31, 2022: €4.3 million).

Inventory Financing Facility

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

The total amount outstanding at June 30, 2023 before issue costs was €161.5 million (December 31, 2022: €202.6 million).

Gemini Facility

As part of the Group’s purchase of the remaining 50% interest in the Gemini HDPE plant in Texas, USA, from Sasol Chemicals on December 31, 2020, the Group amended and upsized the existing Term Loan facility within the acquired Gemini HDPE LLC legal entity. The amended loan facility was upsized to $600.0 million (“Gemini Facility”) and the maturity was extended to October 31, 2027. The total amount outstanding at June 30, 2023 before issue costs was €498.9 million ($543.3 million) (December 31, 2022: €521.0 million ($560.5 million)) of which €23.7 million ($25.8 million) (December 31, 2022: €23.7 million ($25.3 million)) is due within one year.

The Gemini Facility is to be repaid in quarterly instalments starting on April 30, 2021 with a final payment of $420.0 million on October 31, 2027 when the facility matures. The facility is secured by pledges over the plant and equipment of Gemini HDPE LLC. The outstanding Gemini Facility bears interest at a rate per annum equal to USD LIBOR (subject to a floor of 0.50% per annum) plus a margin

8. BORROWINGS (Continued)

of 3.0%. Gemini HDPE LLC has been designated as an unrestricted subsidiary in accordance with the Group's Senior Secured Term Loans and Senior Secured Notes.

The Gemini Facility is stated net of debt issue costs of €6.7 million (December 31, 2022: €7.7 million).

Rain Facility

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

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

The total amount outstanding at June 30, 2023 before issue costs was €853.4 million (December 31, 2022: €632.8 million).

The Rain Facility is stated net of debt issue costs of €8.6 million (December 31, 2022: €7.3 million).

Project One Facility

On December 22, 2022, the Group entered into certain agreements (the "Project One Facility") providing for loans in an aggregate principal amount of €3,500 million under (i) facilities guaranteed by export credit agencies (UKEF, SACE and CESCE), (ii) a facility partially guaranteed by Gigarant (a special purpose vehicle of the Flemish government) and (iii) a Commercial Facility to fund the construction of Project One, a 1,450 ktpa ethane cracker and olefins complex located in the port of Antwerp. The ability to draw the funds was contingent on the receipt of certain guarantees which completed in February 2023. The Group expects the Project One Facility to be drawn in stages throughout the construction period to the end of 2026.

The total amount outstanding at June 30, 2023 before issue costs was €522.0 million (December 31, 2022: nil).

The Project One Facility is stated net of debt issue costs of €197.8 million (December 31, 2022: nil). The debt issue costs relate to legal and advisory fees, upfront fees to banks, agency fees to the facilities agents and the upfront Export Credit Agency Guarantee premiums paid to UKEF, CESCE and SACE.

On July 20, 2023 the Group received a decision from the Council for Permit Disputes annulling the permit for Project One. As a result of the annulment of the permit, no further drawings may be made until such time as a new permit is reissued. Under the terms of the facility there is a period of up to 18 months to achieve this.

9. FINANCIAL INSTRUMENTS

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

The financial assets/liabilities categorised as Fair Value through Profit and Loss (FVTPL) presented in Level 1 and Level 2 contains commodity and interest rate swap derivatives. The financial assets/liabilities categorised as Fair Value through Other Comprehensive Income (FVOCI) presented in Level 3 contains equity securities.

9. FINANCIAL INSTRUMENTS (Continued)

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

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

	June 30, 2023				December 31, 2022			
	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
	(€ in millions)							
Financial assets held at fair value through profit or loss:								
Derivative commodity contracts......	12.1	1.5	10.6	-	20.3	9.9	10.4	-
Interest rate swap contracts.............	117.4	-	117.4	-	121.9	20.7	101.2	-
Financial assets held at fair value through other comprehensive income:								
Equity investments	27.1	-	-	27.1	28.3	-	-	28.3
Financial liabilities held for trading at fair value through profit and loss:								
Derivative commodity contracts	(23.0)	(7.9)	(15.1)	-	(26.0)	(11.9)	(14.1)	-
Total financial assets and (liabilities) held at fair value	**133.6**	**(6.4)**	**112.9**	**27.1**	**144.5**	**18.7**	**97.5**	**28.3**

The commodity derivatives are fair valued using rates in a quoted market. There have been no transfers between levels during the six month period ended June 30, 2023 (2022: no transfers between levels).

Credit risk

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

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

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group. The Group's exposure to liquidity risk is

9. FINANCIAL INSTRUMENTS (Continued)

limited by the fact that it operates with significant cash resources, and it maintains the most appropriate mix of short, medium and long-term borrowings from the Group's lenders.

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

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

Currency risk

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

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

Commodity price risk

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

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

The Group manages commodity price exposures through trading refined products and chemical feedstock and using commodity swaps, options and futures as a means of managing price and timing risks. As at June 30, 2023 there was a net mark to market derivative liability in respect of commodity contracts of €10.9 million entered into by the Group to manage such risk (December 31, 2022: net derivative liability of €5.7 million).

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

10. 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.

