



INEOS GROUP HOLDINGS S.A.

**Condensed consolidated interim financial statements
as of March 31, 2022**

INEOS GROUP HOLDINGS S.A.
CONSOLIDATED INCOME STATEMENT

	Three-Month Period Ended March 31,	
	2022	2021
	<i>(€ in millions)</i>	
Revenue	5,660.1	3,787.4
Cost of sales	(4,713.1)	(3,118.1)
Gross profit	947.0	669.3
Distribution costs.....	(50.0)	(52.5)
Administrative expenses.....	(95.3)	(88.4)
Operating profit.....	801.7	528.4
Share of profit of associates and joint ventures using the equity accounting method	86.5	7.5
Profit on disposal of property, plant and equipment.....	-	0.3
Profit before net finance costs	888.2	536.2
Finance income	14.5	12.4
Finance costs	(32.3)	(141.8)
Profit before tax.....	870.4	406.8
Tax charge	(138.0)	(78.7)
Profit for the period	732.4	328.1

The condensed notes presented on pages 7 to 20 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 March 31,	
	2022	2021
	<i>(€ in millions)</i>	
Profit for the period	<u>732.4</u>	<u>328.1</u>
Other comprehensive income/(expense):		
Items that will not be recycled to profit and loss:		
Remeasurement of post employment benefit obligations net of tax.....	98.0	103.0
Items that may subsequently be recycled to profit and loss:		
Foreign exchange translation differences	5.7	(15.7)
Net gain on translation of foreign operations and hedge of net investment in foreign operations net of tax	<u>98.0</u>	<u>389.0</u>
Other comprehensive income for the period net of tax	<u>201.7</u>	<u>476.3</u>
Total comprehensive income for the period	<u><u>934.1</u></u>	<u><u>804.4</u></u>

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INEOS GROUP HOLDINGS S.A.
CONSOLIDATED BALANCE SHEET

	March 31, 2022	December 31, 2021
	<i>(€ in millions)</i>	
Non-current assets		
Property, plant and equipment.....	8,372.4	8,274.2
Intangible assets	944.3	938.3
Investments in equity-accounted investees.....	133.6	47.2
Financial assets at fair value through other comprehensive income.....	28.3	28.3
Derivative financial instruments.....	70.5	26.2
Employee benefits.....	124.4	123.6
Trade and other receivables.....	840.3	826.0
Deferred tax assets.....	115.9	154.4
	10,629.7	10,418.2
Current assets		
Inventories.....	2,076.2	1,767.2
Trade and other receivables.....	2,924.8	2,470.2
Tax receivables.....	2.0	63.7
Derivative financial instruments.....	163.5	256.0
Cash and cash equivalents.....	2,530.9	2,106.1
	7,697.4	6,663.2
Total assets.....	18,327.1	17,081.4
Equity attributable to owners of the parent		
Share capital	0.9	0.9
Share premium	585.6	585.6
Other reserves.....	(1,845.9)	(2,047.6)
Retained earnings	5,546.5	4,814.1
Total equity	4,287.1	3,353.0
Non-current liabilities		
Interest-bearing loans and borrowings	7,348.6	7,331.5
Lease liabilities.....	836.7	830.8
Trade and other payables.....	118.7	113.2
Employee benefits.....	835.9	956.8
Provisions.....	32.1	32.3
Deferred tax liabilities	724.4	702.3
	9,896.4	9,966.9
Current liabilities		
Interest-bearing loans and borrowings	418.2	407.8
Lease liabilities.....	156.5	146.8
Trade and other payables.....	2,976.6	2,589.0
Tax payable	447.7	376.2
Derivative financial instruments.....	138.8	236.0
Provisions	5.8	5.7
	4,143.6	3,761.5
Total liabilities	14,040.0	13,728.4
Total equity and liabilities	18,327.1	17,081.4

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

	<u>Share capital</u>	<u>Share premium</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total equity</u>
	<i>(€ in millions)</i>				
Balance at December 31, 2021..	0.9	585.6	(2,047.6)	4,814.1	3,353.0
Profit for the period	-	-	-	732.4	732.4
Other comprehensive income/(expense):					
Foreign exchange translation differences	-	-	5.7	-	5.7
Net gain on hedge of net investment in foreign operations .	-	-	98.0	-	98.0
Remeasurement of post employment benefit obligations net of tax.....	-	-	98.0	-	98.0
Balance at March 31, 2022.....	0.9	585.6	(1,845.9)	5,546.5	4,287.1

	<u>Share capital</u>	<u>Share premium</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total equity</u>
	<i>(€ in millions)</i>				
Balance at December 31, 2020..	0.9	585.6	(2,646.7)	3,521.8	1,461.6
Profit for the period	-	-	-	328.1	328.1
Other comprehensive income/(expense):					
Foreign exchange translation differences	-	-	(15.7)	-	(15.7)
Net gain on hedge of net investment in foreign operations .	-	-	389.0	-	389.0
Remeasurement of post employment benefit obligations net of tax.....	-	-	103.0	-	103.0
Balance at March 31, 2021.....	0.9	585.6	(2,170.4)	3,849.9	2,266.0

The condensed notes presented on pages 7 to 20 are an integral part of these unaudited condensed consolidated interim financial statements.

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

	Three-month Period Ended March 31,	
	2022	2021
	<i>(€ in millions)</i>	
Cash flows from operating activities		
Profit before tax.....	870.4	406.8
Adjustments for:		
Depreciation, amortisation and impairment	192.9	177.9
Net finance cost.....	17.8	129.4
Share of (profit) of equity-accounted investees.....	(86.5)	(7.5)
Profit on disposal of property, plant and equipment.....	-	(0.3)
Increase in trade and other receivables.....	(361.7)	(435.8)
Increase in inventories.....	(295.7)	(164.9)
Increase in trade and other payables.....	288.7	355.5
Increase in provisions and employee benefits	5.5	5.2
Tax received(paid).....	4.6	(125.3)
Net cash from operating activities.....	636.0	341.0
Cash flows used in investing activities		
Proceeds from sale of property, plant and equipment	-	0.4
Interest and other finance income received	42.6	48.7
Dividends received	1.9	-
Acquisition of businesses, net of cash acquired	-	(0.4)
Acquisition of property, plant and equipment	(156.7)	(147.7)
Acquisition of intangible assets.....	(0.6)	(24.4)
Net cash used in investing activities	(112.8)	(123.4)
Cash flows used in financing activities		
Inventory Facility	8.2	4.3
Issue costs paid.....	(1.5)	(0.1)
Interest paid.....	(72.9)	(104.3)
Repayment of loans	(21.7)	(15.8)
Capital element of lease payments	(39.5)	(34.0)
Net cash used in financing activities	(127.4)	(149.9)
Net increase in cash and cash equivalents	395.8	67.7
Cash and cash equivalents at January 1	2,106.1	1,342.2
Effect of exchange rate fluctuations on cash held	29.0	48.8
Cash and cash equivalents at March 31	2,530.9	1,458.7

The condensed notes presented on pages 7 to 20 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS GROUP HOLDINGS S.A.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated 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 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 financial statements are presented in euro. The functional currency of the Company and its subsidiaries is determined in line with IAS 21 and is consistent with the audited financial statements for the year ended December 31, 2021.

