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## **INEOS Quattro Holdings Limited**

**Condensed consolidated interim financial statements as of June 30, 2022**

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**INEOS QUATTRO HOLDINGS LIMITED**  
**CONSOLIDATED INCOME STATEMENT**

	<b>Three-Month Period</b>	
	<b>Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<i>(€ in millions)</i>	
<b>Revenue</b> .....	<b>5,044.5</b>	<b>3,714.6</b>
Cost of sales .....	(3,962.7)	(2,755.2)
<b>Gross profit</b> .....	<b>1,081.8</b>	<b>959.4</b>
Distribution costs.....	(252.6)	(196.3)
Administrative expenses .....	(156.3)	(119.9)
<b>Operating profit</b> .....	<b>672.9</b>	<b>643.2</b>
Share of profit of joint ventures and associated undertakings .....	80.3	129.8
Loss on disposal of investments .....	(0.1)	-
Profit on disposal of property, plant and equipment.....	3.3	-
<b>Profit before net finance costs</b> .....	<b>756.4</b>	<b>773.0</b>
Finance income .....	49.9	2.5
Finance costs before exceptional items .....	(78.6)	(74.9)
Exceptional finance costs .....	(4.3)	-
Total finance costs.....	(82.9)	(74.9)
<b>Profit before tax</b> .....	<b>723.4</b>	<b>700.6</b>
Tax charge.....	(142.2)	(122.7)
<b>Profit for the period</b> .....	<b>581.2</b>	<b>577.9</b>
<b>Profit attributable to:</b>		
- Owners of the parent .....	567.2	568.1
- Non-controlling interest .....	14.0	9.8
	<b>581.2</b>	<b>577.9</b>

The condensed notes on pages 8 to 22 are an integral part of these unaudited condensed consolidated interim financial statements.

**INEOS QUATTRO HOLDINGS LIMITED  
CONSOLIDATED INCOME STATEMENT**

	<b>Six-Month Period Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<i>(€ in millions)</i>	
<b>Revenue</b> .....	<b>9,675.5</b>	<b>6,822.5</b>
Cost of sales .....	(7,640.6)	(5,116.2)
<b>Gross profit</b> .....	<b>2,034.9</b>	<b>1,706.3</b>
Distribution costs .....	(475.2)	(384.5)
Administrative expenses .....	(252.5)	(229.2)
<b>Operating profit</b> .....	<b>1,307.2</b>	<b>1,092.6</b>
Share of profit of joint ventures and associated undertakings .....	169.4	166.7
Loss on disposal of investments .....	(0.1)	-
Profit on disposal of property, plant and equipment .....	3.4	4.5
<b>Profit before net finance costs</b> .....	<b>1,479.9</b>	<b>1,263.8</b>
Finance income .....	70.5	38.6
Finance costs before exceptional items .....	(151.0)	(118.3)
Exceptional finance costs .....	(4.3)	(68.9)
Total finance costs .....	(155.3)	(187.2)
<b>Profit before tax</b> .....	<b>1,395.1</b>	<b>1,115.2</b>
Tax charge .....	(270.4)	(221.7)
<b>Profit for the period</b> .....	<b>1,124.7</b>	<b>893.5</b>
<b>Profit attributable to:</b>		
- Owners of the parent .....	1,096.8	874.6
- Non-controlling interest .....	27.9	18.9
	<b>1,124.7</b>	<b>893.5</b>

The condensed notes on pages 8 to 22 are an integral part of these unaudited condensed consolidated interim financial statements.