11. RELATED PARTIES

Related parties comprise:

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

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

INEOS Limited and INEOS AG, a subsidiary of INEOS Limited, provide operational management services to the Group through a management services agreement. Management fees of €53.1 million (June 30, 2022: €49.4 million) were charged to the income statement during the six month period ended June 30, 2023. As at June 30, 2023 amounts owed to INEOS Limited were €28.5 million (December 31, 2022: €25.1 million) and amounts owed by INEOS Limited were €0.5 million (December 31, 2022: €410.3 million). As at June 30, 2023 amounts owed to INEOS AG were €nil (December 31, 2022: €2.2 million) and amounts owed by INEOS AG were €474.9 million (December 31, 2022 : €23.9 million). Amounts owed by INEOS Holdings AG and INEOS Holdings Luxembourg S.A., both wholly owned subsidiaries of INEOS AG, were €102.0 million (December 31, 2022: €99.5 million) and €13.5 million (December 31, 2022: €13.2 million) respectively.

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

During the six month period ended June 30, 2023 the Group has made sales to these subsidiaries of €793.5 million (June 30, 2022: €1,161.2 million), received net cost recoveries of €149.5 million (June 30, 2022: received net cost recoveries of €120.9 million) and made purchases of €482.0 million (June 30, 2022: €836.5 million). As at June 30, 2023, €618.8 million (December 31, 2022: €596.7 million) was owed by and €238.7 million (December 31, 2022: €283.2 million) was owed to these subsidiaries (excluding the INEOS Upstream and INEOS Grangemouth loans).

In January 2023 the Group provided a loan of €309.3 million via INEOS Industries Holdings Limited to INEOS Grangemouth Limited, a related party, to facilitate the repayment of its Senior Term and Revolving Loan Facilities. The loan facility is unsecured, matures in January 2028 and bears interest at 5.75% per annum. As at June 30, 2023 €309.3 million was outstanding under the facility.

In April 2023 the Group provided a loan of €811.9 million via INEOS Industries Holdings Limited to INEOS Upstream Holdings Limited, a related party, to partly fund its acquisition of US onshore oil and gas assets in the Eagle Ford shale from Chesapeake Energy. The loan facility is unsecured, matures in April 2028 and bears interest at 8.5% per annum. As at June 30, 2023 €811.9 million was outstanding under the facility.

During 2015 the Group provided a loan of $623.7 million via INEOS Industries Holdings Limited to INEOS Upstream Limited, a related party, in connection with its acquisition of natural gas assets in the North Sea. The loan facility is unsecured, matures in June 2026 and bears interest at 7% per annum. On September 29, 2017, INEOS Upstream Limited, a related party, acquired further natural gas assets in the North Sea through its acquisition of the entire oil and gas business of DONG Energy A/S. In connection with the DONG Acquisition, the Group advanced a loan of $376.2 million (€315.7 million) via INEOS Industries Holdings Limited to INEOS Upstream Limited, the proceeds of which were on-lent to certain of its subsidiaries. The loan is unsecured, matures in June 2026 and bears interest at 7% per annum. As at June 30, 2023 $617.1 million (€567.8 million) was outstanding under these facilities (December 31, 2022: $617.1 million (€578.5 million)).

11. RELATED PARTIES (Continued)

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

The Refining joint ventures are between PetroChina and INEOS Investments (Jersey) Limited, a related party. During the six month period ended June 30, 2023 the Group received cost recoveries of €22.8 million (June 30, 2022: €26.2 million) and made purchases of €8.9 million (June 30, 2022: €32.7 million). As at June 30, 2023, €0.5 million (December 31, 2022: €0.9 million) was owed by the Refining joint ventures and €0.5 million (December 31, 2022: €1.6 million) was owed to the Refining joint ventures.

The Group has entered into a number of derivative contracts with INEOS UK SNS Limited and INEOS Energy Trading Limited, both related parties. The net fair value gain/loss and settlements on these derivatives during the six month period ended June 30, 2023 was €nil (June 30, 2022: loss of €20.6 million). As at June 30, 2023, the mark to market derivative liability was €10.4 million (December 31, 2022: €10.2 million) and the mark to market derivative asset was €10.6 million (December 31, 2022: €10.4 million) in respect of these related party derivative financial instruments.

In general, any trading balances with related parties are priced based on contractual arrangements and are to be settled in cash. The transactions are made on terms equivalent to those that prevail in arm's length transactions. As at June 30, 2023 none (December 31, 2022: none) of the related party balances are secured and no guarantees have been given or received. There were no provisions for doubtful debt related to any related parties as at June 30, 2023 (December 31, 2022: nil).

12. ACQUISITIONS

Mitsui Phenols
On March 31, 2023, the Group completed the acquisition of Mitsui Phenols Singapore Ltd from Mitsui Chemicals, a leading Japanese chemicals manufacturer, for a total consideration of $273.0 million (€257.5 million). The newly acquired plant in Jurong Island, Singapore produces over 1 million tonnes of product each year, including cumene, phenol, acetone, alpha-methylstyrene and bisphenol A. This acquisition forms part of the Chemicals Intermediates reporting segment and is defined as a business under IFRS 3.