The significant judgements and key sources of estimation uncertainty applicable to the preparation of the condensed consolidated financial statements are the same as those described within the Group’s audited financial statements for the year ended December 31, 2021. 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.

The Group continues to implement contingency plans for the COVID-19 pandemic, with the primary objective of maintaining the safety of personnel and the reliable operation of the Group’s plants.

The chemical industry is deemed as essential, critical infrastructure by governments across the world. Throughout the pandemic all of the Group’s plants have continued to operate fully and supply chains have operated without significant disruption. Protecting employees and ensuring that they remain healthy has been the first priority of the Group. All plants have sufficient resources and have implemented measures to ensure that this remains the case throughout the pandemic.

Whilst there is still uncertainty due to the COVID-19 pandemic the Directors have undertaken a rigorous assessment of the potential impact of COVID-19 on demand for the Group’s products and services and the impact on margins for the next 12 months.

The Group meets its day to day working capital requirements through its cash generation from Group operations. The Group held cash balances of €2,530.9 million at March 31, 2022 and interest-bearing loans and borrowings of €7,811.7 million at March 31, 2022. The Directors have considered the Group’s projected future cash flows and working capital requirements and are confident that the Company has sufficient cashflows to meet its working capital requirements for the next twelve months from the date of this report. In particular, the Directors have stress tested the forecasts through taking account of reasonable possible changes in trading performance on the impact on EBITDA, cash flow and debt. The stress tests show that the Group will still have sufficient cash flow to meet all of its obligations as they fall due within the next 12 months from the date of this report.

On the basis of this assessment together with net assets of €4,287.1 million as at March 31, 2022 and the Group’s ability to meet working capital requirements through its external financing facilities, along with access to cash generated by its subsidiaries, the Directors have concluded that the Group can operate within its current facilities without the need to obtain new ones for a period of at least 12 months from the date of this report and have therefore prepared these financial statements on a going concern basis.

INEOS GROUP HOLDINGS S.A.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES

The financial information has been prepared and approved by the directors in accordance with IAS 34 “Interim financial reporting” as adopted by the European Union in response to the IAS regulation (EC 1606/2002) effective from January 1, 2022. 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, 2021, except for the adoption of new standards, interpretations and amendments effective as of January 1, 2022. The adoption of new standards, interpretations and amendments in the current year has not had a material impact. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective at March 31, 2022.

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 as measured under IFRS is as follows:

	Three-Month Period Ended March 31,	
	2022	2021
	<i>(€ in millions)</i>	
<i>Revenue</i>		
O&P North America	1,470.3	973.6
O&P Europe	2,426.2	1,546.4
Chemical Intermediates	2,659.6	1,769.9
Eliminations	(896.0)	(502.5)
	<u>5,660.1</u>	<u>3,787.4</u>
<i>EBITDA before exceptionals</i>		
O&P North America	449.9	244.3
O&P Europe	209.6	204.8
Chemical Intermediates	335.1	257.2
	<u>994.6</u>	<u>706.3</u>

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 earnings before operating exceptional items, interest, taxation, depreciation and amortisation (‘EBITDA before exceptionals’) to operating profit:

INEOS GROUP HOLDINGS S.A.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

3. SEGEMENTAL INFORMATION (Continued)

	Three-Month Period Ended March 31,	
	2022	2021
	<i>(€ in millions)</i>	
EBITDA before exceptionals	994.6	706.3
Depreciation and amortisation	(192.9)	(177.9)
Operating profit	801.7	528.4

4. FINANCE COSTS

	Three-Month Period Ended March 31,	
	2022	2021
	<i>(€ in millions)</i>	
Interest payable on senior notes	11.2	25.7
Interest payable on bank loans and overdrafts	35.5	26.5
Interest payable on securitisation	1.2	1.6
Interest payable on lease liabilities	11.6	10.8
Amortisation of issue costs	2.7	2.6
Other finance charges	8.7	8.7
Net fair value gain on derivatives	(70.4)	(99.7)
Finance costs before exchange movements	0.5	(23.8)
Exchange movements	34.2	168.0
Borrowing costs capitalised in property, plant and equipment	(2.4)	(2.4)
Finance costs	32.3	141.8

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 18% 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 for the same period in 2021 was approximately 19%, which reflected the anticipated tax rate for the Group for the full year.

6. PROPERTY, PLANT AND EQUIPMENT

In the three month period ended March 31, 2022, the Group spent €156.7 million (three month period ended March 31, 2021: €147.7 million) on property, plant and equipment. The main capital expenditures in the three month period ended March 31, 2022 related to turnaround expenditure within the O&P North America. The main capital expenditures in the O&P Europe segment related to the completion of the cogeneration project at the Köln, Germany site, together with expenditure on a cracker turnaround at the Rafnes, Norway site and further growth expenditure on the new ethane cracker project at the Antwerp, Belgium 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.

INEOS GROUP HOLDINGS S.A.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

7. INVENTORIES

	March 31, 2022	December 31, 2021
	<i>(€ in millions)</i>	
Raw materials and consumables	743.1	615.9
Work in progress	34.3	31.7
Finished products	1,298.8	1,119.6
	<u>2,076.2</u>	<u>1,767.2</u>

8. BORROWINGS

Borrowing obligations as of March 31, 2022 and December 31, 2021 are as follows:

	March 31, 2022	December 31, 2021
	<i>(€ in millions)</i>	
Non-current liabilities		
Senior Secured Term Loans	4,809.8	4,789.6
Senior Secured Notes due May 2026	764.9	764.6
Senior Secured Notes due March 2026	321.5	321.3
Senior Secured Notes due 2025.....	547.3	547.1
Gemini Facility.....	485.3	483.2
Receivables Securitisation Facility.....	18.1	17.8
Koln CoGen Facility	94.5	100.5
Rafnes Facility.....	141.6	141.5
Schuldschein Facility	140.0	139.9
Other loans	25.6	26.0
	<u>7,348.6</u>	<u>7,331.5</u>
	March 31, 2022	December 31, 2021
Current liabilities		
Current portion of borrowings under Senior Secured Term Loans	41.8	40.0
Gemini Facility.....	20.4	19.9
Rafnes Facility.....	70.7	70.7
Koln CoGen Facility	31.5	31.5
Inventory Financing Facility	251.2	243.1
Other loans	2.6	2.6
	<u>418.2</u>	<u>407.8</u>

