INEOS Quattro Holdings Limited

Condensed consolidated interim financial statements as of September 30, 2022

INEOS QUATTRO HOLDINGS LIMITED
CONSOLIDATED INCOME STATEMENT

	Three-Month Period Ended September 30,	
	2022	**2021**
	(€ in millions)	
Revenue	**4,641.5**	**3,967.8**
Cost of sales before exceptional items	(4,226.7)	(3,137.5)
Exceptional cost of sales	(1.1)	-
Total cost of sales	(4,227.8)	(3,137.5)
Gross profit	**413.7**	**830.3**
Distribution costs	(221.7)	(210.0)
Administrative expenses	(108.8)	(123.9)
Exceptional administrative expenses	-	(14.1)
Total administrative expenses	(108.8)	(138.0)
Operating profit	**83.2**	**482.3**
Share of profit of joint ventures and associated undertakings	51.0	125.5
Profit/(loss) on disposal of fixed assets	1.2	(2.0)
Profit before net finance costs	**135.4**	**605.8**
Finance income	64.0	30.4
Finance costs	(101.2)	(74.2)
Profit before tax	**98.2**	**562.0**
Tax charge	(13.5)	(104.3)
Profit for the period	**84.7**	**457.7**
Profit attributable to:		
- Owners of the parent	79.6	444.2
- Non-controlling interest	5.1	13.5
	84.7	**457.7**

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

INEOS QUATTRO HOLDINGS LIMITED
CONSOLIDATED INCOME STATEMENT

	Nine-Month Period Ended September 30,	
	2022	**2021**
	(€ in millions)	
Revenue	**14,317.0**	**10,790.3**
Cost of sales before exceptional items	(11,867.3)	(8,253.7)
Exceptional cost of sales	(1.1)	-
Total cost of sales	(11,868.4)	(8,253.7)
Gross profit	**2,448.6**	**2,536.6**
Distribution costs	(696.9)	(594.5)
Administrative expenses	(361.3)	(353.1)
Exceptional administrative expenses	-	(14.1)
Total administrative expenses	(361.3)	(367.2)
Operating profit	**1,390.4**	**1,574.9**
Share of profit of joint ventures and associated undertakings	220.4	292.2
Loss on disposal of investments	(0.1)	-
Profit on disposal of fixed assets	4.6	2.5
Profit before net finance costs	**1,615.3**	**1,869.6**
Finance income	134.5	69.0
Finance costs before exceptional items	(252.2)	(192.5)
Exceptional finance costs	(4.3)	(68.9)
Total finance costs	(256.5)	(261.4)
Profit before tax	**1,493.3**	**1,677.2**
Tax charge	(283.9)	(326.0)
Profit for the period	**1,209.4**	**1,351.2**
Profit attributable to:		
- Owners of the parent	1,176.4	1,318.8
- Non-controlling interest	33.0	32.4
	1,209.4	**1,351.2**

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INEOS QUATTRO HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three-Month Period Ended September 30,	
	2022	**2021**
	(€ in millions)	
Profit for the period	**84.7**	**457.7**
Other comprehensive income/(expense):		
Items that will not be reclassified to profit or loss:		
Remeasurement of post-employment benefit obligations net of tax	(22.8)	22.7
Items that may subsequently be recycled to profit and loss:		
Foreign exchange translation differences of subsidiaries	31.3	15.9
Other comprehensive income for the period net of tax	**8.5**	**38.6**
Total comprehensive income for the period	**93.2**	**496.3**
Total comprehensive income attributable to:		
- Owners of the parent	89.0	481.1
- Non-controlling interest	4.2	15.2
Total comprehensive income for the period	**93.2**	**496.3**

	Nine-Month Period Ended September 30,	
	2022	**2021**
	(€ in millions)	
Profit for the period	**1,209.4**	**1,351.2**
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Remeasurement of post-employment benefit obligations net of tax	96.0	59.4
Items that may subsequently be recycled to profit and loss:		
Foreign exchange translation differences of subsidiaries	85.0	106.2
Other comprehensive income for the period net of tax	**181.0**	**165.6**
Total comprehensive income for the period	**1,390.4**	**1,516.8**
Total comprehensive income attributable to:		
- Owners of the parent	1,353.2	1,480.1
- Non-controlling interest	37.2	36.7
Total comprehensive income for the period	**1,390.4**	**1,516.8**

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

INEOS QUATTRO HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEET

	September 30, 2022	December 31, 2021
	(€ in millions)	
Non-current assets		
Property, plant and equipment	4,866.9	4,972.2
Intangible assets	2,277.0	2,265.2
Investments in equity-accounted investees	1,526.7	1,530.9
Other investments	20.2	18.1
Other financial assets	2.5	2.1
Other receivables	63.8	52.5
Employee benefits	86.6	69.0
Deferred tax assets	183.6	202.9
Total non-current assets	**9,027.3**	**9,112.9**
Current assets		
Inventories	1,738.9	1,548.9
Trade and other receivables	2,325.8	2,377.9
Tax receivables for current tax	-	54.7
Cash and cash equivalents	1,452.6	1,291.3
Assets classified as held for sale	826.9	-
Total current assets	**6,344.2**	**5,272.8**
Total assets	**15,371.5**	**14,385.7**
Equity		
Share capital	0.3	0.3
Merger reserve	(4,526.9)	(4,526.9)
Retained earnings	8,217.2	7,551.5
Other reserves	390.3	213.5
Equity attributable to owners of the parent	**4,080.9**	**3,238.4**
Non-controlling interest	96.2	74.2
Total equity	**4,177.1**	**3,312.6**
Non-current liabilities		
Interest-bearing loans and borrowings	6,565.1	6,436.4
Lease liabilities	237.1	226.6
Trade and other payables	150.5	146.9
Employee benefits	95.2	233.3
Provisions	184.3	185.3
Deferred tax liabilities	444.5	404.9
Total non-current liabilities	**7,676.7**	**7,633.4**
Current liabilities		
Interest-bearing loans and borrowings	5.5	133.9
Lease liabilities	50.5	72.6
Trade and other payables	2,788.2	2,978.5
Tax liabilities for current tax	107.4	146.0
Derivative financial instruments	94.6	53.4
Provisions	31.5	55.3
Liabilities classified as held for sale	440.0	-
Total current liabilities	**3,517.7**	**3,439.7**
Total liabilities	**11,194.4**	**11,073.1**
Total equity and liabilities	**15,371.5**	**14,385.7**

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

INEOS QUATTRO HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

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

	Share capital	Share premium reserve	Merger reserve	Retained earnings	Other reserves	Equity attributable to owners of the Company	Non-controlling interest	Total equity
					(€ in millions)			
Balance at December 31, 2020	0.3	6,620.4	(4,526.9)	603.5	(25.4)	2,671.9	71.3	2,743.2
Profit for the period	-	-	-	1,318.8	-	1,318.8	32.4	1,351.2
Other comprehensive income:								
Remeasurement of post-employment benefit obligations, net of tax	-	-	-	-	59.4	59.4	-	59.4
Foreign exchange translation differences of subsidiaries	-	-	-	-	101.9	101.9	4.3	106.2
Total other comprehensive income	**-**	**-**	**-**	**-**	**161.3**	**161.3**	**4.3**	**165.6**
Transactions with owners, recorded directly in equity:								
Reduction of share premium	-	(6,620.4)	-	6,620.4	-	-	-	-
Dividends				(894.4)		(894.4)	(0.5)	(894.9)
Transactions with owners, recorded directly in equity	**-**	**(6,620.4)**	**-**	**5,726.0**	**-**	**(894.4)**	**(0.5)**	**(894.9)**
Balance at September 30, 2021	**0.3**	**-**	**(4,526.9)**	**7,648.3**	**135.9**	**3,257.6**	**107.5**	**3,365.1**