Effect of the acquisition on individual assets and liabilities

Acquiree's provisional net assets at acquisition:	**Provisional fair values recognised on acquisition**
	€m
Property, Plant and Equipment	86.3
Inventories	38.0
Trade and other receivables	37.1
Cash	42.9
Trade and other payables	(82.7)
Provisions	(6.5)
Net identifiable assets and liabilities	115.1
Consideration paid:	
Cash	257.5
Difference between consideration and provisional net assets acquired	**142.4**

The fair values disclosed are provisional due to the proximity of the acquisition to the preparation of these financial statements so further work will be required to confirm final fair values. The finalisation of the work to determine the fair values of the assets and liabilities acquired will be completed within 12 months of the acquisition date.

11. ACQUISITIONS (Continued)

The difference between consideration and net assets acquired has been recognised as goodwill within intangible assets and has arisen because the addition of the Jurong phenol and BPA assets provide a good fit with the Group's existing asset portfolio and expertise and presents significant integration opportunities with the Group's Phenol manufacturing sites in Germany, Belgium and the United States. The goodwill has been allocated to the Phenol CGU and is not expected to be deductible for income tax purposes.

FORWARD-LOOKING STATEMENTS

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

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

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

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

Overview

Combined Business

We are one of the world's largest chemical companies as measured by revenue. Our business has highly integrated, world class chemical facilities and production technologies. We have leading global market positions for a majority of our key products and a strong and stable customer base. We operate 33 manufacturing sites in six countries throughout the world. We are led by a highly experienced management team with, on a combined basis, over 100 years of experience in the chemical industry. As of December 31, 2022, our total chemical production capacity was approximately 23,400 kta, of which 54% was in Europe and 46% was in North America.

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 June 30,			
	2023		2022	
	€m	%	€m	%
Revenue	**3,722.0**	**100.0**	**6,054.8**	**100.0**
Cost of sales	(3,420.7)	(91.9)	(5,154.3)	(85.1)
Gross profit	**301.3**	**8.1**	**900.5**	**14.9**
Distribution costs	(57.1)	(1.5)	(54.3)	(0.9)
Administrative expenses	(153.6)	(4.1)	(108.1)	(1.8)
Operating profit	**90.6**	**2.4**	**738.1**	**12.2**
Share of (loss)/profit of associates and joint ventures	(79.0)	(2.1)	92.9	1.5
Profit before net finance costs	**11.6**	**0.3**	**831.0**	**13.7**
Finance income	62.6	1.7	16.7	0.3
Finance costs	(72.7)	(2.0)	(165.5)	(2.7)
Profit before tax	**1.5**	**0.0**	**682.2**	**11.3**
Tax charge	(20.0)	(0.5)	(115.4)	(1.9)
(Loss)/profit for the period	**(18.5)**	**(0.5)**	**566.8**	**9.4**

Three-month period ended June 30, 2023, Compared to Three-month period ended June 30, 2022

Revenue. Revenue decreased by €2,332.8 million, or 38.5%, to €3,772.0 million in the three month period ended June 30, 2023 as compared to €6,054.8 million for the same period in 2022. The decrease in revenues was driven by lower selling prices and decreased volumes. Overall sales volumes for the Group were approximately 12% lower in the three month period ended June 30, 2023 as compared to the same period in 2022 as all businesses experienced a decrease in volumes. Selling prices were also lower in the second quarter of 2023 as compared to the same period in 2022 as these followed the decrease in crude oil prices, which decreased to an average of $78/bbl for the three month period ended June 30, 2023 as compared to $114/bbl in the same period in 2022.

Cost of sales. Cost of sales decreased by €1,733.6 million, or 33.6%, to €3,420.7 million in the three month period ended June 30, 2023 as compared to €5,154.3 million for the same period in 2022. The decrease in cost of sales was largely due to lower volumes and the decrease in crude oil prices, which has meant lower feedstock prices across the Group in the three month period ended June 30, 2023, as compared to the same period in 2022.

Gross profit. Gross profit decreased by €599.2 million, or 66.5%, to €301.3 million in the three month period ended June 30, 2023 as compared to €900.5 million for the same period in 2022. During the three month period ended June 30, 2023 high energy costs, particularly in Europe, and continued high inflation rates have led to reduced demand levels and erosion of margins from the previous strong performance in the same period in 2022. The decrease in profitability was driven by lower margins, inventory holding losses and a decrease in volumes which were approximately 12% lower in the three month period ended June 30, 2023 as compared to the same period in 2022. The profitability of the O&P North America business decreased due to lower volumes and a decrease in margins. Polyethylene and polypropylene margins decreased driven by a softer market which has eroded margins. Ethylene markets were generally weaker in the three month period ended June 30, 2023 with lower demand, improved industry supply availability and reduced export opportunities. The O&P Europe business also experienced a decrease in volumes as markets for olefins in the three month period ended June 30, 2023 were generally weaker with most industry crackers being trimmed across Europe. Propylene markets were soft with weak demand across most derivatives due to high energy costs. European polymer markets were long with reduced demand and increased levels of imports. Inventory holding losses within the O&P segments were approximately €136 million in the three month period ended June 30, 2023, as compared to inventory holding gains of €25 million in the same period in 2022. Chemical Intermediates experienced a decline in profitability across all businesses in the three month period ended June 30, 2023 as compared to the same period in 2022. The decrease in profitability was mainly driven by lower volumes, as all businesses experienced a decrease in sales volumes in the three month period ended June 30, 2023 as compared to the same period in 2022.