INEOS GROUP HOLDINGS S.A.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

8. BORROWINGS (Continued)

	March 31, 2022		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
	<i>(€ in millions)</i>		
Senior Secured Term Loans	4,873.3	(21.7)	4,851.6
Senior Secured Notes due May 2026	770.0	(5.1)	764.9
Senior Secured Notes due March 2026	325.0	(3.5)	321.5
Senior Secured Notes due 2025.....	550.0	(2.7)	547.3
Receivables Securitisation Facility.....	18.3	(0.2)	18.1
Koln CoGen Facility	126.0	-	126.0
Rafnes Facility.....	214.3	(2.0)	212.3
Schuldschein Loan	141.0	(1.0)	140.0
Inventory Financing Facility	251.2	-	251.2
Other.....	28.2	-	28.2
	7,297.3	(36.2)	7,261.1
Gemini Facility.....	514.4	(8.7)	505.7
Total.....	7,811.7	(44.9)	7,766.8

	December 31, 2021		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
	<i>(€ in millions)</i>		
Senior Secured Term Loans	4,851.1	(21.5)	4,829.6
Senior Secured Notes due May 2026	770.0	(5.4)	764.6
Senior Secured Notes due March 2026	325.0	(3.7)	321.3
Senior Secured Notes due 2025.....	550.0	(2.9)	547.1
Receivables Securitisation Facility.....	18.0	(0.2)	17.8
Koln CoGen Facility	132.0	-	132.0
Rafnes Facility.....	214.3	(2.1)	212.2
Schuldschein Facility	141.0	(1.1)	139.9
Inventory Financing Facility	243.1	-	243.1
Other.....	28.6	-	28.6
	7,273.1	(36.9)	7,236.2
Gemini Facility.....	512.1	(9.0)	503.1
Total.....	7,785.2	(45.9)	7,739.3

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity
		USD LIBOR/ EURIBOR	
Senior Secured Term Loans	\$/€	plus 2.00%-2.75%	2024-2028
Senior Secured Notes	€	2.125%-3.375%	2025-2026
Gemini Facility.....	\$	USD LIBOR plus 3.00%	2027
Schuldschein Loan	€	EURIBOR plus 2.00%	2024
Receivables Securitisation Facility.....	\$/€/£	Variable	2024
Koln CoGen Facility	€	2.00%-2.85%	2024-2026
Rafnes Facility.....	€	EURIBOR plus 2.10%	2024
Other.....	\$/€	2.95%-3.50%	2023-2027

INEOS GROUP HOLDINGS S.A.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

8. BORROWINGS (Continued)

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 November 2021 the Group raised €1.1 billion of additional Senior Secured Term Loans which were used to fully redeem the outstanding Senior Notes due 2024. The additional Senior Secured Term Loans mature on November 8, 2028 and consisted of \$845 million of US dollar denominated Term Loans and €350 million of euro denominated Term Loans. In October 2020 the Group issued new euro denominated Senior Secured Term Loans of €375 million which mature on October 27, 2027. In addition to these new Senior Secured Term Loans the Group has euro and US dollar denominated Term Loans maturing on March 31, 2024.

The Senior Secured Term Loans outstanding at March 31, 2022 before issue costs were €4,873.3 million (December 31, 2021: €4,851.1 million) of which €46.8 million (December 31, 2021: €44.7 million) is due within one year. The total amounts outstanding on the Euro denominated Term Loans were €2,692.7 million (December 31, 2021: €2,698.9 million) and the US dollar denominated Term Loans were €2,180.6 million (December 31, 2021: €2,152.2 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 2028 which have no repayments until maturity. 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 with the remaining Term Loans maturing on March 31, 2024.

The outstanding Term Loans denominated in US dollars bear interest at a rate per annum equal to USD LIBOR (with the \$845 million US dollar denominated Term Loans issued in November 2021 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 0.50% per annum) plus the Applicable Margin.

As at March 31, 2022 the Applicable Margin for the euro denominated Term Loans and the US dollar denominated Term Loans maturing March 2024 was 2.00%, for the euro denominated Term Loans maturing October 2027 and November 2028 it was 2.75% and for the US dollar denominated Term Loans maturing November 2028 it was 2.50%.

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 Schuldschein Loan. 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 year, including covenants relating to, among other things, limitations on indebtedness, ability to give guarantees, creation of security interests, making acquisitions and

INEOS GROUP HOLDINGS S.A.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

8. BORROWINGS (Continued)

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 €21.7 million (December 31, 2021: €21.5 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 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
2021	100.53125%
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 and Senior Secured Notes due May 2026, Senior Secured Notes due March 2026 and the Schuldschein Loan. 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 €2.7 million (December 31, 2021: €2.9 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

INEOS GROUP HOLDINGS S.A.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

8. BORROWINGS (Continued)

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
2022.....	101.4375%
2023.....	100.71875%
2024 and thereafter.....	<u>100.000%</u>

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

The Senior Secured Notes due May 2026 rank pari passu with the Senior Secured Term Loans, Senior Secured Notes due March 2026, Senior Secured Notes due 2025 and the Schuldschein Loan. 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 €5.1 million (December 31, 2021: €5.4 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	<u>100.000%</u>

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, Senior Secured Notes due May 2026, Senior Secured Notes due 2025 and the Schuldschein Loan. The notes are

INEOS GROUP HOLDINGS S.A.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

8. BORROWINGS (Continued)

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 €3.5 million (December 31, 2021: €3.7 million). These costs are allocated to the profit and loss account over the term of the Senior Secured Notes due March 2026.

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 March 31, 2022 before issue costs was €18.3 million (December 31, 2021: €18.0 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, USD LIBOR 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 €0.2 million (December 31, 2021: €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 March 31, 2022 was €126.0 million (December 31, 2021: €132.0 million) of which €31.5 million (December 31, 2021: €31.5 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. The total amount outstanding at March 31, 2022 before issue costs was €214.3 million (December 31, 2021: €214.3 million) of which €71.4 million (December 31, 2021: €71.4 million) is due within one year.

The Rafnes Facility is to be repaid in equal semi-annual instalments of €35.7 million starting on December 15, 2021. The facility matures in November 2024. The facility is secured by pledges over the property, plant and equipment of INEOS Rafnes AS. The outstanding Rafnes Facility bears interest a rate per annum equal to EURIBOR (subject to a floor of 0% per annum) plus a margin of 2.10%.

The Rafnes Facility is stated net of debt issue costs of €2.0 million (December 31, 2021: €2.1 million).