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

INEOS QUATTRO HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine-Month Period Ended September 30,	
	2022	**2021**
	(€ in millions)	
Cash flows from operating activities		
Profit for the period	1,209.4	1,351.2
Adjustments for:		
Depreciation and impairment	408.7	395.9
Amortization	96.9	90.7
Net finance costs	122.0	192.4
Share of profit of joint ventures and associated undertakings	(220.4)	(292.2)
Loss on disposal of investments	0.1	-
Profit on disposal of property, plant and equipment	(4.6)	(2.5)
Tax charge	283.9	326.0
Decrease/(increase) in trade and other receivables	43.7	(688.9)
Increase in inventories	(138.2)	(387.5)
(Decrease)/increase in trade and other payables	(176.1)	629.2
Decrease in provisions and employee benefits	(49.7)	(51.4)
Tax paid	(247.2)	(218.3)
Net cash from operating activities	**1,328.5**	**1,344.6**
Cash flows from investing activities		
Interest and other finance income received	4.7	3.3
Receipt from loans made to related parties	2.7	3.9
Dividends received from joint ventures	294.1	84.7
Dividends received from other investments	0.8	2.5
Proceeds from disposal of property, plant and equipment	10.2	4.4
Acquisition of businesses, net of cash acquired	-	87.5
Acquisition of other investments	(0.2)	(0.7)
Acquisition of intangible assets	(26.8)	(2.4)
Acquisition of property, plant and equipment	(595.8)	(484.7)
Net cash used in investing activities	**(310.3)**	**(301.5)**
Cash flows from financing activities		
Proceeds from external borrowings	341.3	4,832.5
Repayment of external borrowings	(413.6)	(4,150.0)
Debt issue costs	(0.7)	(62.7)
Interest paid and other finance items	(207.7)	(148.9)
Capital element of lease payments	(68.8)	(67.9)
Dividends paid attributable to the owners of the Company	(521.0)	(894.4)
Dividends paid to non-controlling interest	(34.9)	(0.5)
Non-controlling interest buy-out	22.5	-
Net cash used in financing activities	**(882.9)**	**(491.9)**
Net increase in cash and cash equivalents	135.3	551.2
Cash and cash equivalents at January 1	1,291.3	805.6
Effect of exchange rate fluctuations on cash held	72.0	28.0
Cash and cash equivalents at September 30	**1,498.6**	**1,384.8**

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

These condensed consolidated interim financial statements have been prepared on the historical cost basis, except for certain assets and liabilities that have been measured at fair value, principally derivative financial instruments and the assets and liabilities of the Group's defined benefit pension schemes measured at fair value and using the projected unit credit method, respectively. The assets classified as held for sale have been measured at the lower of their carrying amount or fair value less costs to sell.

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, 2021.

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, 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.

The Group does not have operations in Belarus, Russia or Ukraine. During 2021 and 2022 revenue generated in these countries was not material to the Group. The Group is not currently experiencing any material disruption to its operations and does not foresee any direct impact as a result of the conflict, but will continue to monitor the evolving situation closely.

Whilst there is still uncertainty due to the COVID-19 pandemic and 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 €1,452.6 million at September 30, 2022 and interest-bearing loans and borrowings (net of debt issue costs) of €6,570.6 million at September 30, 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 €4,177.1 million as at September 30, 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.

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 September 30, 2022.

3. SEGMENTAL INFORMATION

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

The Group divides its operations into four segments:

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

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

	Three-Month Period Ended September 30,		**Nine-Month Period Ended September 30,**	
	2022	**2021**	**2022**	**2021**
		(€ in millions)		
Revenue				
Styrolution	1,684.0	1,516.0	5,196.8	4,401.6
INOVYN	1,248.9	1,105.8	3,948.4	2,999.7
Acetyls	305.0	300.0	1,075.9	809.6
Aromatics	1,424.8	1,065.6	4,169.2	2,635.7
Eliminations	(21.2)	(19.6)	(73.3)	(56.3)
	4,641.5	**3,967.8**	**14,317.0**	**10,790.3**

3. SEGMENTAL INFORMATION (continued)

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2022	2021	2022	2021
	(€ in millions)			
EBITDA before exceptionals				
Styrolution	75.9	255.1	616.3	963.8
INOVYN	182.4	264.7	847.8	771.4
Acetyls	56.2	168.8	328.3	411.5
Aromatics	(1.1)	95.4	325.1	221.1
	313.4	**784.0**	**2,117.5**	**2,367.8**

Reconciliation of earnings before operating exceptional items, interest, taxation, impairment, depreciation and amortisation and after the share of profit/loss of associated undertakings and joint ventures using the equity accounting method ("EBITDA before exceptionals") to operating profit:

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2022	2021	2022	2021
	(€ in millions)			
EBITDA before exceptionals	313.4	784.0	2,117.5	2,367.8
Depreciation and amortization	(178.1)	(162.1)	(505.6)	(486.6)
Share of profit of joint ventures and associated undertakings	(51.0)	(125.5)	(220.4)	(292.2)
Exceptional cost of sales	(1.1)	-	(1.1)	-
Exceptional administrative expenses	-	(14.1)	-	(14.1)
Operating profit	**83.2**	**482.3**	**1,390.4**	**1,574.9**

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.

4. EXCEPTIONAL ITEMS

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2022	2021	2022	2021
	(€ in millions)			
Total exceptional cost of sales	1.1	-	1.1	-
Total exceptional administrative expenses	-	14.1	-	14.1
Total exceptional finance costs	-	-	4.3	68.9

Exceptional cost of sales:

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

4. EXCEPTIONAL ITEMS (continued)

Exceptional administrative expenses:

Exceptional administrative expenses in the nine-month period ending September 30, 2021 primarily consisted of information technology and manpower reorganization costs associated with the acquired Aromatics and Acetyls businesses.

Exceptional finance costs:

For details of exceptional finance costs see Note 5.

5. NET FINANCE COSTS

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2022	2021	2022	2021
	(*€ in millions)*			
Finance income				
Interest on bank and other short term deposit	1.8	0.5	2.9	1.4
Interest receivable from associated undertakings	0.4	0.5	1.2	1.6
Exchange movements	60.5	28.9	126.6	63.7
Other finance income	1.3	0.5	3.8	2.3
Total finance income	**64.0**	**30.4**	**134.5**	**69.0**
Finance costs excluding exceptional items				
Interest payable on Term Loans	(40.0)	(31.9)	(103.2)	(88.3)
Interest payable on Bridge Facilities	-	-	-	(8.3)
Interest payable on Senior Secured Notes and Senior Notes	(17.2)	(15.9)	(51.0)	(45.9)
Interest payable on securitization facility	(1.1)	(0.9)	(2.9)	(2.6)
Interest payable on the ABS Plant Facility	(2.7)	-	(4.1)	-
Borrowing costs capitalized in property, plant and equipment	2.7	-	4.1	-
Interest payable on revolving credit facility	-	(0.4)	-	(1.5)
Interest payable to related parties	(0.5)	(0.4)	(1.4)	(1.3)
Amortization of debt issue costs	(4.8)	(5.2)	(13.5)	(11.5)
Interest payable on leases	(3.4)	(3.0)	(8.7)	(8.9)
Net fair value loss on derivatives	(32.2)	(15.3)	(65.4)	(20.1)
Other finance charges	(1.6)	(0.6)	(4.8)	(2.4)
Interest on employee benefits	(0.4)	(0.6)	(1.3)	(1.7)
Total finance costs excluding exceptional items	**(101.2)**	**(74.2)**	**(252.2)**	**(192.5)**
Exceptional finance costs				
Debt issue costs	-	-	(4.3)	(52.6)
Related party finance charge	-	-	-	(16.3)
Total exceptional finance costs	**-**	**-**	**(4.3)**	**(68.9)**
Net finance costs	**(37.2)**	**(43.8)**	**(122.0)**	**(192.4)**

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

5. NET FINANCE COSTS (continued)

Exceptional finance costs

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

For 2021, exceptional finance costs of €52.6 million related to the write off of unamortized debt issue costs associated with the Five-Year Euro Term Loan A Facility, the Euro Bridge Facility, the Dollar Bridge Facility and the INOVYN Senior Secured Term Loan B Facility that were repaid on January 29, 2021. In addition, there was a finance charge of €16.3 million from a related party in respect of funding provided for the BP acquisition.

6. TAXATION

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual profit or loss. The effective tax rate of approximately 19.0% for the nine-months of 2022 (2021: 19.4%) reflects the anticipated tax rate for the Group for the full year.

7. PROPERTY, PLANT AND EQUIPMENT

In the nine-month period ended September 30, 2022, the Group spent €595.8 million (nine-month period ended September 30, 2021: €484.7 million) on property, plant and equipment.

In the Styrolution business, the most significant expenditures in 2022 were in relation to a new 100 kiloton ASA plant at Bayport, Texas (completion expected late 2022) and a new 600 kiloton ABS facility at Ningbo, China (completion expected late 2023), which has been reclassified as asset held for sale following the signature of an agreement between a subsidiary of the Styrolution business and China Petroleum & Chemical Corporation to establish a joint venture. See note 9 for more details. There were also various planned turnarounds, including the Styrene Monomer plant at Sarnia in Canada.