Distribution costs. Distribution costs increased by €2.8 million, or 5.2%, to €57.1 million in the three month period ended June 30, 2023 as compared to €54.3 million for the same period in 2022. The increase in distribution costs reflected inflationary pressures on freight costs which was only partially offset by lower sales volumes in the period.

Administrative expenses. Administrative expenses increased by €45.5 million, or 42.1%, to €153.6 million in the three month period ended June 30, 2023 as compared to €108.1 million for the same period in 2022, driven by inflationary cost pressures and a one-off impairment of intangible fixed assets within the O&P North America business of €26.1 million. There was also higher other operating expenses and increased expenditure on research and development in the three month period ended June 30, 2023, as compared to the same period in 2022.

Operating profit. Operating profit decreased by €647.5 million, or 87.7%, to €90.6 million in the three month period ended June 30, 2023 as compared to €738.1 million for the same period in 2022.

Share of (loss)/profit of associates and joint ventures. Share of (loss)/profit of associates and joint ventures was a loss of €79.0 million in the three month period ended June 30, 2023 as compared to a profit of €92.9 million for the same period in 2022. The share of loss from associates and joint ventures in the three month period ended June 30, 2023 primarily reflected the Group's share of losses from the SECCO joint venture with Sinopec which was acquired in December 2022. The share of profit from associates and joint ventures in the three month period ended June 30, 2022 primarily reflected the Group's share of the results of the Refining joint venture with PetroChina which benefitted from stronger European refining margins and inventory holding gains following an increase in crude oil prices in the three month period ended June 30, 2022. On December 23, 2022 the Group disposed of its non-voting ordinary shares in II(J)L to INEOS Limited, a related party, with an effective date of November 30, 2022, so after this date the Group no longer had any economic interest in the Refining joint venture.

Profit before net finance costs. Profit before net finance costs decreased by €819.4 million, or 98.6% to €11.6 million in the three month period ended June 30, 2023 as compared to €831.0 million for the same period in 2022.

Finance income. Finance income increased by €45.9 million, or 274.9%, to €62.6 million in the three month period ended June 30, 2023 as compared to €16.7 million for the same period in 2022. The income in the three month period ended June 30, 2023 primarily related to interest income from loans to related parties, including INEOS Upstream and INEOS Industries, together with higher interest rates on cash balances held by the Group.

Finance costs. Finance costs decreased by €92.8 million, or 56.1%, to €72.7 million in the three month period ended June 30, 2023 as compared to €165.5 million for the same period in 2022. The decrease in finance costs for the three month period ended June 30, 2023 reflected higher net foreign exchange gains of €69.8 million in the three month period ended June 30, 2023 as compared to a loss of €125.4 million in the same period in 2022. In addition net fair value gains on derivatives increased from €32.0 million in the second quarter of 2022 to €45.3 million in the three month period ended June 30, 2023. These increases were partly offset by higher interest costs on the Group's variable debt as a result of higher interest rates in the three month period ended June 30, 2023 as compared to the same period in 2022.

Profit before tax. Profit before tax decreased by €680.7 million, or 99.8% to €1.5 million in the three month period ended June 30, 2023, as compared to €682.2 million for the same period in 2022.

Tax charge. Tax charge decreased by €95.4 million, or 82.7%, to €20.0 million in the three month period ended June 30, 2023, as compared to €115.4 million for the same period in 2022 primarily due to the decreased profitability of the Group. After adjusting for the loss from the share of associates and joint ventures, the effective tax rate of approximately 25% in the three month period ended June 30, 2023 brings the effective tax rate for the first half of 2023 to 27% which reflects the anticipated tax rate for the Group for the full year. The underlying effective tax rate for the three month period ended June 30, 2022 was approximately 19% after adjusting for the profit from the share of associates and joint ventures, which reflected the anticipated tax rate for the full year for 2022. The higher anticipated effective tax rate for the three month period ended June 30, 2023 as compared to the same period in 2022 reflected the decreased level of profitability of the Group in countries with lower corporate tax rates.

(Loss)/profit for the period. (Loss)/profit for the period decreased by €585.3 million, or 103.3% to a loss of €18.5 million in the three month period ended June 30, 2023, as compared to a profit of €566.8 million for the same period in 2022.