INEOS GROUP HOLDINGS S.A.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

8. BORROWINGS (Continued)

Schuldschein Loan

In March 2019 the Group entered into a €141.0 million floating rate loan facility (“Schuldschein Loan”). The facility matures in March 2024. The Schuldschein Loan bears interest at a rate per annum equal to EURIBOR for an interest period of six months (subject to a floor of 0.50% per annum) plus a margin of 2.00%. Interest on the Schuldschein Loan is payable semi-annually in arrears in September and March of each year.

The Schuldschein Loan ranks pari passu with the Senior Secured Term Loans, Senior Secured Notes due 2025, Senior Secured Notes due March 2026 and the Senior Secured Notes due May 2026.

The Schuldschein Loan is stated net of debt issue costs of €1.0 million (December 31, 2021: €1.1 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 but extendable by mutual agreement. In April 2021, the Facility was extended to mature on June 30, 2022. Under this arrangement, the Group sells certain inventory to J Aron and agreed 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 J Aron, J Aron provides the Group with a just-in-time service for use of the inventory, and the ability to substitute used inventory with equivalent inventory, in return for a transaction fee. The arrangement is supported by a Group parent company guarantee and a cash collateral mechanism.

The total amount outstanding at March 31, 2022 before issue costs was €251.2 million (December 31, 2021: €243.1 million).

Gemini Facility

As part of the Group’s purchase of the remaining 50% interest in the Gemini HDPE plant in Texas, USA, from Sasol Chemicals on December 31, 2020, the Group amended and upsized the existing Term Loan facility within the acquired Gemini HDPE LLC legal entity. The amended loan facility was upsized to \$600.0 million (“Gemini Facility”) and the maturity was extended to October 31, 2027. The total amount outstanding at March 31, 2022 before issue costs was €514.4 million (\$574.2 million) (December 31, 2021: €512.1 million (\$580.3 million)) of which €22.1 million (\$24.7 million) (December 31, 2021: €21.6 million (\$24.5 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 of 3.0%. Gemini HDPE LLC has been designated as an unrestricted subsidiary in accordance with the Group’s Senior Secured Term Loans, Schuldschein Facility and Senior Secured Notes.

The Gemini Facility is stated net of debt issue costs of €8.7 million (December 31, 2021: €9.0 million).

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 contains commodity contracts 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.

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:

INEOS GROUP HOLDINGS S.A.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

9. FINANCIAL INSTRUMENTS (Continued)

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

		Level				Level		
	Fair value	1	2	3	Fair value	1	2	3
		March 31, 2022				December 31, 2021		
(€ in millions)								
Financial assets held at fair value through profit or loss:								
Derivative commodity contracts	163.5	86.1	77.4	-	256.0	77.7	178.3	-
Interest rate swap contracts	70.5	-	70.5	-	26.2	-	26.2	-
Financial assets held at fair value through other comprehensive income:								
Equity investments	28.3	-	-	28.3	28.3	-	-	28.3
Financial liabilities held for trading at fair value through profit and loss:								
Derivative commodity contracts	(138.8)	(31.1)	(107.7)	-	(236.0)	(42.8)	(193.2)	-
Total financial assets and (liabilities) held at fair value	123.5	55.0	40.2	28.3	74.5	34.9	11.3	28.3

The commodity derivatives are fair valued using rates in a quoted market. There have been no transfers between levels during the three month period ended March 31, 2022 (2021: 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 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.

INEOS GROUP HOLDINGS S.A.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

9. FINANCIAL INSTRUMENTS (Continued)

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

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

The Group manages commodity price exposures through trading refined products and chemical feedstock and using commodity swaps, options and futures as a means of managing price and timing risks. As at March 31, 2022 there was a net mark to market derivative asset in respect of commodity contracts of €24.7 million entered into by the Group to manage such risk (December 31, 2021: net derivative asset of €20.0 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 Company 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 Company.

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.

INEOS GROUP HOLDINGS S.A.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

11. RELATED PARTIES (Continued)

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

INEOS Limited (previously also INEOS AG, a subsidiary of INEOS Limited), provides operational management services to the Group through a management services agreement. Management fees of €24.9 million (March 31, 2021: €22.9 million) were charged to the income statement during the three month period ended March 31, 2022. As at March 31, 2022 amounts owed to INEOS Limited were €25.1 million (March 31, 2021: €23.3 million) and amounts owed to INEOS AG were €2.1 million (March 31, 2021: €1.9 million). Amounts owed by INEOS Holdings AG and INEOS Holdings Luxembourg S.A., both wholly owned subsidiaries of INEOS AG, were €96.0 million (March 31, 2021: €31.3 million) and €15.8 million (March 31, 2021: €0.3 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 three month period ended March 31, 2022 the Group has made sales to these subsidiaries of €570.2 million (March 31, 2021: €355.0 million), received net cost recoveries of €66.6 million (March 31, 2021: paid net costs recoveries of €(2.9) million) and made purchases of €415.0 million (March 31, 2021: €273.4 million). As at March 31, 2022, €692.1 million (March 31, 2021: €449.9 million) was owed by and €379.9 million (March 31, 2021: €270.3 million) was owed to these subsidiaries (excluding the INEOS Upstream Limited loans).

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 2024 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 2024 and bears interest at 7% per annum. As at March 31, 2022 \$617.1 million (€552.8 million) was outstanding under these facilities (March 31, 2021: \$617.1 million (€526.2 million)).

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

The Refining joint ventures are between PetroChina and INEOS Investments (Jersey) Limited, a related party. During the three month period ended March 31, 2022 the Group received cost recoveries of €12.4 million (March 31, 2021: paid net costs recoveries of €(0.2) million) and made purchases of €16.9 million (March 31, 2021: €18.5 million). As at March 31, 2022, €1.2 million (March 31, 2021: €1.1 million) was owed by the Refining joint ventures and €2.8 million (March 31, 2021: €12.1 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 loss and settlements on these derivatives during the three month period ended March 31, 2022 was €26.0 million (March 31, 2021: gain of €0.6 million). As at March 31, 2022, the mark to market derivative liability was €107.7 million (March 31, 2021: €62.0 million) and the mark to market derivative asset was €77.4 million (March 31, 2021: €18.7 million) in respect of these related party derivative financial instruments.

INEOS GROUP HOLDINGS S.A.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

11. RELATED PARTIES (Continued)

In general, any trading balances with related parties are priced based on contractual arrangements and are to be settled in cash. The transactions are made on terms equivalent to those that prevail in arm's length transactions.

As at March 31, 2022 none (March 31, 2021: none) of the related party balances are secured and no guarantees have been given or received. There were no provisions for doubtful debt related to any related parties as at March 31, 2022 (March 31, 2021: nil).

INEOS GROUP HOLDINGS S.A.
OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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.