In the INOVYN business, the most significant expenditures consisted of a SPVC capacity expansion project at Jemeppe, Belgium and a new mechanical vapor recompression salt plant at Tavaux, France. There were also planned turnaround events of the chlor-alkali and VCM assets at Grenland in Norway and the cracker at Feyzin, France.

In the Acetyls business, the most significant expenditures consisted of planned turnarounds at the Acetyls plants at Hull in the United Kingdom and at Texas City in the USA.

In the Aromatics business, the most significant expenditures were mainly on sustenance and safety compliance work.

8. INVENTORIES

	September 30, 2022	December 31, 2021
	(€ in millions)	
Raw materials and consumables	594.4	562.8
Work in progress	217.6	213.7
Finished products	926.9	772.4
	1,738.9	**1,548.9**

9. DISPOSAL GROUPS HELD FOR SALE

Disposal group "INEOS Styrolution Advanced Materials (Ningbo) Pte Ltd"

On July 28, 2022, the Company entered into an agreement to establish a joint venture by selling 50% of its 100% share in INEOS Styrolution Advanced Materials (Ningbo) Pte Ltd to China Petroleum & Chemical Corporation. Accordingly, the consolidated assets and liabilities of the shareholding are presented as a disposal group held for sale. The sale is expected to be completed within 12 months after entering into the agreement. The consolidated net assets of the disposal group are attributable to cash generating unit "Polymers Asia". As at September 30, 2022, the disposal group comprised assets of €609.7 million less liabilities of €378.3 million, detailed as follows:

	(€ in millions)
Assets held for sale	
Property, plant and equipment	520.7
Debtors and other assets	52.6
Cash and cash equivalents	36.4
	609.7
Liabilities held for sale	
Interest-bearing loans and borrowings	(339.2)
Trade and other payables	(39.1)
	(378.3)
Net assets of disposal group	**231.4**

Based on the agreed cash consideration for the 50% share in the shareholding and the estimated fair value of the retained 50% share in the future joint venture, there were no indication of an impairment of the consolidated net assets of the disposal group. Accordingly, no impairment losses have been recognised on the classification of the consolidated net assets of the shareholding as held for sale.

Disposal group "INEOS Styrolution India Ltd"

On August 1, 2022, the Company entered into an agreement for the sale of its entire shareholding interest of 61.19% in INEOS Styrolution India Ltd to Shiva Performance Materials Pte Ltd. Accordingly, the consolidated assets and liabilities of the shareholding are presented as a disposal group held for sale. The sale is expected to be completed in the fourth quarter of 2022. The consolidated net assets of the disposal group are mainly attributable to cash generating unit "Polymers Asia". As at September 30, 2022, the disposal group comprised assets of €217.2 million less liabilities of €61.7 million, detailed as follows:

	(€ in millions)
Assets held for sale	
Property, plant and equipment	40.8
Intangible assets	74.1
Inventories	44.4
Current debtors and other assets	48.3
Cash and cash equivalents	9.6
	217.2
Liabilities held for sale	
Lease liabilities	(5.2)
Trade and other payables	(38.4)
Employee benefits	(1.0)
Provisions	(1.3)
Deferred tax liabilities	(11.7)
Tax liabilities for current tax	(4.1)
	(61.7)
Net assets of disposal group	**155.5**

9. DISPOSAL GROUPS HELD FOR SALE (continued)

Based on the agreed cash consideration for the controlling shares and available market prices for the non-controlling shares, there were no indication of an impairment of the consolidated net assets of the disposal group. Accordingly, no impairment losses have been recognised on the classification of the consolidated net assets of the shareholding as held for sale.

For the purpose of the statement of cash flows, the movements in the cash and cash equivalents balances classified as held for sale are included in the cash movements for the nine-month period ended September 30, 2022. The cash and cash equivalents comprise the following:

	September 30, 2022
	(€ in millions)
Cash at bank and on hand	1,089.0
Short term deposit	363.6
Cash and cash equivalent per balance sheet	**1,452.6**
Cash and cash equivalent attributable to disposal groups	46.0
Cash and cash equivalent per statement of cash flows	**1,498.6**

10. INTEREST BEARING LOANS AND BORROWINGS

Borrowing obligations as of September 30, 2022 and December 31, 2021 are as follows:

	September 30, 2022	**December 31, 2021**
	(€ in millions)	
Non-current liabilities		
Senior Secured Notes due 2026	1,312.0	1,241.3
Senior Notes due 2026	500.0	500.0
Term Loan B Facilities due 2026	3,501.8	3,238.6
Term Loan A Facilities due 2023	-	60.9
Term Loan A Facilities due 2025	-	185.3
Term Loan B Facilities due 2027	649.9	623.6
Senior Secured Notes due 2027	600.0	600.0
ABS Plant Facility	-	-
Loan from related party	41.2	39.8
Other loans	0.2	0.2
Gross borrowings	**6,605.1**	**6,489.7**
Less: unamortized finance costs	(40.0)	(53.3)
Net borrowings	**6,565.1**	**6,436.4**
Current liabilities		
Term Loan B Facilities due 2026	20.5	17.7
Term Loan A Facilities due 2023	-	121.8
Term Loan B Facilities due 2027	2.1	1.8
External bank loan	-	9.2
Gross borrowings	**22.6**	**150.5**
Less: unamortized finance costs	(17.1)	(16.6)
Net borrowings	**5.5**	**133.9**

10. INTEREST BEARING LOANS AND BORROWINGS (continued)

Gross debt and issue costs	September 30, 2022		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
		(€ in millions)	
Senior Secured Notes due 2026	1,312.0	(14.3)	1,297.7
Senior Notes due 2026	500.0	-	500.0
Term Loan B Facilities due 2026	3,522.3	(36.1)	3,486.2
Term Loan B Facilities due 2027	652.0	(3.4)	648.6
Senior Secured Notes due 2027	600.0	(3.1)	596.9
Securitization facilities	-	(0.2)	(0.2)
Loan from related party	41.2	-	41.2
Other loans	0.2	-	0.2
	6,627.7	**(57.1)**	**6,570.6**

Gross debt and issue costs	December 31, 2021		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
		(€ in millions)	
Senior Secured Notes due 2026	1,241.3	(17.5)	1,223.8
Senior Notes due 2026	500.0	-	500.0
Term Loan B Facilities due 2026	3,256.3	(39.8)	3,216.5
Term Loan A Facilities due 2023	182.7	(2.8)	179.9
Term Loan A Facilities due 2025	185.3	(1.9)	183.4
Term Loan B Facilities due 2027	625.4	(3.9)	621.5
Senior Secured Notes due 2027	600.0	(3.7)	596.3
Securitization facilities	-	(0.3)	(0.3)
Loan from related party	39.8	-	39.8
External bank loan	9.2	-	9.2
Other loans	0.2	-	0.2
	6,640.2	**(69.9)**	**6,570.3**

Terms and debt repayment schedule as at September 30, 2022

	Currency	Nominal interest rate	Year of maturity
Euro Senior Secured Notes due 2026	€	2.50%	2026
Dollar Senior Secured Notes due 2026	$	3.375%	2026
Senior Notes due 2026	€	3.75%	2026
Dollar Term Loan B Facility due 2026	$	USD LIBOR (floor of 0.5%) + 2.75%	2026
Euro Term Loan B Facility due 2026	€	EURIBOR (floor of 0.0%) + 2.75%	2026
Euro Term Loan B Facility due 2027	€	EURIBOR (floor of 0.5%) + 2.00%	2027
Dollar Term Loan B Facility due 2027	$	USD LIBOR (floor 0.0%) + 2.00%	2027
Senior Secured Notes due 2027	€	2.25%	2027
ABS Plant Facility	RMB	China Loan Prime Rate minus 0.65%	2032
Securitization facilities	$/€/£	Variable	2024

10. INTEREST BEARING LOANS AND BORROWINGS (continued)

Senior Secured Notes due 2026

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

The Senior Secured Notes outstanding at September 30, 2022 before issue costs were €1,312.0 million (December 31, 2021: €1,241.3 million). The total amounts outstanding on the Euro denominated Secured Notes were €800.0 million (December 31, 2021: €800.0 million) and the US dollar denominated Secured Notes were $500.0 million (€512.0 million equivalent) (December 31, 2021: €441.3 million).