**INEOS QUATTRO HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Three-Month Period</b>	
	<b>Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<i>(€ in millions)</i>	
<b>Profit for the period .....</b>	<b>581.2</b>	<b>577.9</b>
<b>Other comprehensive income/(expense):</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of post-employment benefit obligations net of tax ....	74.8	0.9
<i>Items that may subsequently be recycled to profit and loss:</i>		
Foreign exchange translation differences of subsidiaries .....	33.3	(17.6)
<b>Other comprehensive income/(expense) for the period net of tax..</b>	<b>108.1</b>	<b>(16.7)</b>
<b>Total comprehensive income for the period .....</b>	<b>689.3</b>	<b>561.2</b>
<b>Total comprehensive income attributable to:</b>		
- Owners of the parent .....	671.0	551.6
- Non-controlling interest.....	18.3	9.6
<b>Total comprehensive income for the period .....</b>	<b>689.3</b>	<b>561.2</b>

	<b>Six-Month Period</b>	
	<b>Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<i>(€ in millions)</i>	
<b>Profit for the period .....</b>	<b>1,124.7</b>	<b>893.5</b>
<b>Other comprehensive income:</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of post-employment benefit obligations net of tax ....	118.8	36.7
<i>Items that may subsequently be recycled to profit and loss:</i>		
Foreign exchange translation differences of subsidiaries .....	53.7	90.3
<b>Other comprehensive income for the period net of tax.....</b>	<b>172.5</b>	<b>127.0</b>
<b>Total comprehensive income for the period .....</b>	<b>1,297.2</b>	<b>1,020.5</b>
<b>Total comprehensive income attributable to:</b>		
- Owners of the parent .....	1,264.2	999.0
- Non-controlling interest.....	33.0	21.5
<b>Total comprehensive income for the period .....</b>	<b>1,297.2</b>	<b>1,020.5</b>

The condensed notes on pages 8 to 22 are an integral part of these unaudited condensed consolidated interim financial statements.

**INEOS QUATTRO HOLDINGS LIMITED**  
**CONSOLIDATED BALANCE SHEET**

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
	<i>(€ in millions)</i>	
<b>Non-current assets</b>		
Property, plant and equipment.....	5,222.8	4,972.2
Intangible assets .....	2,297.8	2,265.2
Investments in equity-accounted investees.....	1,458.9	1,530.9
Other investments.....	19.1	18.1
Other financial assets .....	2.3	2.1
Other receivables.....	59.2	52.5
Employee benefits .....	81.5	69.0
Deferred tax assets .....	184.3	202.9
<b>Total non-current assets .....</b>	<b>9,325.9</b>	<b>9,112.9</b>
<b>Current assets</b>		
Inventories.....	1,818.9	1,548.9
Trade and other receivables.....	2,645.4	2,377.9
Tax receivables for current tax.....	66.1	54.7
Other financial assets .....	0.1	-
Cash and cash equivalents.....	1,314.4	1,291.3
<b>Total current assets .....</b>	<b>5,844.9</b>	<b>5,272.8</b>
<b>Total assets.....</b>	<b>15,170.8</b>	<b>14,385.7</b>
<b>Equity</b>		
Share capital .....	0.3	0.3
Merger reserve .....	(4,526.9)	(4,526.9)
Retained earnings .....	8,137.6	7,551.5
Other reserves.....	380.9	213.5
<b>Equity attributable to owners of the Company .....</b>	<b>3,991.9</b>	<b>3,238.4</b>
Non-controlling interest .....	92.0	74.2
<b>Total equity .....</b>	<b>4,083.9</b>	<b>3,312.6</b>
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings .....	6,595.6	6,436.4
Lease liabilities.....	235.4	226.6
Trade and other payables.....	146.7	146.9
Employee benefits .....	65.1	233.3
Provisions.....	184.6	185.3
Deferred tax liabilities.....	447.4	404.9
<b>Total non-current liabilities.....</b>	<b>7,674.8</b>	<b>7,633.4</b>
<b>Current liabilities</b>		
Interest-bearing loans and borrowings .....	9.8	133.9
Lease liabilities.....	56.5	72.6
Trade and other payables.....	2,969.9	2,978.5
Tax liabilities for current tax .....	255.8	146.0
Other financial liabilities .....	76.9	53.4
Provisions.....	43.2	55.3
<b>Total current liabilities .....</b>	<b>3,412.1</b>	<b>3,439.7</b>
<b>Total liabilities .....</b>	<b>11,086.9</b>	<b>11,073.1</b>
<b>Total equity and liabilities .....</b>	<b>15,170.8</b>	<b>14,385.7</b>

The condensed notes on pages 8 to 22 are an integral part of these unaudited condensed consolidated interim financial statements.