Business segments

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

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

	Three-Month Period Ended June 30,		Six-Month Period Ended June 30,	
	2023	2022	2023	2022
	(€ in millions)		*(€ in millions)*	
Revenue				
O&P North America	1,054.6	1,595.0	2,118.4	3,065.3
O&P Europe	1,654.5	2,687.1	3,445.8	5,113.3
Chemical Intermediates	1,754.2	2,752.0	3,636.9	5,411.6
Eliminations	(741.3)	(979.3)	(1,359.1)	(1,875.3)
	3,722.0	6,054.8	7,842.0	11,714.9
EBITDA before exceptionals				
O&P North America	202.4	371.7	393.7	821.6
O&P Europe	71.6	222.9	161.6	432.5
Chemical Intermediates	112.6	348.6	275.5	683.7
	386.6	943.2	830.8	1,937.8

O&P North America

Revenue. Revenue in the O&P North America segment decreased by €540.4 million, or 33.9%, to €1,054.6 million in the three month period ended June 30, 2023, as compared to €1,595.0 million for the same period in 2022. The decrease was primarily driven by lower prices in the three month period ended June 30, 2023 as compared to the same period in 2022. The weighted average sales price for the whole business was approximately 30% lower in the three month period ended June 30, 2023 as compared to the same period in 2022, with the biggest decreases coming from olefins, polypropylene and polyethylene, partly offset by higher pipe prices. Overall sales volumes decreased by approximately 4% in the three month period ended June 30, 2023 as compared to the same period in 2022 driven by lower olefin and pipe volumes which were only partially offset by higher polypropylene and polyethylene sales volumes. The lower olefins sales were mainly due to an unplanned outage at the Styrolution Bayport plant and a planned outage at the Oligomers LAO plant at Chocolate Bayou during the second quarter of 2023.

EBITDA before exceptionals. EBITDA before exceptionals in the O&P North America segment decreased by €169.3 million, or 45.5%, to €202.4 million in the three month period ended June 30, 2023 as compared to €371.7 million in the same period in 2022. The decrease in profitability in the three month period ended June 30, 2023 as compared to the same period in 2022 was largely due to lower margins, higher inventory holding losses and lower volumes. Polyethylene and polypropylene margins decreased, although this was partially offset by higher pipe and olefin margins. Inventory holding losses were approximately €66 million in the three month period ended June 30, 2023, as compared to losses of approximately €6 million in the same period in 2022. Overall sales volumes decreased by approximately 4% in the three month period ended June 30, 2023 as compared to the same period in 2022 driven by lower olefin and pipe volumes, which was only partially offset by higher polypropylene and polyethylene sales volumes.

O&P Europe

Revenue. Revenue in the O&P Europe segment decreased by €1,032.6 million, or 38.4%, to €1,654.5 million in the three month period ended June 30, 2023 as compared to €2,687.1 million for the same period in 2022. The decrease in revenues was driven by lower volumes and lower prices in the three month period ended June 30, 2023 as compared to the same period in 2022. Overall sales volumes decreased in the three month period ended June 30, 2023 as compared to the same period in 2022 as ethylene suffered from reduced demand which caused destocking, whilst propylene experienced a very weak market as high energy costs impacted the economics for all derivatives. The Trading and Shipping business also experienced higher sales volumes in the second quarter of 2023 as compared to the same period in 2022, primarily due to higher ethane sales following favourable cracking economics. The decrease in selling prices was driven by the general price environment, which was lower in the three month period ended June 30, 2023 as compared to the same period in 2022, as crude oil prices fell to an average of $78/bbl for the three month period ended June 30, 2023 as compared to an average of $114/bbl for the three month period ended June 30, 2022.

EBITDA before exceptionals. EBITDA before exceptionals in the O&P Europe segment decreased by €151.3 million or 67.9% to €71.6 million in the three month period ended June 30, 2023, as compared to €222.9 million in the same period in 2022. The results for the three month period ended June 30, 2023 decreased compared to the same period in 2022, primarily due to inventory holding losses and lower volumes partially offset by higher margins. Inventory holding losses were approximately €70 million in the three month period ended June 30, 2023 as compared to gains of approximately €31 million in the three month period ended June 30, 2022. The inventory holding losses in the second quarter of 2023 were driven by a fall in feedstock prices throughout the quarter. Overall sales volumes were lower in the three month period ended June 30, 2023 as compared to the same period in 2022 due to reduced demand and increased level of imports with high energy costs adversely impacting the economics of all derivatives. The higher margins were mainly derived from increased margins in the Trading and Shipping business and increased ethylene margins at the Rafnes site which benefitted from lower US feedstock costs.