INEOS GROUP HOLDINGS S.A.
OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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, 2021, our total chemical production capacity was approximately 23,100 kta, of which 55% was in Europe and 45% 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 March 31,			
	2022		2021	
	€m	%	€m	%
Revenue	5,660.1	100.0	3,787.4	100.0
Cost of sales.....	(4,713.1)	(83.3)	(3,118.1)	(82.3)
Gross profit	947.0	16.7	669.3	17.7
Distribution costs.....	(50.0)	(0.9)	(52.5)	(1.4)
Administrative expenses.....	(95.3)	(1.7)	(88.4)	(2.3)
Operating profit.....	801.7	14.2	528.4	14.0
Share of profit of associates and joint ventures	86.5	(1.5)	7.5	0.2
Profit on disposal of property, plant and equipment	-	-	0.3	-
Profit before net finance costs.....	888.2	15.7	536.2	14.2
Finance income	14.5	0.3	12.4	0.3
Finance costs	(32.3)	(0.6)	(141.8)	(3.7)
Profit before tax.....	870.4	15.4	406.8	10.7
Tax charge	(138.0)	(2.4)	(78.7)	(2.1)
Profit for the period.....	732.4	12.9	328.1	8.7

INEOS GROUP HOLDINGS S.A.
OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Three-Month Period Ended March 31, 2022, Compared to Three-Month Period Ended March 31, 2021

Revenue. Revenue increased by €1,872.7 million, or 49.4%, to €5,660.1 million in the three month period ended March 31, 2022 as compared to €3,787.4 million for the same period in 2021. The increase in revenues was driven primarily by higher prices and increased volumes. The increase in selling prices followed the increase in crude oil prices, which increased to an average of \$100/bbl for the three month period ended March 31, 2022 as compared to \$61/bbl in the same period in 2021. Overall sales volumes for the Group were approximately 6% higher in the three month period ended March 31, 2022 as compared to the same period in 2021, with all business experiencing an increase in sale volumes apart from the Phenol business which was impacted by lower European sales volumes, which was only partially offset by higher US sales.

Cost of sales. Cost of sales increased by €1,595.0 million, or 51.2%, to €4,713.1 million in the three month period ended March 31, 2022 as compared to €3,118.1 million for the same period in 2021. The increase in cost of sales was largely due to the increase in crude oil prices, which has meant higher feedstock prices across the Group in the three month period ended March 31, 2022, as compared to the same period in 2021.

Gross profit. Gross profit increased by €277.7 million, or 41.5%, to €947.0 million in the three month period ended March 31, 2022 as compared to €669.3 million for the same period in 2021. The increase in profitability was driven by higher margins as well as volumes which were approximately 6% higher in the three month period ended March 31, 2022 as compared to the same period in 2021. The increase in profitability was also due to the appreciation of the US dollar by approximately 8% against the euro in the three month period ended March 31, 2022 as compared to the same period in 2021, which has increased the reported euro results. In O&P North America margins increased across all products, particularly in polyethylene, polypropylene and the pipe business, due to strong demand from a buoyant US economy. In addition the business experienced higher sales volumes driven by increased olefin, polyethylene and polypropylene sales, as the latter part of the first quarter of 2021 was adversely impacted by freezing weather conditions in Texas which caused significant regional disruption. The O&P Europe segment also experienced an increase in volumes driven by the olefins and Trading & Shipping business, whilst the polymers business experienced higher margins in spite of rising energy costs. Inventory holding gains within the O&P segments were approximately €156 million in the three month period ended March 31, 2022, as compared to inventory holding gains of €153 million in the same period in 2021, reflecting the increased raw material costs during the respective periods. Chemical Intermediates experienced an increase in profitability in the three month period ended March 31, 2022 as compared to the same period in 2021 driven by the Oligomers, Oxide and Nitriles businesses. The Oligomers business experienced increased margins and volumes for the LAO and PAO products due to strong demand, the continued ramp up of the new LAO facility in Chocolate Bayou, USA and the first quarter of 2021 being adversely impacted by the freezing weather conditions in Texas. The Oxide business profitability improved due to higher volumes as a result of lower European imports and higher margins as a result of the increase in underlying raw material costs being passed through at higher rates than the standard market pricing formulas. The Nitriles business experienced higher margins as a result of strong acrylonitrile and ammonia margins in the three month period ended March 31, 2022 as compared to the same period in 2021.

Distribution costs. Distribution costs decreased by €2.5 million, or 4.8%, to €50.0 million in the three month period ended March 31, 2022 as compared to €52.5 million for the same period in 2021. The small decrease in distribution costs reflects less export sales and improved logistical contracts which have reduced freight costs in certain parts of Europe.

Administrative expenses. Administrative expenses increased by €6.9 million, or 7.8%, to €95.3 million in the three month period ended March 31, 2022 as compared to €88.4 million for the same period in 2021, mainly as a result of higher research and development costs in the three month period ended March 31, 2022, as compared to the same period in 2021.

Operating profit. Operating profit increased by €273.3 million to €801.7 million in the three month period ended March 31, 2022 as compared to €528.4 million for the same period in 2021.

INEOS GROUP HOLDINGS S.A.
OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Share of profit of associates and joint ventures. Share of profit of associates and joint ventures was a €86.5 million in the three month period ended March 31, 2022 as compared to €7.5 million for the same period in 2021. The share of profit from associates and joint ventures primarily reflected the Group's share of the results of the Refining joint venture with PetroChina as margins in the European refining market have strengthened in the three month period ended March 31, 2022 as compared to the three month period ended March 31, 2021. In addition the Refining joint venture has benefitted from significant inventory holding gains in the three month period ended March 31, 2022 due to the increase in crude oil prices as compared to the same period in 2021.

Profit on disposal of property, plant and equipment. There was a profit on disposal of property, plant and equipment of €0.3 million in the three month period ended March 31, 2021 following the sale of certain tangible fixed assets in the Nitriles business.

Profit before net finance costs. Profit before net finance costs increased by €352.0 million to €888.2 million in the three month period ended March 31, 2022 as compared to €536.2 million for the same period in 2021.

Finance income. Finance income increased by €2.1 million, or 16.9%, to €14.5 million in the three month period ended March 31, 2022 as compared to €12.4 million for the same period in 2021. The income in the three month period ended March 31, 2022 primarily related to interest income from loans to related parties, including INEOS Upstream.

Finance costs. Finance costs decreased by €109.5 million, or 77.2%, to €32.3 million in the three month period ended March 31, 2022 as compared to a €141.8 million for the same period in 2021. The decrease in finance costs for the three month period ended March 31, 2022 reflected a decrease in net foreign exchange losses, partly offset by a decrease in net fair value gains on derivatives. Net foreign exchange losses primarily associated with short term intra group funding was a loss of €34.2 million in the three month period ended March 31, 2022 as compared to a loss of €168.0 million in the same period in 2021. In addition the net fair value gain on derivatives was €70.4 million in the three month period ended March 31, 2022, as compared to a gain of €99.7 million for the same period in 2021.