**INEOS QUATTRO HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital	Share premium reserve	Merger reserve	Retained earnings	Other reserves	Equity attributable to owners of the Company	Non- controlling interest	Total equity
	<i>(€ in millions)</i>							
<b>Balance at December 31, 2021</b> .....	0.3	-	(4,526.9)	7,551.5	213.5	3,238.4	74.2	3,312.6
Profit for the period.....	-	-	-	1,096.8	-	1,096.8	27.9	1,124.7
<b>Other comprehensive income:</b>								
Remeasurement of post-employment benefit obligations, net of tax.....	-	-	-	-	113.9	113.9	4.9	118.8
Foreign exchange translation differences of subsidiaries.....	-	-	-	-	53.5	53.5	0.2	53.7
<b>Total other comprehensive income</b> .....	-	-	-	-	<b>167.4</b>	<b>167.4</b>	<b>5.1</b>	<b>172.5</b>
<b>Transactions with owners, recorded directly in equity:</b>								
Adjustment arising from change in non-controlling interest <sup>(1)</sup> .....	-	-	-	10.3	-	10.3	12.2	22.5
Dividends.....	-	-	-	(521.0)	-	(521.0)	(27.4)	(548.4)
<b>Transactions with owners, recorded directly in equity</b> .....	-	-	-	<b>(510.7)</b>	-	<b>(510.7)</b>	<b>(15.2)</b>	<b>(525.9)</b>
<b>Balance at June 30, 2022</b> .....	<b>0.3</b>	-	<b>(4,526.9)</b>	<b>8,137.6</b>	<b>380.9</b>	<b>3,991.9</b>	<b>92.0</b>	<b>4,083.9</b>

<sup>(1)</sup> 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
	<i>(€ in millions)</i>							
<b>Balance at December 31, 2020</b> .....	0.3	6,620.4	(4,526.9)	603.5	(25.4)	2,671.9	71.3	2,743.2
Profit for the period.....	-	-	-	874.6	-	874.6	18.9	893.5
<b>Other comprehensive income:</b>								
Remeasurement of post-employment benefit obligations, net of tax.....	-	-	-	-	36.7	36.7	-	36.7
Foreign exchange translation differences of subsidiaries.....	-	-	-	-	87.7	87.7	2.6	90.3
<b>Total other comprehensive income</b> .....	-	-	-	-	<b>124.4</b>	<b>124.4</b>	<b>2.6</b>	<b>127.0</b>
<b>Transactions with owners, recorded directly in equity:</b>								
Reduction of share premium.....	-	(6,620.4)	-	6,620.4	-	-	-	-
Dividends.....	-	-	-	(894.4)	-	(894.4)	-	(894.4)
<b>Transactions with owners, recorded directly in equity</b> .....	-	<b>(6,620.4)</b>	-	<b>5,726.0</b>	-	<b>(894.4)</b>	-	<b>(894.4)</b>
<b>Balance at June 30, 2021</b> .....	<b>0.3</b>	-	<b>(4,526.9)</b>	<b>7,204.1</b>	<b>99.0</b>	<b>2,776.5</b>	<b>92.8</b>	<b>2,869.3</b>

The condensed notes on pages 8 to 22 are an integral part of these unaudited condensed consolidated interim financial statements.