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

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

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

Year	Euro Senior Secured Notes Redemption Price
2023	101.250%
2024	100.625%
2025 and thereafter	100.000%

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

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

Year	Dollar Senior Secured Notes Redemption Price
2023	101.6875%
2024	100.84375%
2025 and thereafter	100.000%

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

The Euro Senior Secured Notes and the Dollar Senior Secured Notes contain a number of 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 2026 are stated net of debt issue costs of €14.3 million (December 31, 2021: €17.5 million). These costs are allocated to the profit and loss account over the term of the Senior Secured Notes due 2026.

10. INTEREST BEARING LOANS AND BORROWINGS (continued)

Senior Notes due 2026

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

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

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

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

Year	Senior Notes Redemption Price
2023	101.875%
2024	100.9375%
2025 and thereafter	100.000%

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

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

Term Loan A Facilities due 2023 and 2025, Term Loan B Facilities due 2026

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

(i) Term loans maturing in 2023 denominated in US dollar and denominated in euro, in aggregate principal amount of $140.0 million (the “Three-Year Dollar Term Loan A Facility”) and €120.0 million (the “Three-Year Euro Term Loan A Facility”), respectively, (together, the “Term Loan A Facilities due 2023”).

(ii) Term loans maturing in 2025 denominated in US dollar in an aggregate principal amount of $210.0 million (the “Five Year Dollar Term Loan A Facility”); and

(iii) Term loans maturing in 2026 denominated in US dollar (the “Dollar Term Loan B Facility”) and in euro (the “Euro Term Loan B Facility”), in an aggregate principal amount of $2,000.0 million and €1,500.0 million, respectively, (together, the “Term Loan B Facilities due 2026”).

The $85.5 million and €75.0 million outstanding principal of the Term Loan A Facilities due 2023 and the $210.0 million outstanding principal of the Term Loan A Facilities due 2025 were repaid on May 31, 2022.

As at September 30, 2022, $1,975.0 million was drawn under the Dollar Term Loan B Facility (€2,022.3 million equivalent); and €1,500.0 million was drawn under the Euro Term Loan B Facility.

The Term Loans that are denominated in dollars bear interest at a rate per annum equal to USD LIBOR divided by 100% minus the USD LIBOR Reserve percentage (subject to a floor of 0.5% per annum) plus 1.75% for the Three-year Dollar Term Loan A, 2.25% for the Five-Year Dollar Term Loan A Facility, and 2.75% for the Dollar Term Loan B Facility.

The Term Loans that are denominated in euros bear interest at a rate per annum equal to EURIBOR (subject to a floor of 0% per annum) plus 1.75% for the Three-Year Euro Term Loan A Facility, 3.5% for the Five-Year Term Loan A Facility and 2.75% for the Euro Term Loan B Facility.

10. INTEREST BEARING LOANS AND BORROWINGS (continued)

The obligations under the Term Loans are jointly and severally guaranteed on a senior basis by the certain of the Group's subsidiaries.

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

The Term Loan Agreement contains a financial covenant based on a maximum Consolidated Total Net Leverage Ratio (as defined in the Term Loan Agreement).

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

The Term Loans B facilities due 2026 are stated net of debt issue costs of €36.1 million (December 31, 2021: €39.8 million). These costs are allocated to the profit and loss account over the term of the Term Loans.

Term Loan B facilities due 2027

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

On January 31, 2020, the Group successfully completed an amend-and-extend transaction of the existing term loans increasing the principal amount of the Euro Term Loan B borrowings to €450.0 million (the "Euro Term Loan B due 2027") and the Dollar Term Loan B borrowings remained at $202.3 million (the Dollar Term Loan B due 2027") .

As at September 30, 2022, €450.0 million remained drawn under the Euro Term Loan B due 2027 and $197.2 million (€202.0 million equivalent) remained drawn under the Dollar Term Loan B Facility due 2027.

From January 31, 2020, the new Dollar Term Loan B Facility due 2027 bears interest at a rate per annum equal to USD LIBOR divided by 100% minus the USD LIBOR Reserve Percentage (as defined in the Term Loan B Facilities Agreement) (subject to a floor of 0% per annum) plus:

- in the case of new Dollar Term Loan B Facility due 2027 bearing interest at a rate determined by reference to USD LIBOR, 2.00%;
- in the case of new Dollar Term Loan B Facility due 2027 bearing interest at a rate determined by reference to Alternate Base Rate, 1.00%; and

From January 31, 2020, the new Euro Term Loan B Facility due 2027 bears interest at a rate per annum equal to EURIBOR (subject to a floor of 0.50% per annum) plus 2.00%.

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

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

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

The new Dollar Term Loan B Facility due 2027 is to be repaid in equal instalments, in aggregate annual amounts equal to 1% of the original principal amount of the new Dollar Term Loan B Facility due 2027. The new Euro Term Loan Facility due 2027 and the balance of the new Dollar Term Loan B Facility due 2027 are payable on January 31, 2027.

The Term Loans B facilities due 2027 are stated net of debt issue costs of €3.4 million (December 31, 2021: €3.9 million). These costs are allocated to the profit and loss account over the term of the Term Loans.

10. INTEREST BEARING LOANS AND BORROWINGS (continued)

Senior Secured Notes due 2027

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

The Senior Secured Notes due 2027 outstanding at September 30, 2022 were €600.0 million (December 31, 2021: €600.0 million).

The Senior Secured Notes due 2027 are subject to redemption at any time on or after January 15, 2023 in whole or in part, at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the twelve-month period beginning on January15 of the year indicated below:

Year	Senior Secured Notes due 2027 Redemption Price
2022	101.1250%
2023	100.5625%
2024 and thereafter..........................	100.0000%

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

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

The Senior Secured Notes due 2027 contain a number of 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 2027 are stated net of debt issue costs of €3.1 million (December 31, 2021: €3.7 million). These costs are allocated to the profit and loss account over the term of the Notes.

ABS Plant Facility

On January 21, 2022, INEOS Styrolution Advanced Materials (Ningbo) Pte Ltd entered into a new term loan agreement with Bank of China and ICBC to provide RMB 3,300.0 million of financing for the construction of a new 600 kiloton ABS plant in Ningbo, China (the "ABS Plant Facility"). The term loan facility matures in 2032 and has a straight-line semi-annual amortization over the lifetime commencing after the start of operations. The term loan bears interest at a rate equal to the China Loan Prime Rate minus a rate of 0.65% per annum. As at September 30, 2022, the amount utilized against the facility was RMB 2,385.2 million (€339.2 million equivalent). Due to the agreement signed in July 2022 to establish a joint venture between a subsidiary of the Group and China Petroleum & Chemical Corporation, the facility was reclassified to liabilities held for sale. For further details see Note 9.

Securitization facilities

INEOS Styrolution Group GmbH and certain other Group companies are party to a €600.0 million trade receivables securitization program (the "Styrolution Securitization Program") that matures on June 28, 2024. The facility is secured by pledges over the trade receivables sold into the program. For drawn amounts, interest is charged on the facility at a rate of either EURIBOR or US LIBOR plus 0.95% or short-term commercial paper rates plus a margin of 0.95%. For undrawn amounts, the facility bears interest of 0.5%.

10. INTEREST BEARING LOANS AND BORROWINGS (continued)

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

Other facilities

The Group has several short-term credit facilities with different local banks to fund working capital requirements up to a total aggregate amount of €265.2 million equivalent as of September 30, 2022 (December 31, 2021: €194.8 million equivalent) in China, India, Singapore, South Korea, Thailand, and United Kingdom. The available amount under the working capital facilities at September 30, 2022 amounted to €202.7 million equivalent (December 31, 2021: €151.2 million equivalent), with €62.5 million (December 31, 2021: €43.6 million) of certain trade finance facilities being utilized in China and India.

The Group also has letter of credit facilities in China, India, Indonesia, Mexico, Singapore, South Korea, Thailand, and United Kingdom. As of September 30, 2022, the drawn amount under all letter of credit facilities was €46.2 million equivalent (December 31, 2021: €23.1 million equivalent). The letters of credit are generally secured by current assets. The facilities also provide for a limited number of other financial services, such as bank guarantees and foreign exchange hedging lines. The facilities, which are at an agreed margin or the state bank advance rate, contain customary covenants and representations as well as termination events.

11. FINANCIAL INSTRUMENTS

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

The financial assets/liabilities categorised as Fair Value through Profit and Loss (FVTPL) presented in Level 2 contains commodity derivatives.