Profit before tax. Profit before tax increased by €463.6 million to €870.4 million in the three month period ended March 31, 2022, as compared to €406.8 million for the same period in 2021.

Tax charge. Tax charge increased by €59.3 million, or 75.3%, to €138.0 million in the three month period ended March 31, 2022, as compared to €78.7 million for the same period in 2021 primarily due to the increased profitability of the Group. After adjusting for the profit from the share of associates and joint ventures, the effective tax rate of approximately 18% reflects the anticipated tax rate for the Group for the full year. The underlying effective tax rate for the three month period ended March 31, 2021 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 2021. The lower anticipated effective tax rate for the three month period ended March 31, 2022 as compared to the same period in 2021 reflected the increased level of profitability of the Group in countries with lower corporate tax rates.

Profit for the period. Profit for the period increased by €404.3 million, or 123.2% to €732.4 million in the three month period ended March 31, 2022, as compared to €328.1 million for the same period in 2021.

INEOS GROUP HOLDINGS S.A.
OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Business segments

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

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

	Three-Month Period Ended March 31,	
	2022	2021
	<i>(€ in millions)</i>	
<i>Revenue</i>		
O&P North America	1,470.3	973.6
O&P Europe	2,426.2	1,546.4
Chemical Intermediates	2,659.6	1,769.9
Eliminations	(896.0)	(502.5)
	<u>5,660.1</u>	<u>3,787.4</u>
<i>EBITDA before exceptionals</i>		
O&P North America	449.9	244.3
O&P Europe	209.6	204.8
Chemical Intermediates	335.1	257.2
	<u>994.6</u>	<u>706.3</u>

O&P North America

Revenue. Revenue in the O&P North America segment increased by €496.7 million, or 51.0%, to €1,470.3 million in the three month period ended March 31, 2022, as compared to €973.6 million for the same period in 2021. The increase in revenue was driven by higher prices and increased volumes in the three month period ended March 31, 2022 as compared to the same period in 2021. The weighted average sales price for the whole business increased by approximately 29% in the three month period ended March 31, 2022 as compared to the same period in 2021, driven higher by strong demand and some industry capacity being offline for scheduled turnarounds with the biggest price increases coming from olefins, polyethylene and the pipe business. Sales volumes were approximately 7% higher in the three month period ended March 31, 2022 as compared to the same period in 2021, driven by higher volumes of olefins, polyethylene and polypropylene sales. The higher sales volumes were mainly due to the adverse impact of the freezing weather conditions in Texas during the latter part of the first quarter of 2021 which caused significant regional market disruption.

EBITDA before exceptionals. EBITDA before exceptionals in the O&P North America segment increased by €205.6 million, or 84.2%, to €449.9 million in the three month period ended March 31, 2022 as compared to €244.3 million in the same period in 2021. The increase in profitability in the three month period ended March 31, 2022 as compared to the same period in 2021 was largely due to higher margins, increased sales volumes and the appreciation of the US dollar against the euro, partially offset by lower inventory holding gains. The increase in margins was seen across all products, particularly in polyethylene, polypropylene and the pipe business, due to strong demand from a buoyant US economy. Sales volumes were approximately 7% higher in the three month period ended March 31, 2022 as compared to the same period in 2021, driven by higher sales volumes of olefins, polyethylene and polypropylene, as the latter part of the first quarter of 2021 was adversely impacted by the freezing weather conditions in Texas which caused significant regional market disruption. The increase in profitability was also due to the appreciation of the US dollar by approximately 8% against the euro in the three month period ended March 31, 2022 as compared to the same period in 2021, which has increased the reported euro results. Inventory holding gains were approximately €65 million in the three month period ended March 31, 2022, as compared to inventory holding gains of approximately €79 million in the same period in 2021.

INEOS GROUP HOLDINGS S.A.
OPERATING AND FINANCIAL REVIEW AND PROSPECTS

O&P Europe

Revenue. Revenue in the O&P Europe segment increased by €879.8 million, or 56.9%, to €2,426.2 million in the three month period ended March 31, 2022 as compared to €1,546.4 million for the same period in 2021. The increase in revenues was driven predominantly by higher selling prices, but also by higher volumes in the three month period ended March 31, 2022 as compared to the same period in 2021. The increase in selling prices was driven by the general price environment, which was higher in the three month period ended March 31, 2022 as compared to the same period in 2021, as crude oil prices rose to an average of \$100/bbl for the three month period ended March 31, 2022 as compared to an average of \$61/bbl for the three month period ended March 31, 2021. As a result all prices increased in the three month period ended March 31, 2022 as compared to the same period in 2021 due to the higher oil and gas prices and rising energy costs. In the olefins business the price of naphtha, raffinate 1 and toluene prices all increased by more than 75%. Ethylene and propylene prices increased 45% and 54% respectively. The polymers business also experienced price increases in the quarter as compared to the same period in 2021, with increases of 47% for HDPE, 50% for polypropylene and 57% for LLDPE in the three month period ended March 31, 2022 as compared to the same period in 2021. Total sales volumes were approximately 9% higher in the three month period ended March 31, 2022 as compared to the same period in 2021. Olefin sales volumes were higher in the three month period ended March 31, 2022 as compared to the same period in 2021, due to good demand and increased volumes from the Koln cracker. The Trading & Shipping business experienced higher sales volumes in the first quarter of 2022 as compared to same period in 2021, primarily due to higher ethane sales as a result of an additional VLEC vessel now in operation. Polymer sales volumes were marginally lower in the three month period ended March 31, 2022 as compared to the same period in 2021, as European polymer markets remained balanced.

EBITDA before exceptionals. EBITDA before exceptionals in the O&P Europe segment increased by €4.8 million or 2.3% to €209.6 million in the three month period ended March 31, 2022, as compared to €204.8 million in the same period in 2021. The results for the three month period ended March 31, 2022 increased compared to the same period in 2021, primarily due to increased margins and higher inventory holding gains, partially offset by higher fixed costs in the Trading & Shipping business. The higher margins were mainly derived from the polymers business, as a result of strong underlying demand enabling the pass through of both higher energy prices and increased raw materials costs. Inventory holding gains were approximately €91 million in the three month period ended March 31, 2022 as compared to gains of approximately €74 million in the three month period ended March 31, 2021. Higher inventory holding gains in the first quarter of 2022 were driven by a rise in feedstock prices, particularly naphtha during the period. Partially offsetting these increases was higher fixed costs within the Trading & Shipping business as a result of an additional VLEC vessel now in operation along with higher ethane terminal costs as a result of additional ethane sales volumes in the three month period ended March 31, 2022 as compared to the same period in 2021.