**INEOS QUATTRO HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Six-Month Period</b>	
	<b>Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<i>(€ in millions)</i>	
<b>Cash flows from operating activities</b>		
Profit for the period .....	1,124.7	893.5
<b>Adjustments for:</b>		
Depreciation and impairment .....	263.4	264.4
Amortization .....	64.1	60.1
Net finance costs .....	84.8	148.6
Share of profit of joint ventures and associated undertakings	(169.4)	(166.7)
Loss on disposal of investments .....	0.1	-
Profit on disposal of property, plant and equipment.....	(3.4)	(4.5)
Tax charge .....	270.4	221.7
Increase in trade and other receivables .....	(212.6)	(587.4)
Increase in inventories.....	(219.1)	(332.2)
(Decrease)/increase in trade and other payables.....	(73.5)	403.8
Decrease in provisions and employee benefits .....	(32.1)	(33.2)
Tax paid.....	(162.3)	(130.6)
<b>Net cash from operating activities.....</b>	<b>935.1</b>	<b>737.5</b>
<b>Cash flows from investing activities</b>		
Interest and other finance income received .....	2.6	2.9
Repayment of loans made to related parties .....	2.7	3.9
Dividends received from joint ventures .....	282.6	54.3
Dividends received from other investments .....	0.8	2.5
Proceeds from disposal of property, plant and equipment .....	7.1	4.3
Acquisition of businesses, net of cash acquired .....	-	(1.1)
Acquisition of other investments .....	-	(0.2)
Acquisition of intangible assets.....	(25.3)	(1.6)
Acquisition of property, plant and equipment .....	(332.4)	(297.8)
<b>Net cash used in investing activities .....</b>	<b>(61.9)</b>	<b>(232.8)</b>
<b>Cash flows from financing activities</b>		
Proceeds from external borrowings.....	212.9	4,832.5
Repayment of external borrowings .....	(403.2)	(4,126.1)
Debt issue costs .....	(0.1)	(68.6)
Interest paid and other finance items.....	(113.9)	(81.3)
Capital element of lease payments .....	(43.1)	(46.0)
Repayment of Equity Bridge Contribution to the owners of the Company .....	-	(824.9)
Dividends paid attributable to the owners of the Company ...	(521.0)	(69.5)
Dividends paid to non-controlling interest .....	(34.9)	-
Proceeds from partial sale of subsidiary to non-controlling interest .....	22.5	-
<b>Net cash used in financing activities .....</b>	<b>(880.8)</b>	<b>(383.9)</b>
Net (decrease)/increase in cash and cash equivalents.....	(7.6)	120.8
Cash and cash equivalents at January 1 .....	1,291.3	805.6
Effect of exchange rate fluctuations on cash held	30.7	16.7
<b>Cash and cash equivalents at June 30.....</b>	<b>1,314.4</b>	<b>943.1</b>

The condensed notes on pages 8 to 22 are an integral part of these unaudited condensed consolidated interim financial statements.

**INEOS QUATTRO HOLDINGS LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**1. BASIS OF PREPARATION**

INEOS Quattro Holdings Limited (“the Company”) is a private company, limited by shares, incorporated in the United Kingdom, registered in England and Wales, and has its registered office at Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn, Cheshire, United Kingdom, WA7 4JE.

The condensed consolidated 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 financial statements have been prepared on the historical cost basis, except for certain assets and liabilities that have been measured at fair value principally derivative financial instruments and the assets and liabilities of the Group’s defined benefit pension schemes measured at fair value and using the projected unit credit method respectively.

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

The significant judgements and key sources of estimation uncertainty applicable to the preparation of the condensed consolidated financial statements are the same as those described within the Group’s audited financial statements for the year ended December 31, 2021. In each case, judgements have been applied consistently and estimates made using a consistent methodology, with inputs and assumptions updated to reflect the Group’s latest forecasts and prevailing market conditions at the balance sheet date as appropriate.

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

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

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

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. The conflict has led to a significant increase in energy prices; however the Group is currently attempting to manage these increases by passing them onto customers through higher prices. Therefore the Group is not expecting any material indirect impact on its operations or performance as a result of the conflict, but is monitoring this 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.