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

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

		Level				Level		
	Fair value	**1**	**2**	**3**	**Fair value**	**1**	**2**	**3**
	September 30, 2022				**December 31, 2021**			
	(€ in millions)							
Financial liabilities held for trading at fair value through profit and loss:								
Derivative commodity contracts..	(94.6)	-	(94.6)	-	(53.4)	-	(53.4)	-
Total financial liabilities held at fair value....................................	**(94.6)**	**-**	**(94.6)**	**-**	**(53.4)**	**-**	**(53.4)**	**-**

The commodity derivatives are fair valued using rates in a quoted market. There have been no transfers between levels during the nine-month period ended September 30, 2022 (2021: no transfers between levels).

11. FINANCIAL INSTRUMENTS (continued)

Credit risk

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

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

Liquidity risk

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

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

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

Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Sterling, Norwegian krone and Swedish krona. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

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

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

Commodity price risk

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

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

The Group enters into contracts to supply or acquire physical volumes of commodities at future dates during the normal course of business that may be considered derivative contracts. Where such contracts exist and are in respect of the normal purchase or sale of products to fulfil the Group's requirements, the own use exemption from derivative accounting is applied. The Group in some circumstances enters into swap contracts to acquire physical volumes of commodities at future dates which are not covered under the own use exemption and are recognised as derivative instruments. The Group operates within procedures and policies designed to ensure that risks, including those relating to the default of counterparties, are minimised.

12. CONTINGENCIES

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

13. RELATED PARTIES

Related parties comprise:

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

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

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

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

	Transaction value		Balance outstanding	
	Nine-Months Period Ended		Period Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	December 31, 2021
	(€ in millions)			
Sale of products	255.1	222.9	-	-
Purchase of raw materials	1,178.5	893.6	-	-
Cost recoveries	84.8	60.0	-	-
Services received	176.2	97.0	-	-
Trade and other receivables	-	-	88.4	62.1
Trade and other payables	-	-	(270.6)	(264.4)
Interest-bearing loans and borrowings	-	-	(41.2)	(39.8)

Included within services above is a management fee paid to INEOS Limited of €44.6 million (September 30, 2021: €42.0 million). No amounts remained outstanding at the period-end (September 30, 2021: €nil).

In general, all outstanding balances with INEOS companies are priced based on contractual arrangements and are to be settled in cash within two months of the reporting date, with the exception of the interest-bearing loans and borrowings. None of the balances are secured. The transactions were made on terms equivalent to those that prevail in arm's length transactions. There were no provisions for doubtful debt related to INEOS companies as at September 30, 2022 (September 30, 2021: €nil).

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

13. RELATED PARTIES (continued)

Entities controlled by the shareholders of INEOS Limited

The shareholders of INEOS Limited own a controlling interest in the share capital of INEOS Limited and Screencondor Limited. During the nine-month period ended September 30, 2022, the Group made no sales or purchases with these companies (September 30, 2021: €nil). As at September 30, 2022, amounts owed by Screencondor Limited were €1.3 million (September 30, 2021: €1.2 million).

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

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

	Transaction value		**Balance outstanding**	
	Nine-Months Period Ended		**Period Ended**	
	September 30, 2022	**September 30, 2021**	**September 30, 2022**	**December 31, 2021**
	(€ in millions)			
Sale of products	7.3	56.9	-	-
Purchase of raw materials	450.2	340.5	-	-
Cost recoveries	198.4	106.5	-	-
Services received	0.1	3.4	-	-
Trade and other receivables	-	-	19.1	46.7
Trade and other payables	-	-	(80.0)	(164.4)
Loans receivable			12.0	14.4

In general, all outstanding balances with these related parties are priced based on contractual arrangements and are to be settled in cash within two months of the reporting date with the exception of the interest-bearing loans and borrowings. None of the balances are secured. The transactions were made on terms equivalent to those that prevail in arm's length transactions. There were no provisions for doubtful debt related to INEOS companies as at September 30, 2022 (September 30, 2021: €nil).

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 pro forma consolidated historical financial statements of Quattro 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 a leading global petrochemicals producer, marketer and merchant. Our business operates approximately 49 manufacturing sites in 19 countries in the Americas, Europe and Asia. We have a strong global footprint and leading market positions with respect to our key products. Our business benefits from cost advantages as a result of operating large scale, highly integrated facilities strategically located near major transportation routes and customer locations.

Results of Operations

Consolidated

The following table sets forth, for the periods indicated, our revenue and expenses and such amounts as a percentage of revenue on a pro forma combined basis as described in the Basis of Preparation.

	Three-Month Period Ended September 30,			
	2022		2021	
	(€ in millions)	*%*	*(€ in millions)*	*%*
Revenue	**4,641.5**	**100.0**	**3,967.8**	**100.0**
Cost of sales before exceptional items	(4,226.7)	(91.1)	(3,137.5)	(79.1)
Exceptional cost of sales	(1.1)	-	-	-
Cost of sales	(4,227.8)	(91.1)	(3,137.5)	(79.1)
Gross profit	**413.7**	**8.9**	**830.3**	**20.9**
Distribution costs	(221.7)	(4.8)	(210.0)	(5.3)
Administrative expenses	(108.8)	(2.3)	(123.9)	(3.1)
Exceptional administrative expenses	-	-	(14.1)	(0.4)
Total administrative expenses	(108.8)	(2.3)	(138.0)	(3.5)
Operating profit	**83.2**	**1.8**	**482.3**	**12.2**
Share of profit of joint ventures and associated undertakings	51.0	1.1	125.5	3.2
Profit /(loss) on disposal of fixed assets	1.2	-	(2.0)	(0.1)
Profit before net finance costs	**135.4**	**2.9**	**605.8**	**15.3**
Net finance costs	(37.2)	(0.8)	(43.8)	(1.1)
Profit before tax	**98.2**	**2.1**	**562.0**	**14.2**
Tax charge	(13.5)	(0.3)	(104.3)	(2.6)
Profit for the period	**84.7**	**1.8**	**457.7**	**11.5**

Three-month period ended September 30, 2022, compared with three-month period ended September 30, 2021

Consolidated

Revenue. Revenue increased by €673.7 million, or 17.0%, to €4,641.5 million in the three-month period ended September 30, 2022, from €3,967.8 million in the three-month period ended September 30, 2021. Revenues increased across all businesses as higher raw material costs continued to be partially passed on to customers in higher sales prices. This was offset by a reduction in volume across all business as customers postponed orders due to the market uncertainty.

In the Styrolution business, revenues increased due to higher raw material and energy costs which pushed the average sales prices higher in Europe and the Americas. Asian sales prices remained consistent with the comparative period as higher energy costs were mainly absorbed as a reduction in margin. Polymers demand was negatively impacted by market price uncertainty, partially offset by higher sales volumes of styrene monomer driven by the reduction in downstream demand.

In the INOVYN business, revenues increased due to higher feedstock and energy costs which pushed the average sale price up for PVC and caustic soda. European contract prices of caustic soda (as reported by IHS Markit) reached another record in the third quarter of 2022 reaching levels that were €765 per ton (or 162%) higher than the third quarter of 2021. These factors more than compensated for lower total volumes due to the weakening of the business competitiveness in PVC export markets versus non-European producers. The business was therefore forced to trim production of chlorine (including by-product caustic soda) and PVC to limit the negative impact on margin of the additional export volumes.

In the Acetyls business, revenues increased due to higher sales prices partially offset by lower volume. The European and US spot prices were respectively 19% and 22% higher than the comparative period because of higher North Sea gas prices in Europe and tight market in the Americas. In contrast, Asian contract price were 50% lower compared to the third quarter of 2021 due to a weakened market price for Acid and VAM. These factors more than compensated for lower total volumes of Acetic Acid across all regions. The US volumes were significantly hampered due to a third-party supplier outage; the European volumes were down following a valve failure at the Hull plant, in United Kingdom and Asian volumes continued to be adversely impacted by the weak demand in the Chinese market and COVID restrictions.

In the Aromatics business, revenues increased due to higher sales prices partially offset by lower volume. Average prices of PTA and PX were higher in all regions, driven by higher oil prices, with European and US prices respectively 70% and 80% higher compared to same period in prior year. In Europe, sale volumes for both PX and PTA were lower than the comparative period due to demand weakening in the region and reduction in global freight rates which has opened the arbitrage for cheaper Asian volumes to be imported. The business was therefore forced to trim production of PTA and PX. Sales volumes were slightly softer in the US and Asia compared to prior period. In the US, the PX unit was turned down in in favor of buying imported tons from Asia to run the PTA unit.