Chemical Intermediates

Revenue. Revenue in the Chemical Intermediates segment decreased by €997.8 million, or 36.3%, to €1,754.2 million in the three month period ended June 30, 2023 as compared to €2,752.0 million for the same period in 2022. The Oxide business revenues decreased in the three month period ended June 30, 2023 as compared to the same period in 2022 driven by lower volumes and lower prices. Market conditions in the second quarter of 2022 were at top of cycle, however high energy costs and higher inflation has led to consumer uncertainty and weaker market conditions in the second quarter of 2023. Lower demand and competition from cheaper imports has put product pricing under considerable pressure, especially for commodity products which has led to a significant decrease in prices in the three month period ended June 30, 2023 as compared to the same period in 2022, although prices for speciality products have seen less price pressure due to limited impact from cheaper imports. The Oligomers business revenues were lower in the three month period ended June 30, 2023 as compared to the same period in 2022, as a result of lower prices and lower volumes. Regional prices in the quarter moved in line with the underlying raw material prices of ethylene and naphtha. Regional feedstock prices were lower in the three month period ended June 30, 2023 as compared to the same period in 2022 with lower European and US ethylene prices impacting LAO and PAO prices, whilst decreased naphtha prices impacted PIB and SO pricing. Sales volumes were lower in the three month period ended June 30, 2023 as compared to the same period in 2022, as a result of lower LAO, PAO and SO sales volumes. The decrease in LAO sales volumes was seen in the European and Asian markets, partially offset by higher North American volumes, whilst PAO and SO sales were lower across all three regions. Nitriles revenues decreased in the three month period ended June 30, 2023 as compared to the same period in 2022, driven by lower volumes and lower prices. Acrylonitrile sales volumes decreased by approximately 25% in the three month period ended June 30, 2023 as compared to the same period in 2022 due to lower demand, especially in Europe and Asia. Weakened demand and lower US propylene prices also led to the average acrylonitrile sales price decreasing by approximately 37% in the three month period ended June 30, 2023 as compared to the same period in 2022. The Phenol business revenues decreased in the three month period ended June 30, 2023 as compared to the same period in 2022, driven by lower volumes and lower prices. Sales volumes were approximately 14% lower in the three month period ended June 30, 2023 as compared to the same period in 2022 as weakened market demand for phenol and acetone led to lower volumes, predominately in the European market, although the acquisition of Mitsui Phenols Singapore Ltd on March 31, 2023 added additional sales volumes in the three month period ended June 30, 2023. Selling prices moved in line with the underlying raw material prices with acetone and phenol prices moving lower in both European and the US due to significant decreases in propylene and benzene feedstock prices.

EBITDA before exceptionals. EBITDA before exceptionals in the Chemical Intermediates segment decreased by €236.0 million, or 67.7%, to €112.6 million in the three month period ended June 30, 2023 as compared to €348.6 million for the same period in 2022. The Oxide business results in the three month period ended June 30, 2023 were lower compared to the same period in 2022, due to lower volumes, lower margins and higher fixed costs. Higher energy costs have led to high inflation rates which has resulted in weak market conditions in the second quarter of 2023 as compared to the same quarter in 2022 as consumer uncertainty has led to lower volumes, especially in Europe. Increased pressure on sales prices from cheaper imports has adversely impacted European margins which have decreased in the three month period ended June 30, 2023 as compared to the same period in 2022, with margins in the US also coming under pressure towards the end of the second quarter of 2023. Fixed costs have increased in the three month period ended June 30, 2023 caused by the impact of high inflation and significant maintenance expenditure on a turnaround in the US. The Oligomers business profitability decreased in the three month period ended June 30, 2023 as compared with the same period in 2022 as a result of lower sales volumes and higher fixed costs. Sales volumes were lower in the three month period ended June 30, 2023 as compared to the same period in 2022, as a result of lower LAO, PAO and SO sales volumes. The decrease in LAO sales volumes was seen in the European and Asian markets, partially offset by higher North American volumes, whilst PAO and SO sales were lower across all three regions. The higher inflationary environment in the three month period ended June 30, 2023 as compared to the same period in 2022 has led to slightly higher fixed costs which has adversely impacted profitability. The Nitriles business experienced a decrease in profitability in the three month period ended June 30, 2023 as compared to the same period in 2022, driven by lower volumes and lower margins. Acrylonitrile volumes and margins both decreased as a result of weakened demand and poor Asian export margins. The Phenol business profitability decreased in the three month period ended June 30, 2023 as compared to the same period in 2022, primarily due to a decrease in volumes and higher fixed costs. Despite higher phenol margins in the three month period ended June 30, 2023 as compared to the same period in 2022 profitability decreased due to lower volumes as market demand for acetone and phenol reduced, particularly in the European market. Higher fixed costs in the three month period ended June 30, 2023 as compared to the same period in 2022 was due to the acquisition of Mitsui Phenols Singapore Ltd on March 31, 2023.

Liquidity and Capital Resources

Capital Resources

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

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

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

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

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

Financing Arrangements

The Group's capital structure includes a mixture of secured term loans and secured notes, together with unsecured notes. These various debt instruments are denominated in both Euros and US Dollars where appropriate, to approximately match the main currencies of the cash flows generated by the Group's operations.

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

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

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

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

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

As part of the Group's purchase of the 50% interest in the SECCO joint venture in Shanghai, China from SINOPEC on December 31, 2022, the Group entered into two Term Loan facilities of $525 million and RMB 1,045 million, maturing on June 9, 2026. In April 2023, the Group successfully completed a syndication of the acquisition financing originally funded in December 2022. As part of the syndication the facility was increased to $785 million and RMB 1,045 million.

In December 2022, the Group entered into project financing agreements in connection with Project One to borrow loans of up to €3.5 billion to fund the majority of the capital expenditure plus associated financing costs during construction. On July 20, 2023 the Group received a decision from the Council for Permit Disputes annulling the permit for Project One. As a result of the annulment of the permit, no further drawings may be made until such time as a new permit is reissued. Under the terms of the facility there is a period of up to 18 months to achieve this.