**INEOS QUATTRO HOLDINGS LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**2 PRINCIPAL ACCOUNTING POLICIES**

The financial information has been prepared and approved by the directors in accordance with IAS 34 “Interim financial reporting” as adopted by the European Union in response to the IAS regulation (EC 1606/2002) effective from January 1, 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 June 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.
- *NOVYN*, 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:

	<b>Three-Month Period Ended June 30,</b>		<b>Six-Month Period Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<i>(€ in millions)</i>			
<b>Revenue</b>				
Styrolution.....	1,830.9	1,590.3	3,512.8	2,885.6
NOVYN.....	1,328.5	1,028.3	2,699.5	1,893.9
Acetyls.....	380.2	285.7	770.9	509.6
Aromatics.....	1,535.2	829.4	2,744.4	1,570.1
Eliminations.....	(30.3)	(19.1)	(52.1)	(36.7)
	<b>5,044.5</b>	<b>3,714.6</b>	<b>9,675.5</b>	<b>6,822.5</b>

**INEOS QUATTRO HOLDINGS LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**3 SEGMENTAL INFORMATION (continued)**

	<b>Three-Month Period Ended June 30,</b>		<b>Six-Month Period Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<i>(€ in millions)</i>			
<b>EBITDA before exceptionals</b>				
Styrolution.....	286.7	392.3	540.3	708.7
INOVYN.....	343.9	300.0	665.4	506.7
Acetyls.....	137.7	185.0	272.2	242.7
Aromatics.....	148.8	59.8	326.2	125.7
	<b>917.1</b>	<b>937.1</b>	<b>1,804.1</b>	<b>1,583.8</b>

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:

	<b>Three-Month Period Ended June 30,</b>		<b>Six-Month Period Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<i>(€ in millions)</i>			
EBITDA before exceptionals.....	917.1	937.1	1,804.1	1,583.8
Depreciation and amortisation.....	(163.9)	(164.1)	(327.5)	(324.5)
Share of profit of joint ventures and associated undertakings.....	(80.3)	(129.8)	(169.4)	(166.7)
<b>Operating profit.....</b>	<b>672.9</b>	<b>643.2</b>	<b>1,307.2</b>	<b>1,092.6</b>

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.

**INEOS QUATTRO HOLDINGS LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**4. NET FINANCE COSTS**

	<b>Three-Month Period</b>		<b>Six-Month Period</b>	
	<b>Ended June 30,</b>		<b>Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<i>(€ in millions)</i>			
<b>Finance income</b>				
Interest on bank and other short term deposit.....	0.7	0.5	1.1	0.9
Interest receivable from associated undertakings.....	0.4	0.6	0.8	1.1
Exchange movements.....	49.1	-	66.1	34.8
Other finance income .....	(0.3)	1.4	2.5	1.8
<b>Total finance income .....</b>	<b>49.9</b>	<b>2.5</b>	<b>70.5</b>	<b>38.6</b>
<b>Finance costs excluding exceptional items</b>				
Interest payable on Term Loans .....	(32.6)	(31.6)	(63.2)	(56.4)
Interest payable on Bridge Facilities .....	-	-	-	(8.3)
Interest payable on Senior Secured Notes and Senior Notes .....	(17.0)	(17.4)	(33.8)	(30.0)
Interest payable on securitization facility .....	(0.9)	(0.8)	(1.8)	(1.7)
Interest payable on the ABS Plant Facility.....	(1.4)	-	(1.4)	-
Borrowing costs capitalized in property, plant and equipment.....	1.4	-	1.4	-
Interest payable on revolving credit facility.....	-	(0.5)	-	(1.1)
Interest payable to related parties .....	(0.5)	(0.5)	(0.9)	(0.9)
Amortization of debt issue costs .....	(4.2)	(3.6)	(8.7)	(6.3)
Interest payable on leases.....	(2.7)	(3.2)	(5.3)	(5.9)
Net fair value loss on derivatives .....	(18.5)	(7.4)	(33.2)	(4.8)
Exchange movements.....	-	(8.9)	-	-
Other finance charges.....	(1.7)	(0.5)	(3.2)	(1.8)
Interest on employee benefits.....	(0.5)	(0.5)	(0.9)	(1.1)
<b>Total finance costs excluding exceptional items.....</b>	<b>(78.6)</b>	<b>(74.9)</b>	<b>(151.0)</b>	<b>(118.3)</b>
<b>Exceptional finance costs</b>				
Debt issue costs .....	(4.3)	-	(4.3)	(52.7)
Related party finance charge .....	-	-	-	(16.2)
<b>Total exceptional finance costs.....</b>	<b>(4.3)</b>	<b>-</b>	<b>(4.3)</b>	<b>(68.9)</b>
<b>Net finance costs .....</b>	<b>(33.0)</b>	<b>(72.4)</b>	<b>(84.8)</b>	<b>(148.6)</b>