Cost of sales before exceptional. Cost of sales before exceptional increased by €1,089.2 million, or 34.7%, to €4,226.7 million in the three-month period ended September 30, 2022, from €3,137.5 million in the three-month period ended September 30, 2021. The increase was primarily the result of higher costs of the Group's key raw materials including ethylene, benzene and methanol (linked to higher oil prices) and higher electricity and natural gas costs.

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

Gross profit. Gross profit decreased by €416.6 million, or 50.2%, to €413.7 million in the three-month period ended September 30, 2022, from €830.3 million in the three-month period ended September 30, 2021.

In the Styrolution business, gross profit was lower in the three-month period ended September 30, 2022 compared with the three-month period ended September 30, 2021. Margins were lower across all regions due to lower polymer demand as customers postponed orders due to the current market uncertainty and higher availability of the products as new capacity opened in the Asian market. Easing in global supply chain restrictions increased polymer exports from Asia into other regions and pushed margins in the Americas and EMEA further down. Fixed costs increased on the back of planned turnarounds and plants running at reduced rates due to softer demand. Moreover, the value of stock holding losses increased by €35 million to €53 million compared to the comparative quarter.

In the INOVYN business, gross profit was lower in the three-month period ended September 30, 2022 compared with the three-month period ended September 30, 2021. The decrease was mainly the result of lower overall sales volumes and the unprecedently high levels of electricity and natural gas costs. These factors were partially compensated by record quarterly price levels for caustic soda and higher spreads over ethylene for general purpose and specialty PVC in Europe as compared to the same period in 2021.

In the Acetyls business, gross profit decreased in the three-month period ended September 30, 2022 compared with the three-month period ended September 30, 2021. In Europe, margins have deteriorated due to surging energy costs which have opened up the opportunity for imported tonnes into the region. In Asia, the market price for Acetic Acid continued to fall as the market remained subdued and continued to be impacted by the Chinese Government's zero covid policy. This was partially offset by high margins in the US as markets remained balanced to tight with limited material availability due to supply constraints.

In the Aromatics business gross profit decreased in the three-month period ended September 30, 2022 compared with the three-month period ended September 30, 2021. Gross margins suffered from €96 million of inventory losses in the three-month period ended September 30, 2022 compared to gains of €22 million in the comparative period, due to rising price trend of feedstocks reversing sharply in the quarter. Margins were higher in the US and Asia. The PTA market in the US in particular remained a strong margin environment despite slightly softer volumes. In Europe, the PTA margin was lower due to energy costs increasing sharply relative to other producing regions. The level of manufacturing-related fixed costs, including non-manpower expenses was lower in the current quarter due to the cost reduction exercises implemented since the acquisition of the business on December 31, 2020.

Distribution costs. Distribution costs increased by €11.7 million, or 5.6%, to €221.7 million in the three-month period ended September 30, 2022, from €210.0 million in the three- month period ended September 30, 2021. This was mainly due to a sharp increase in fuel costs impacting freight costs, the overall logistic constraints in the market as well as the strengthening of US Dollar. These factors more than offset the decrease in distribution costs resulting from the overall reduction in sales volumes.

Administrative expenses. Administrative expenses decreased by €15.1 million, or 12.2%, to €108.8 million in the three-month period ended September 30, 2022, from to €123.9 million in the three-month period ended September 30, 2021 mainly as a result of the cost reduction exercises implemented in the Aromatics and Acetyls business since the acquisition and positive foreign exchange impact driven by a stronger US dollar versus the euro in the three-month period ended September 30, 2022, as compared to the same period in 2021.

Exceptional administrative expenses. Exceptional administrative expenses were €nil for the three-month period ended September 30, 2022, as compared to €14.1 million for the same period in 2021. Exceptional costs in the three-month period ending September 30, 2021 related to information technology and manpower reorganization costs associated with the acquired Aromatics and Acetyls businesses.

Operating profit. Operating profit decreased by €399.1 million, or 82.7% to €83.2 million in the three-month period ended September 30, 2022, from to €482.3 million in the three-month period ended September 30, 2021.

Share of profit of joint ventures and associated undertakings. Share of profit of joint ventures and associated undertakings decreased by €74.5 million, or 59.4% to €51.0 million in the three-month period ended September 30, 2022, from €125.5 million in the three-month period ended September 30, 2021. Share of profit of joint ventures has fallen across all regions but especially in Asia. Acetic acid prices in Asian countries continued to fall as the Chinese Government's zero covid policy impacted the buying sentiment. Korea was significantly disadvantaged relative to the previous quarters as it faced falling VAM margins due to higher supply coupled with reducing demand.

Profit/(loss) on disposal of property, plant and equipment. Profit on the disposal of property, plant and equipment was €1.2 million for the three-month period ended September 30, 2022, as compared to a loss of €2.0 million for the same period in 2021.

Profit before net finance costs. Profit before net finance costs decreased by €470.4 million, or 77.6%, to €135.4 million for the three-month period ended September 30, 2022, as compared to €605.8 million for the three-month period ended September 30, 2021

Net finance costs. Net finance costs decreased by €6.6 million, or 15.1%, to €37.2 million in the three-month period ended September 30, 2022 from €43.8 million in the three-month period ended September 30, 2021. The main reason for the decrease was €31.6 million of higher net foreign exchange gains, partially offset by €16.9 million of higher losses on commodity derivative fair value movements in the three-month period ended September 30, 2022, and €8.1 million higher interest costs on the Term loans compared to the comparative quarter.

Profit before tax. Profit before income tax decreased by €463.8 million, or 82.5%, to €98.2 million in the three-month period ended September 30, 2022, from €562.0 million in the three-month period ended September 30, 2021.

Tax charge. Tax charge decreased by €90.8 million, or 87.1%, to €13.5 million in the three-month period ended September 30, 2022, from €104.3 million in the three- month period ended September 30, 2021. The underlying effective tax rate for the three-month period ended September 30, 2022 was 13.7% compared to 18.6% in the comparative quarter. The lower anticipated effective tax rate for the three-month period ended September 30, 2022 as compared to the same period in 2021 reflected the decreased level of profitability of the Group in countries with higher corporate tax rates.

Profit for the period. Profit for the period decreased by €373.0 million, or 81.5%, to €84.7 million in the three-month period ended September 30, 2022 from €457.7 million in the three-month period ended September 30, 2021.

Business segments

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

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

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2022	2021	2022	2021
	(€ in millions)			
Revenue				
Styrolution	1,684.0	1,516.0	5,196.8	4,401.6
INOVYN	1,248.9	1,105.8	3,948.4	2,999.7
Acetyls	305.0	300.0	1,075.9	809.6
Aromatics	1,424.8	1,065.6	4,169.2	2,635.7
Eliminations	(21.2)	(19.6)	(73.3)	(56.3)
	4,641.5	**3,967.8**	**14,317.0**	**10,790.3**

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2022	2021	2022	2021
	(€ in millions)			
EBITDA before exceptionals				
Styrolution	75.9	255.1	616.3	963.8
INOVYN	182.4	264.7	847.8	771.4
Acetyls	56.2	168.8	328.3	411.5
Aromatics	(1.1)	95.4	325.1	221.1
	313.4	**784.0**	**2,117.5**	**2,367.8**

Styrolution

Revenue. Revenue in the Styrolution segment increased by €168.0 million, or 11.1%, to €1,684.0 million in the three-month period ended September 30, 2022, as compared to €1,516.0 million for the same period in 2021. Average sales prices increased across all product groups in EMEA and the Americas, driven by higher feedstock and energy costs which were largely passed on to customers due to high demand. In Asia, polymer prices were comparable to those achieved in the third quarter of 2021 as increased feedstock costs were offset by a reduction in margins. Polymer sales volumes were lower as customers postponed orders due to energy market uncertainties. This was partially offset by higher external styrene monomer sales volumes as internal downstream demand reduced. The lower polymers sales volumes were more than compensated by higher sales prices in the respective product groups, especially polystyrene.

EBITDA before exceptionals. EBITDA before exceptionals in the Styrolution segment decreased by €179.2 million, or 70.2%, to €75.9 million in the three-month period ended September 30, 2022, as compared to €255.1 million in the same period in 2021. Business profitability was impacted by soft demand combined with higher availability of the product due to the new capacity in the Asian market resulting in reduced margins. Americas and EMEA markets have experienced low to mid cycle margins, while the Asian markets were in bottom of cycle conditions. Easing in global supply chain restrictions increased polymer exports from Asia into other regions and have contributed to the reduction in margins in the Americas and EMEA. Nearly 70% of the reduction in margins in the quarter compared to the same quarter in 2021 was related to Standard ABS business, primarily in Asia.