Chemical Intermediates

Revenue. Revenue in the Chemical Intermediates segment increased by €889.7 million, or 50.3%, to €2,659.6 million in the three month period ended March 31, 2022 as compared to €1,769.9 million for the same period in 2021. The Oxide business revenues increased in the three month period ended March 31, 2022 as compared to the same period in 2021 driven by higher prices and increased volumes. The increase in pricing was driven by the increasing cost of raw materials which was passed on to customers through the formula based pricing of most products. In addition a very short market for propylene glycol led to prices more than doubling for this product in the quarter compared to the same period in 2021. Sales volumes increased in the three month period ended March 31, 2022 as compared to the same period in 2021, driven by continued strong European demand as competitor logistical supply issues limited European imports, which had a favourable impact on European demand. The Oligomers business revenues were higher in the three month period ended March 31, 2022 as compared to the same period in 2021, as a result of higher prices and increased sales volumes. Regional prices in the quarter moved in line with the underlying raw material prices of ethylene and naphtha. Regional feedstock prices were higher in the three month period ended March 31, 2022 as compared to the same period in 2021 with higher European and US ethylene prices impacting PAO and LAO prices, whilst increased naphtha prices impacted PIB and SO pricing. Sales volumes were approximately 26% higher in the three month period ended March 31, 2022 as compared to the same period in 2021 following higher LAO and PAO sales volumes, which were only partially offset by slightly lower SO sales volumes. The increase in LAO sales volumes was primarily due

INEOS GROUP HOLDINGS S.A.
OPERATING AND FINANCIAL REVIEW AND PROSPECTS

to good core comonomer demand and the continued ramp up of the new LAO facility in Chocolate Bayou, USA. PAO sales volumes increased due to good demand in high and low viscosity products. SO sales were lower primarily due to lower sales in Asia, which were only partially offset by higher sales in North America. Nitriles revenues increased in the three month period ended March 31, 2022 as compared to the same period in 2021, driven by higher prices and higher volumes. The average acrylonitrile sales price increased by approximately 35% in the three month period ended March 31, 2022 as compared to the same period in 2021, driven by higher propylene and ammonia prices. Acrylonitrile sales volumes increased by approximately 14% in the three month period ended March 31, 2022 as compared to the same period in 2021 driven by strong US demand and the first quarter of 2021 being adversely impacted by limited product availability due to unplanned outages at the Green Lake, USA and Koln, Germany sites. The Phenol business revenues increased in the three month period ended March 31, 2022 as compared to the same period in 2021, driven by higher prices partially offset by lower sales volumes. Selling prices moved in line with the underlying raw material prices with global phenol prices increasing approximately 49% due to increases in benzene feedstock prices and increases to cover higher European energy and emissions costs. Acetone prices also increased approximately 14% as a result of the higher propylene prices, although not all of the cost increase could be passed on to customers. Sales volumes were approximately 10% lower in the three month period ended March 31, 2022 as compared to the same period in 2021 as a result of lower European phenol and acetone sales, partly offset by higher sales volumes of both products in the US.

EBITDA before exceptionals. EBITDA before exceptionals in the Chemical Intermediates segment increased by €77.9 million, or 30.3%, to €335.1 million in the three month period ended March 31, 2022 as compared to €257.2 million for the same period in 2021. The Oxide business results in the three month period ended March 31, 2022 increased as compared to the same period in 2021, driven by higher margins and increased volumes. The increase in margins in the three month period ended March 31, 2022 as compared to the same period in 2021 was driven by solid demand and the increase in underlying raw material costs being passed through at higher rates than the standard market pricing formulas resulting in increased margins. Sales volumes increased in the three month period ended March 31, 2022 as compared to the same period in 2021, driven by continued strong European demand as competitor logistical supply issues limited European imports, which had a favourable impact on European demand. The Oligomers business profitability increased in the three month period ended March 31, 2022 as compared to the same period in 2021, primarily due to higher margins and increased sales volumes. Margins for LAO, PAO and SO were higher in the three month period ended March 31, 2022 as compared to the same period in 2021 due to higher overall realisations, partially offset by higher variable costs. Higher LAO margins in Europe and North America were only partially offset by lower margins in Asia. PAO margins were higher in Europe and North America due to higher realisations only partially offset by higher production costs; whereas Asia experienced lower margins. SO margins were driven higher by increased margins across all regions. Sales volumes were approximately 26% higher in the three month period ended March 31, 2022 as compared to the same period in 2021 following higher LAO and PAO sales volumes due to strong demand, the continued ramp up of the new LAO facility in Chocolate Bayou, USA and the first quarter of 2021 being adversely impacted by freezing weather conditions in Texas which led to significant regional market disruption. The Nitriles business experienced an increase in profitability in the three month period ended March 31, 2022 as compared to the same period in 2021, driven by higher margins and increased sales volumes. Margins were higher as a result of strong ammonia margins and higher acrylonitrile margins which benefitted from high feedstock indices in the pricing formulas and higher co-product credits. Acrylonitrile sales volumes increased by approximately 14% in the three month period ended March 31, 2022 as compared to the same period in 2021 driven by strong US demand and the first quarter of 2021 being adversely impacted by limited product availability due to unplanned outages at the Green Lake, USA and Koln, Germany sites. The Phenol business profitability decreased in the three month period ended March 31, 2022 as compared to the same period in 2021, largely due to a decrease in margins and volumes. Margins were lower in the three month period ended March 31, 2022 as compared to the same period in 2021, largely due to the adverse impact of higher European energy and emissions costs which were not fully passed onto phenol customers along with higher benzene feedstock leading to a squeeze on margins. Global acetone margins were also weaker in the three month period ended March 31, 2022 as compared to the same period in 2021 due to rising propylene prices during the period. Sales volumes were approximately 10% lower in the three month period ended March 31, 2022 as compared to the same period in 2021 as a result of lower European phenol and acetone sales, partly offset by higher US sales volumes of phenol and acetone.

INEOS GROUP HOLDINGS S.A.
OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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 Receivables Securitization Program 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.

Financing Arrangements

The Group's capital structure includes a mixture of secured term loans and secured notes. These various debt instruments are denominated in both 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 2022, 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 loan facility of Noretyl AS. 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 (the 'Rafnes Facility'). The facility matures in November 2024.

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 of March 31, 2022, the Group had a total of €4,873.3 million Senior Secured Term Loans, €550.0 million Senior Secured Notes due 2025, €325.0 million Senior Secured Notes due March 2026 and €770.0 million Senior Secured Notes due May 2026 and a €141.0 million Schuldschein Loan facility outstanding.

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.