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

**Exceptional finance costs**

During the three month period ended June 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 €52.7 million relate 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 €16.2 million from a related party in respect of funding provided for the BP acquisition.

**5. TAXATION**

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual profit or loss. The effective tax rate of approximately 19.4% for the six-months of 2022 (2021: 19.9%) reflects the anticipated tax rate for the Group for the full year.

**INEOS QUATTRO HOLDINGS LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**6. PROPERTY, PLANT AND EQUIPMENT**

In the six-month period ended June 30, 2022, the Group spent €332.4 million (six-month period ended June 30, 2021: €297.8 million) on property, plant and equipment.

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). 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, including the PTA3 plant turnaround at Geel, Belgium in the second quarter of 2022.

Investments in property, plant and equipment in the first half of 2021 by the Styrolution business mainly included the new ASA Specialties plant in Houston, investments in China and the conversion of a Polystyrene line to a mass ABS line in 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.

**7. INVENTORIES**

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<i>(€ in millions)</i>	
Raw materials and consumables.....	679.2	562.8
Work in progress .....	254.1	213.7
Finished products .....	885.6	772.4
	<b>1,818.9</b>	<b>1,548.9</b>

**INEOS QUATTRO HOLDINGS LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**8. INTEREST BEARING LOANS AND BORROWINGS**

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

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<i>(€ in millions)</i>	
<b>Non-current liabilities</b>		
Senior Secured Notes due 2026 .....	1,277.2	1,241.3
Senior Notes due 2026 .....	500.0	500.0
Term Loan B Facilities due 2026 .....	3,370.6	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 .....	636.8	623.6
Senior Secured Notes due 2027 .....	600.0	600.0
ABS Plant Facility .....	213.4	-
Loan from related party .....	40.7	39.8
Other loans .....	0.3	0.2
<b>Gross borrowings</b> .....	<b>6,639.0</b>	<b>6,489.7</b>
Less: unamortized finance costs .....	(43.4)	(53.3)
<b>Net borrowings</b> .....	<b>6,595.6</b>	<b>6,436.4</b>
<b>Current liabilities</b>		
Term Loan B Facilities due 2026 .....	19.1	17.7
Term Loan A Facilities due 2023 .....	-	121.8
Term Loan B Facilities due 2027 .....	1.9	1.8
External bank loan .....	4.8	9.2
<b>Gross borrowings</b> .....	<b>25.8</b>	<b>150.5</b>
Less: unamortized finance costs .....	(16.0)	(16.6)
<b>Net borrowings</b> .....	<b>9.8</b>	<b>133.9</b>