INOVYN

Revenue. Revenue in the INOVYN segment increased by €143.1 million, or 12.9%, to €1,248.9 million in the three-month period ended September 30, 2022, as compared to €1,105.8 million for the same period in 2021. Total volumes were lower than the prior year period but absolute revenues increased due to extremely high pricing of our key products due to higher ethylene and energy costs. Average sales prices of caustic soda in domestic markets reached another record high in the third quarter of 2022 and were 162% higher than the third quarter of 2021. The average pricing of both general purpose and specialty PVC were higher than the third quarter of 2021 in domestic markets. However, sales prices of general purpose PVC in export markets were lower due to ample global supply. Sales volumes of the key products were lower due to a weakening of the business competitiveness in PVC export markets versus non-European producers.

EBITDA before exceptionals. EBITDA before exceptionals in the INOVYN segment decreased by €82.3 million, or 31.1%, to €182.4 million in the three-month period ended September 30, 2022, as compared to €264.7 million in the same period in 2021. The reduction in EBITDA was predominantly driven by higher gas and electricity costs and lower PVC volumes, partially compensated by record sales pricing of caustic soda in Europe. The European PVC market weakened in the third quarter of 2022 from the high's experienced during the first half of 2022 on the back of high energy costs, low and uncertain demand and higher industry stock levels. Improved global supply has also reduced general purpose PVC pricing in export markets to levels last seen in 2020. General purpose PVC and specialty PVC spreads over ethylene were higher than the third quarter of 2021 in domestic markets but were lower in export markets. As a consequence, the INOVYN segment trimmed production in the third quarter of 2022 to limit the negative impact on margin of the additional export volumes. Demand for caustic soda in Europe also weakened in the third quarter of 2022 but trims to chlorine production (and hence to co-product caustic soda production) and competitor outages resulted in contract prices in Europe (as reported by IHS Markit) reaching levels that were €765 per ton (or 162%) higher than the prior year quarter.

Acetyls

Revenue. Revenue in the Acetyls segment increased by €5.0 million, or 1.7%, to €305.0 million in the three-month period ended September 30, 2022, as compared to €300.0 million for the same period in 2021. Average sales prices increased in most regions, driven by higher feedstock and energy costs which were largely passed on to customers. The European and US spot prices were 19% and 22% higher respectively than the comparative period because of higher North Sea gas prices in Europe and tight market in the Americas. In contrast, Asian contract prices were 50% lower compared to the third quarter of 2021 due to a weakened market price for Acid and VAM. Sales volumes were 21% lower compared to the same period in the prior year as a result of a reduction in volumes across all regions. The US volumes were significantly hampered due to a third-party supplier outage; the European volumes were down following a valve failure at the Hull plant, in United Kingdom; and Asian volumes continued to be adversely impacted by the weak demand in the Chinese market and COVID restrictions.

EBITDA before exceptionals. EBITDA before exceptionals in the Acetyls segment decreased by €112.6 million, or 66.7%, to €56.2 million in the three-month period ended September 30, 2022, as compared to €168.8 million in the same period in 2021. The EBITDA decrease was mainly driven by reduction in volumes and margins in Europe and Asia, partially offset by the US market where tight market conditions have maintained margins at higher levels during the quarter. The European market saw a slow-down in demand as customers struggled with affordability on the back of the high gas cost. European margins were impacted by lower demand and increased import volumes from non-European producers reducing the business competitiveness. Asia and specifically China remained subdued with the market well supplied and margins in bottom of cycle.

Aromatics

Revenue. Revenue in the Aromatics segment increased by €359.2 million, or 33.7%, to €1,424.8 million in the three-month period ended September 30, 2022, as compared to €1,065.6 million for the same period in 2021. The increase in revenues compared to the prior year quarter was primarily due to significantly higher average selling prices of PTA and PX in all regions, owing to the higher raw material input costs. PTA sales volumes were significantly lower in Europe as a result of the high energy prices reducing demand from customers. The business was therefore forced to trim the production on both PTA and PX units. PTA sales in the US and in Asia were slightly softer than in comparative period. In the US, PX production was minimized and replaced with material sourced from the Middle East and Asia, allowing the raw material to be diverted into the lucrative summer gasoline market.

EBITDA before exceptionals. EBITDA before exceptionals in the Aromatics segment decreased by €96.5 million or 101.2%, to €(1.1) million in the three-month period ended September 30, 2022, as compared to €95.4 million in the same period in 2021. The EBITDA decrease was mainly driven by a reduction in volumes and margins in Europe, partially offset by the US and Asia markets where margins were higher but volumes slightly softer during the quarter. Margins in Europe fell relative to the same quarter last year following the recovery in global supply chains and the reduction in international container freight rates, that resulted in higher imports of PTA and PET Resin into the region. EBITDA suffered from €96 million of inventory losses in the three-month period ended September 30, 2022 compared to gains of €22 million in the comparative period, due to rising price trend of feedstocks reversing sharply in the quarter.

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, to fund movements in our working capital and to pay taxes.

Our primary sources of liquidity are cash flows from operations of subsidiaries, cash on balance sheet and borrowings under our Securitization Programs. As of September 30, 2022, our Securitizations Programs remained undrawn. Our ability to generate cash from our operations depends on future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive market, legislative, regulatory and other factors, many of which are beyond our control.

We believe that our operating cash flows, together with the cash resources and borrowings program under the Securitization Programs and other facilities that we are able to sufficiently fund our working capital requirements, anticipated capital expenditures and debt service requirements as they become due, although this may not be the case. Management estimates that, even in a downturn in the business cycle and weaker market conditions, we would have sufficient liquidity to meet our anticipated liabilities when due without incurring unacceptable losses or risking damage to our reputation.

Our working capital requirements depend on market price developments of our key feedstock, market demand and planned maintenance. We anticipate that our working capital requirements will vary due to changes in raw material, which affect inventory, accounts receivable and accounts payable levels as well as sales volumes. Working capital levels typically develop in line with raw material prices, although timing factors can affect flows of capital. We expect to fund our working capital requirements with cash generated from operations and drawings under the Securitization Programs.

Financing Arrangements

As of September 30, 2022, the Group's financing arrangements included €800.0 million and $500.0 million of Senior Secured Notes due 2026, €600.0 million of Senior Secured Notes due 2027, €500.0 million Senior Notes due 2026, €1,500.0 million and $1,975.0 million Term Loan B facilities due 2026, €450.0 million and $197.7 million Term Loan B facilities due 2027. Our financing arrangements also include Securitization Programs, which as at September 30, 2022 had a total capacity of €840.0 million, none of which was drawn. The programs are subject to certain borrowing limits that are adjusted periodically based on the amount of eligible trade receivables available at the time of adjustment.

On January 21, 2022, INEOS Styrolution Advanced Materials (Ningbo) Pte Ltd entered into a new term loan agreement with Bank of China and ICBC to provide a RMB 3,300.0 million financing for the construction of the new 600 kiloton ABS plant in Ningbo, China. The term loan facility matures in 2032 and has a straight-line semi-annual amortization over the lifetime commencing after the start of operations. Interest is charged at a rate equal to the China Loan Prime Rate minus a rate of 0.65% per annum. As at September 30, 2022 the amount utilized against the facility was RMB 2,385.2 million (€339.2 million equivalent). Due to the agreement signed in July 2022 to establish a joint venture between a subsidiary of the Group and China Petroleum & Chemical Corporation, the facility was reclassified to liabilities held for sale. For further details see Note 9.

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

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

Capital Expenditures

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

During the nine-month periods ended September 30, 2022 and 2021, capital expenditures analysed by business segment were as follows:

	Nine-Month Period Ended September 30,	
	2022	**2021**
	(€ in millions)	
Styrolution	386.6	286.2
INOVYN	153.0	121.1
Acetyls	26.6	43.1
Aromatics	29.6	34.3
Total	595.8	484.7

In the Styrolution business, the most significant expenditures in 2022 are in relation to a new 100 kiloton ASA plant at Bayport, Texas (completion expected late 2022) and a new 600 kiloton ABS facility at Ningbo, China (completion expected late 2023), which has been reclassified as asset held for sale following the signature of the agreement between a subsidiary of the Styrolution business and China Petroleum & Chemical Corporation to establish a joint venture. See note 9 for more details. There were also various planned turnarounds, including the Styrene Monomer plant at Sarnia in Canada.