INEOS GROUP HOLDINGS S.A.
OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Capital expenditure incurred during the three months ended March 31, 2022 was €156.7 million (€147.7 million in the three months ended March 31, 2021) analysed by business segment as follows:

	Three-month period ended March 31,	
	2022	2021
	<i>(€ in millions)</i>	
O&P North America	50.9	22.7
O&P Europe	61.3	47.8
Chemical Intermediates	44.5	77.2
	<u>156.7</u>	<u>147.7</u>

In the three month period ended March 31, 2022, the Group spent €156.7 million (three month period ended March 31, 2021: €147.7 million) on property, plant and equipment. The main capital expenditures in the three month period ended March 31, 2022 related to turnaround expenditure within the O&P North America segment. 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 cracker turnaround at the Rafnes, Norway site and further growth expenditure on the new ethane cracker project at the Antwerp, Belgium 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.

The main capital expenditures in the three month period ended March 31, 2021 related to further expenditure within the O&P North America segment on a debottleneck project at the Chocolate Bayou, USA site. The main capital expenditures in the O&P Europe segment were at the Koln, Germany site on completion of the cogeneration project and the life cycle cracker project, together with further growth expenditure on the new ethane cracker project at the Antwerp, Belgium 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 and further growth expenditure by the Oligomers business on the LAO and PAO platforms at Chocolate Bayou, USA. There was also expenditure within the Oxide business at the Koln, Germany site in respect of a planned turnaround and catalyst change. 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.

INEOS GROUP HOLDINGS S.A.
OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Cash Flows

During the three month period ended March 31, 2022 and 2021, our cash flow was as follows:

	Three-month period ended March 31,	
	2022	2021
	<i>(€ millions)</i>	
Cash flow from operating activities	636.0	341.0
Cash flow used in investing activities.....	(112.8)	(123.4)
Cash flow used in financing activities	(127.4)	(149.9)

Cash flows from operating activities

Net cash flow from operating activities was an inflow of €636.0 million for the three month period ended March 31, 2022 (inflow of €341.0 million in the three month period ended March 31, 2021). The inflow was due to the profit generated from operations, partly offset by working capital outflows of €368.7 million in the three month period ended March 31, 2022 (inflow of €245.2 million in the three month period ended March 31, 2021). The working capital outflows in the three month period ended March 31, 2022 primarily reflected the higher working capital levels of the Group due to increased raw material prices, and consequently product prices, in the period, together with increased sales volumes.

Taxation receipts of €4.6 million were received in the three month period ended March 31, 2022 (payments of €125.3 million in the three month period ended March 31, 2021). The receipts in the three month period ended March 31, 2022 primarily reflected tax refunds from the US (including a refund under the CARES Act), partially offset by payments made to the tax authorities in Switzerland, Canada, UK, Germany and Norway. The payments in the three month period ended March 31, 2021 primarily reflected tax payments in Switzerland, Germany, Canada, Norway and the UK, some of which had been deferred from 2020 in response to the coronavirus pandemic.

Cash flows used in investing activities

Following the settlement of derivative commodity contracts, the Group received €42.3 million during the three month period ended March 31, 2022 (received €48.6 million in the three month period ended March 31, 2021).

In the three month period ended March 31, 2022, the Group spent €0.6 million (€24.4 million in the three month period ended March 31, 2021) on intangible assets primarily related to the purchase of carbon emission credits.

There were no other significant cash flows used in investing activities in the three month period ended March 31, 2022 and 2021 other than the acquisition of property, plant and equipment (refer to the “Capital Expenditure” section).

Cash flows used in financing activities

Interest payments of €72.9 million were made in the three month period ended March 31, 2022 (€104.3 million in the three month period ended March 31, 2021). The interest payments during the first three months of 2022 related primarily to monthly cash payments in respect of the Senior Secured Term Loans, quarterly interest payments on the Gemini Facility and interest paid on lease liabilities of €10.4 million, together with the settlement of derivative commodity contracts of €18.4 million. The interest payments during the first three months of 2021 related primarily to monthly cash payments in respect of the Senior Secured Term Loans, semi-annual interest payments on the Senior Notes due 2024 and interest paid on lease liabilities of €10.6 million, together with the settlement of derivative commodity contracts of €29.1 million.

INEOS GROUP HOLDINGS S.A.
OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The Group made a drawdown of €8.2 million on the Inventory Financing Facility during the three month period ended March 31, 2022 (drawdown of €4.3 million in the three month period ended March 31, 2021).

During the three month period ended March 31, 2022 the Group has 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.

The Group made scheduled repayments of €9.8 million on the Senior Secured Term Loans during the three month period ended March 31, 2022 (scheduled repayments of €9.5 million in the three month period ended March 31, 2021) and paid further debt issue costs of €1.4 million associated with the Senior Secured Term Loans issued in November 2021. During the three month period ended March 31, 2021 the Group has paid further debt issue costs of €0.1 million associated with the euro denominated Senior Secured Term Loans issued in October 2020.

As part of a Koln, Germany project to replace part of the site's incineration and cogeneration unit, the Group entered into a €120.0 million loan facility. The Group has made scheduled loan repayments of €6.0 million on the Koln CoGen Facility during the three month period ended March 31, 2022 (scheduled repayments of €6.0 million during the three month period ended March 31, 2021).

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 three month period ended March 31, 2022 (€0.2 million in the three month period ended March 31, 2021).

In October 2019 the Group entered into a new IKB facility to fund some specific capital expenditure within the Nitriles business. The Group made scheduled loan repayments of €0.1 million on the IKB facility during the three month period ended March 31, 2021. In August 2021 the loan facility was fully repaid.

As part of the Group's purchase of the remaining 50% interest in the Gemini HDPE plant in Texas, USA, from Sasol Chemicals on December 31, 2020, the Group amended and upsized the existing Term Loan facility within the acquired Gemini HDPE LLC legal entity. The Group has made scheduled loan repayments of €5.3 million during the three month period ended March 31, 2022 (nil in the three month period ended March 31, 2021).

In November 2020, the Group entered into a separate bank loan agreement to fund specific capital expenditure on a new cumene unit at Marl, Germany for the Phenol business. During the three month period ended March 31, 2022 the Group made scheduled repayments of €0.4 million.

During the three month period ended March 31, 2022 the Group made payments of €39.5 million (€34.0 million in the three month period ended March 31, 2021) in respect of the capital element of lease liabilities.

Net debt

Total net debt as at March 31, 2022 was €5,280.8 million (December 31, 2021: €5,679.1 million). The Group held net cash balances of €2,530.9 million as at March 31, 2022 (December 31, 2021: €2,106.1 million) which included restricted cash of €134.5 million used as collateral against bank guarantees and letters of credit. The Group had availability under the undrawn receivables securitization facility of €781.7 million as at March 31, 2022.

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 LIBOR and pay a fixed rate. These derivative instruments expire in June 2025.