**Gross debt and issue costs**

	<b>June 30, 2022</b>		
	<b>Gross loans and borrowings</b>	<b>Issue costs</b>	<b>Net loans and borrowings</b>
	<i>(€ in millions)</i>		
Senior Secured Notes due 2026 .....	1,277.2	(15.4)	1,261.8
Senior Notes due 2026 .....	500.0	-	500.0
Term Loan B Facilities due 2026 .....	3,389.7	(37.0)	3,352.7
Term Loan B Facilities due 2027 .....	638.7	(3.5)	635.2
Senior Secured Notes due 2027 .....	600.0	(3.3)	596.7
Securitization facilities .....	-	(0.2)	(0.2)
Loan from related party .....	40.7	-	40.7
ABS Plant Facility .....	213.4	-	213.4
External bank loan .....	4.8	-	4.8
Other loans .....	0.3	-	0.3
	<b>6,664.8</b>	<b>(59.4)</b>	<b>6,605.4</b>

**INEOS QUATTRO HOLDINGS LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**8. INTEREST BEARING LOANS AND BORROWINGS (continued)**

Gross debt and issue costs	December 31, 2021		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
	<i>(€ in millions)</i>		
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
	<b>6,640.2</b>	<b>(69.9)</b>	<b>6,570.3</b>

**Terms and debt repayment schedule as at June 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

**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 June 30, 2022 before issue costs were €1,277.2 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 €477.2 million (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 3¾% per annum. Interest on the Euro Senior Secured Notes and the Dollar Senior Secured Notes is payable semi-annually in arrears. The Senior Secured Notes have no repayment until maturity.

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

**INEOS QUATTRO HOLDINGS LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**8. INTEREST BEARING LOANS AND BORROWINGS (continued)**

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

<b>Year</b>	<b>Euro Senior Secured Notes Redemption Price</b>
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:

<b>Year</b>	<b>Dollar Senior Secured Notes Redemption Price</b>
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 €15.4 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.

**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 June 30, 2022 before issue costs 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:

**INEOS QUATTRO HOLDINGS LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**8. INTEREST BEARING LOANS AND BORROWINGS (continued)**

<u>Year</u>	<u>Senior Notes Redemption Price</u>
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 was repaid on May 31, 2022.

As at June 30, 2022, \$1,980.0 million was drawn under the Dollar Term Loan B Facility (€1,889.7 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.

Following the delivery of financial statements and a compliance certificate for each fiscal quarter, commencing with the fiscal quarter ended March 31, 2021, the Applicable ABR Margin and the Applicable Eurocurrency Margin for the A Term Loans will be subject to adjustment on a quarterly basis based on the Consolidated Total Net Leverage Ratio (as defined in the Term Loan and Revolving Credit Facility Agreement) as of the end of such fiscal quarter.

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.



**INEOS QUATTRO HOLDINGS LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**8. INTEREST BEARING LOANS AND BORROWINGS (continued)**

The Term Loans B facilities due 2026 are stated net of debt issue costs of €37.0 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 June 30, 2022, €450.0 million remained drawn under the Euro Term Loan B due 2027 and \$197.7 million (€188.7 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.

Up until January 31, 2020, the maturity date for both the Dollar Term Loan B Facility and the Euro Term Loan Facility was March 3, 2024. From January 31, 2020, 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 €3.5 million (December 31, 2021: €3.9 million). These costs are allocated to the profit and loss account over the term of the Term Loans.

***Senior Secured Notes due 2027***

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

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

**INEOS QUATTRO HOLDINGS LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**8. INTEREST BEARING LOANS AND BORROWINGS (continued)**

<b>Year</b>	<b>Senior Secured Notes due 2027 Redemption Price</b>
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 and Revolving Credit Facility 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 €3.3 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 June 30, 2022 the amount utilized against the facility was RMB 1,497.6 million (€213.4 million equivalent).

***Securitization facilities***

INEOS Styrolution Group GmbH and certain other Group companies are party to a €450.0 million trade receivables securitization program (the “Styrolution Securitization Program”) that matures on June 28, 2024. The maximum amount available under the Styrolution Securitization Program increased from €450.0 million to €600.0 million in June 2022 after the accession of the Aromatics and Acetyls businesses into the program. 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%.