In the INOVYN business, the most significant expenditures consisted of a SPVC capacity expansion project at Jemeppe, Belgium and a new mechanical vapor recompression salt plant at Tavaux, France. There were also planned turnaround events of the chlor-alkali and VCM assets at Grenland in Norway and the cracker at Feyzin, France.

In the Acetyls business, the most significant expenditures consisted of planned turnarounds at the Acetyls plants at Hull in the United Kingdom and at Texas City in the USA.

In the Aromatics business, the most significant expenditures were mainly on sustenance and safety compliance work.

Investments in property, plant and equipment in the first nine months of 2021 by the Styrolution business mainly included a new 100 kilo ton ASA plant at Bayport, Texas, a new 600 kilo ton ABS facility at Ningbo, China and the conversion of a polystyrene line to a mass ABS line at Wingles, France. In INOVYN, the largest investments in the comparative period were in relation to the expansion of the SPVC plant in Jemeppe, Belgium, a brine borehole drilling program at Northwich, U.K. and a new office complex at Runcorn, U.K.

Working Capital

We anticipate that our working capital requirements will vary due to changes in raw material and energy costs, which affect inventory, accounts receivable and accounts payable levels as well as sales volumes. Working capital levels typically develop in line with raw material and energy prices, although timing factors can affect flows of capital. We expect to fund our working capital requirements with cash generated from operations and drawings under the Securitization Program and other short-term credit facilities.

Cash Flows

During the nine-month periods ended September 30, 2022 and 2021, the Group's net cash flows were as follows:

	Nine-Month Period Ended September 30,	
	2022	**2021**
	(€ in millions)	
Net cash flows from operating activities	1,328.5	1,344.6
Net cash flows used in investing activities	(310.3)	(301.5)
Net cash flows used in financing activities	(882.9)	(491.9)

Net cash flows from operating activities

Net cash inflows from operating activities in the nine-month period ended September 30, 2022 were €1,328.5 million, compared to €1,344.6 million in the same period in 2021. Positive cash flow was generated because of the strong underlying business performance. Working capital outflows were €270.5 million in 2022, compared to outflows of €447.2 million in 2021. The outflows in 2022 were due to higher inventories due to high feedstock prices and lower payables due to reduced raw materials prices compared to December 2021 and a reduction in production rate. The outflows in 2021 primarily reflected the higher working capital levels of the Group due to higher feedstock price levels, and consequently higher product prices.

There were outflows of €49.7 million on provisions and employee benefits in the nine-month period ended September 30, 2022 (nine-month period ended September 30, 2021: €51.4 million outflow), mainly for UK pension schemes in the INOVYN business.

The Group made taxation payments of €247.2 million in the nine-month period ending September 30, 2022 (nine-month period ending September 30, 2021: €218.3 million). The largest payments were in Korea, USA, Germany, Switzerland, China and India (nine-month period ending September 30, 2021: Germany, United Kingdom, Belgium, Mexico, Korea, China and India).

Net cash flows used in investing activities

The total cash outflow for investing activities in the nine-month period ended September 30, 2022 was €310.3 million compared to €301.5 million in the same period in 2021.

During the nine-month period ended September 30, 2022 the Group received dividends from joint ventures and other investments of €294.1 million and €0.8 million respectively (nine-month period ended September 30, 2021: €84.7 million and €2.5 million respectively). The Group received €10.2 million in proceeds for the disposal of property, plant and equipment mainly in relation to the sale of precious metal catalyst in China and the sale of redundant equipment in the US (nine-month period ended September 30, 2021: €4.4 million). In addition, €2.7 million was received from the Group's associated undertaking, INEOS Runcorn (TPS) Limited for partial repayment of a shareholder loan (nine-month period ended September 30, 2021: €3.9 million).

Spend on intangible assets of €26.8 million in the nine-month period ended September 30, 2022 primarily consisted of EU and UK CO_2 emission allowances (nine-month period ended September 30, 2021: €2.4 million). There were no other significant cash flows from investing activities in the nine-month period ended September 30, 2022 and 2021 other than the acquisition of property, plant and equipment (refer to the "Capital Expenditure" section).

Net cash flows used in financing activities

The total cash outflow for financing activities in the nine-month period ended September 30, 2022 was €882.9 million compared to €491.9 million in the same period in 2021.

In January 2022, the Styrolution business entered into a new long-term loan agreement with Bank of China and ICBC to provide RMB 3,300.0 million of financing for the construction of a new 600 kiloton ABS plant in Ningbo, China. Drawdowns of RMB 2,385.2 million (€341.3 million equivalent) were made in the nine-month period ended September 30, 2022.

In the nine-month period ended September 30, 2022, the Group made scheduled repayments of €15.0 million on the Three-Year Euro Term Loan A Facility (nine-month period ended September 30, 2021: €15.0 million), $17.5 million (€15.6 million equivalent) on the Three-Year Dollar Term Loan A Facility (nine-month period ended September 30, 2021: €14.6 million), $15.0 million (€14.1 million equivalent) on the Dollar Term Loan B Facility due 2026 (nine-month period ended September 30, 2021: €4.2 million) and $1.5 million (€1.4 million equivalent) on the Dollar Term Loan B Facility due 2027 (nine-month period ended September 30, 2021: €1.3 million). The Group also made total scheduled repayments of €9.6 million to the Bank of China in respect of a loan acquired as part of the Aromatics business acquisition (nine-month period ended September 30, 2021: €8.7 million).

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

In January 2021, the Group issued €800.0 million Senior Secured Notes due 2026, $500.0 million (€406.5 million equivalent) Senior Secured Notes due 2026 and €500.0 million Senior Notes due 2026. In addition, the Group entered into a new Dollar Term Loan B Facility of $2,000.0 million (€1,626.0 million equivalent) and a new Euro Term Loan B Facility of €1,500.0 million. The gross proceeds received under these borrowings were used to repay the amounts outstanding under the Bridge Facility of €2,861.9 million, the €180.0 million Five-Year Euro Term Loan A Facility, the Senior Secured Term Loan B Facility that was acquired with the INOVYN business of €1,064.3 million, repay the Equity Bridge Contribution in the form of a dividend to the Group's parent and to pay debt issue costs of €62.7 million in respect of this refinancing.

Interest payments of €207.7 million were made for the nine-month period ended September 30, 2022 compared to €148.9 million for the period ended September 30, 2021. The interest payments during the first nine month of 2022 related primarily to scheduled cash payments in respect of the Term Loan A Facilities due 2023 and 2025, Term Loan B Facilities due 2026 and 2027, Senior Secured Notes due 2026 and 2027, Senior Notes due 2026, securitization facilities of €2.8 million, lease liabilities of €8.3 million and payments to settle losses on commodity derivative contracts of €17.5 million. The interest payments during the first nine months of 2021 related primarily to scheduled cash payments in respect of the Senior Secured Notes due 2027, Term Loan B Facilities due 2026 and 2027, Bridge Facilities, the Revolving Credit Facility of €1.5 million, the two securitization facilities of €2.6 million and lease liabilities of €8.9 million.

During the nine-month period ended September 30, 2022, the Group made debt issued cost payments of €0.7 million (September 30, 2021: €62.7 million) in respect of the renewal of the Styrolution Securitization Program. The debt issued costs payments during the first nine months of 2021 related primarily to the refinancing which took place in January 2021.

During the nine-month period ended September 30, 2022, the Group made payments of €68.8 million (September 30, 2021: €67.9 million) in respect of the capital element of lease liabilities.

The Group paid dividends to its INEOS parent of €521.0 million in the nine-month period ended September 30, 2022 as compared to €894.4 million in the nine-month period ended September 30, 2021. The dividend in the prior year included the Equity Bridge Contribution received from the Company's immediate parent undertaking as part of the BP Acquisition.

The Group also paid dividends to minority interests of €34.9 million in the nine-month period ended September 30, 2022 as compared to €0.5 million in the nine-month period ended September 30, 2021.

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

Net debt

Total net debt as at September 30, 2022 was €5,175.1 million (December 31, 2021: €5,348.9 million), excluding lease liabilities of €287.6 million (December 31, 2021: €299.2 million). The Group held net cash balances of €1,452.6 million as at September 30, 2022 (December 31, 2021: €1,291.3 million) which included restricted cash of €13.6 million used as collateral against bank guarantees and letters of credit. As at September 30, 2022 the Group had availability under the undrawn securitization facilities of €840.0 million.