As of June 30, 2023, the Group had a total of €5,183.2 million Senior Secured Term Loans, €550.0 million Senior Secured Notes due 2025, €325.0 million Senior Secured Notes due March 2026, €770.0 million Senior Secured Notes due May 2026 and €400.0 million and $425.0 million Senior Secured Notes due May 2028 outstanding.

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

Capital Expenditures

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

Capital expenditure incurred during the six months ended June 30, 2023 was €606.3 million (€396.3 million in the six months ended June 30, 2022) analysed by business segment as follows:

	Six-month period ended June 30,	
	2023	**2022**
	(€ in millions)	
O&P North America	100.2	115.1
O&P Europe	399.4	182.9
Chemical Intermediates	106.7	98.3
	606.3	396.3

In the six month period ended June 30, 2023, the Group spent €606.3 million (six month period ended June 30, 2022: €396.3 million) on property, plant and equipment. The main capital expenditures in the O&P North America segment related to turnaround expenditure. The main capital expenditures in the O&P Europe segment related to the completion of the cogeneration project at the Koln, Germany site, expenditure on a new ARG compressor, a turnaround on a polyethylene unit and expenditure on Project ONE. The main expenditure in the Chemical Intermediates segment was further growth expenditure by the Oligomers business on the LAO platform at Chocolate Bayou, USA and by the Phenol business on the new cumene unit project at Marl, Germany. There was also turnaround expenditure by the Oligomers business at Chocolate Bayou, USA. The remaining capital expenditure related primarily to sustenance expenditure.

In the six month period ended June 30, 2022, the Group spent €396.3 million on property, plant and equipment. The main capital expenditures in the O&P North America segment related to turnaround expenditure. The main capital expenditures in the O&P Europe segment related to the completion of the cogeneration project at the Koln, Germany site, together with expenditure on a scheduled cracker turnaround at the Rafnes, Norway site. The main expenditure in the Chemical Intermediates segment was further growth expenditure by the Phenol business on the new cumene unit project at Marl, Germany. There was further growth expenditure by the Oligomers business on the LAO and PAO platforms at Chocolate Bayou, USA. The remaining capital expenditure related primarily to sustenance expenditure.

Working Capital

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

Cash Flows

During the six month period ended June 30, 2023 and 2022, our cash flow was as follows:

	Six-month period ended June 30,	
	2023	**2022**
	(€ millions)	
Cash flow from operating activities	688.7	1,277.9
Cash flow used in investing activities	(1,898.7)	(392.6)
Cash flow from/(used in) financing activities	667.5	(447.1)

Cash flows from operating activities

Net cash flow from operating activities was an inflow of €688.7 million for the six month period ended June 30, 2023 (inflow of €1,277.9 million in the six month period ended June 30, 2022). The inflow was due to the profit generated from operations, partly offset by working capital outflows of €1.8 million in the six month period ended June 30, 2023 (outflow of €578.3 million in the six month period ended June 30, 2022).

Taxation payments of €141.1 million were made in the six month period ended June 30, 2023 (payments of €85.2 million in the six month period ended June 30, 2022). The payments in the six month period ended June 30, 2023 primarily reflected tax payments in Germany, UK, Belgium, Norway, USA and Canada. The payments in the six month period ended June 30, 2022 primarily reflected payments made to the tax authorities in the US, Canada, Germany, Switzerland, Belgium and Norway, partially offset by tax refunds in the US (including a refund under the CARES Act).

Cash flows used in investing activities

Interest receipts of €46.0 million were received in the six month period ended June 30, 2023 (€2.6 million in the six month period ended June 30, 2022) which related primarily to interest received on cash balances held by the Group.

On March 31, 2023, the Group completed the acquisition of the entire asset base of Mitsui Phenols Singapore Ltd from Mitsui Chemicals, a leading Japanese chemicals manufacturer, for a total consideration of $273.0 million (€257.5 million). Cash balances acquired with the business were €42.9 million.

In January 2023 the Group provided a loan of €309.3 million via INEOS Industries Holdings Limited to INEOS Grangemouth Limited, a related party, to facilitate the repayment of its Senior Term and Revolving loan Facilities. The loan facility is unsecured, matures in January 2028 and bears interest at 5.75% per annum.

In April 2023 the Group provided a loan of €811.9 million ($894 million) via INEOS Industries Holdings Limited to INEOS Upstream Holdings Limited, a related party, to partly fund its acquisition of US onshore oil and gas assets in the Eagle Ford shale from Chesapeake Energy. The loan facility is unsecured, matures in April 2028 and bears interest at 8.5% per annum.

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

Cash flows from/(used in) financing activities

Payments of €294.6 million were made in the six month period ended June 30, 2023 (€95.0 million in the six month period ended June 30, 2022) in respect of interest and other finance items. The payments during the first six months of 2023 related primarily to monthly cash payments in respect of the Senior Secured Term Loans, semi-annual interest payments on the Senior Secured Notes due 2026 and Senior Secured Notes due 2025, quarterly interest payments on the Gemini and Rain facilities and interest paid on lease liabilities of €27.6 million, partially offset by the net settlement of derivative contracts of €29.7 million. The payments during the first six months of 2022 related primarily to monthly cash interest payments in respect of the Senior Secured Term Loans, semi-annual interest payments on the Senior Secured Notes due 2026 and Senior Secured Notes due 2025, quarterly interest payments on the Gemini Facility and interest paid on lease liabilities of €21.3 million, partially offset by the net settlement of derivative contracts of €37.4 million.

The Group made repayments of €41.1 million on the Inventory Financing Facility during the six month period ended June 30, 2023 (drawdown of €9.7 million in the six month period ended June 30, 2022).

In December 2022, the Group entered into project financing agreements in connection with Project One to borrow loans of up to €3.5 billion to fund the majority of the capital expenditure plus associated financing costs during construction. In February 2023 the Group received certain guarantees which meant it could start drawing under the Project One Facility. During the six month period ended June 30, 2023 the Group made drawdowns under the Project One Facility of €522.0 million and paid debt issue costs of €202.4 million relating to legal and advisory fees, upfront fees to banks, agency fees to the facilities agents and the upfront Export Credit Agency Guarantee premiums paid to UKEF, CESCE and SACE.

In February 2023 the Group issued new Senior Secured Term Loans and Senior Secured Notes. The Senior Secured Term Loans included €700.0 million maturing in November 2027 and $1.2 billion (€1,103.9 million) maturing in February 2030. The Group paid debt issue cost of €31.9 million in relation to the new Senior Secured Term Loans. The Senior Secured Notes consisted of €400 million and $425 million (€390.9 million) and mature in May 2028. Debt issue cost of €7.2 million were paid by the Group in relation to the new Senior Secured Notes. The proceeds were used to fully redeem the remaining Senior Secured Term Loans due 2024 of €1,982.1 million as well as increasing the liquidity of the Group.

The Group made scheduled repayments of €8.7 million on the Senior Secured Term Loans during the six month period ended June 30, 2023 (scheduled repayments of €21.7 million in the six month period ended June 30, 2022). Further debt issue costs of €0.1 million were paid during the six month period ended June 30, 2023 associated with the Senior Secured Term Loans issued in November 2022 (€1.4 million associated with the Senior Secured Term Loans issued in November 2021 were paid in the six month period ended June 30, 2022).

As part of a Koln, Germany project to replace part of the site's incineration and cogeneration unit, the Group entered into a €120.0 million loan facility. The Group has made scheduled loan repayments of €12.0 million on the Koln CoGen Facility during the six month period ended June 30, 2023 (scheduled repayments of €12.0 million during the six month period ended June 30, 2022). As part of this project the Group also entered into an additional loan facility of €60.0 million in May 2021. The first repayments under this additional facility started in September 2022 with scheduled loan repayments of €7.5 million being made in the six month period ended June 30, 2023.

In August 2020, the Group entered into a new €19.2 million bank loan agreement to fund capital expenditure on a freight rail car fleet covering North America for the Oligomers business. The Group has made scheduled loan repayments of €0.2 million during the six month period ended June 30, 2023 (€0.4 million repayments in the six month period ended June 30, 2022).

As part of the Group's purchase of the remaining 50% interest in the Gemini HDPE plant in Texas, USA, from Sasol Chemicals on December 31, 2020, the Group amended and upsized the existing Term Loan facility within the acquired Gemini HDPE LLC legal entity. The Group has made scheduled loan repayments of €11.6 million during the six month period ended June 30, 2023 (scheduled repayments of €10.8 million in the six month period ended June 30, 2022).

In November 2020, the Group entered into a separate bank loan agreement to fund specific capital expenditure on a new cumene unit at Marl, Germany for the Phenol business. During the six month period ended June 30, 2023 the Group made scheduled repayments of €0.7 million (€0.8 million in the six month period ended June 30, 2022).

During the year ended December 31, 2022, the Group acquired 50% of Shanghai SECCO Petrochemical Company Limited ("SECCO") from Sinopec which was partly funded by a new RMB and US dollar term loan facility which matures in June 2026. In April 2023, the Group successfully completed a syndication of the acquisition financing originally funded in December 2022. As part of the syndication the facility was increased to $785 million and RMB 1,045 million resulting in an inflow of €236.1 million. During the six month period ended June 30, 2023 the Group paid further debt issue costs of €2.9 million in relation to these facilities.

During the six month period ended June 30, 2022 the Group paid further debt issue costs of €0.1 million associated with the December 2021 amendment agreement to extend the maturity of the Securitization Facility to December 2024.

During the six month period ended June 30, 2023 the Group made payments of €82.4 million (€78.9 million in the six month period ended June 30, 2022) in respect of the capital element of lease liabilities.

The Group made a dividend payment of €200.0 million in the six month period ended June 30, 2022.

Net debt

Total net debt as at June 30, 2023 was €8,025.6 million (December 31, 2022: €6,238.5 million). The Group held net cash balances of €2,059.2 million as at June 30, 2023 (December 31, 2022: €2,639.1 million) which included restricted cash of €160.3 million used as collateral against bank guarantees and letters of credit. The Group had availability under the undrawn receivables securitization facility of €579.5 million as at June 30, 2023.

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