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 €252.7 million equivalent as of June 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 June 30, 2022 amounted to €188.2 million equivalent (December 31, 2021: €151.2 million equivalent), with €64.5 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 June 30, 2022, the drawn amount under all letter of credit facilities was €49.3 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.

**INEOS QUATTRO HOLDINGS LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**9. FINANCIAL INSTRUMENTS**

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

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

<b>Fair value</b>	<b>Level</b>			<b>Fair value</b>	<b>Level</b>		
	<b>1</b>	<b>2</b>	<b>3</b>		<b>1</b>	<b>2</b>	<b>3</b>
	<b>June 30, 2022</b>				<b>December 31, 2021</b>		
	<i>(€ in millions)</i>						
<b>Financial liabilities held for trading at fair value through profit and loss:</b>							
Derivative commodity contracts .	(76.9)	-	(76.9)	-	(53.4)	-	(53.4)
<b>Total financial liabilities held at fair value .....</b>	<b>(76.9)</b>	<b>-</b>	<b>(76.9)</b>	<b>-</b>	<b>(53.4)</b>	<b>-</b>	<b>(53.4)</b>

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

***Credit risk***

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

Group Treasury policy and objectives in relation to credit risk is to minimize the likelihood that the Group will experience financial loss due to counterparty failure. The Group has established a credit policy under which each new customer is 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.

**INEOS QUATTRO HOLDINGS LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**9. FINANCIAL INSTRUMENTS (continued)**

***Currency risk***

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Sterling, Norwegian Krone and Swedish Krona. 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.

**10. CONTINGENCIES**

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

**11. RELATED PARTIES**

Related parties comprise:

- Parent entities and their subsidiaries not included within the INEOS 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.

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**11. RELATED PARTIES (continued)**

*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:

	Six-month period ended June 30, 2022		Six-month period ended June 30, 2021	
	Transaction value – income/ (expense)	Balance outstanding	Transaction value – income/ (expense)	Balance outstanding
	<i>(€ in millions)</i>			
Sale of products .....	173.2	-	146.4	-
Purchase of raw materials .....	718.7	-	568.5	-
Cost recoveries.....	41.2	-	40.0	-
Services received .....	98.7	-	64.0	-
Net interest.....	(0.9)	-	(0.9)	-
Trade and other receivables .....	-	77.1	-	61.4
Trade and other payables .....	-	(284.8)	-	(169.5)
Interest-bearing loans and borrowings .....	-	(40.7)	-	(38.9)

Included within services above is a management fee paid to INEOS Limited of €29.8 million (June 30, 2021: €28.0 million). No amounts remained outstanding at the period-end (June 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 June 30, 2022 (June 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.

*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 six-month period ended June 30, 2022, the Group made no sales or purchases with these companies (June 30, 2021: €nil). As at June 30, 2022, amounts owed by Screencondor Limited were €1.2 million (June 30, 2021: €nil).

**INEOS QUATTRO HOLDINGS LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**11. RELATED PARTIES (continued)**

*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:

	Six-month period ended June 30, 2022		Six-month period ended June 30, 2021	
	Transaction value – income/ (expense)	Balance outstanding	Transaction value – income/ (expense)	Balance outstanding
	<i>(€ in millions)</i>			
Sale of products .....	7.0	-	43.1	-
Purchase of raw materials .....	314.5	-	189.3	-
Cost recoveries.....	150.1	-	64.8	-
Services received .....	-	-	1.9	-
Net interest.....	0.8	-	1.1	-
Trade and other receivables .....	-	15.9	-	37.5
Loans receivable .....	-	54.6	-	53.8
Trade and other payables .....	-	(84.1)	-	(79.0)

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 June 30, 2022 (June 30, 2021: €nil).

**12. SUBSEQUENT EVENTS**

On July 28, 2022 the Group announced that it had signed a deal to establish a new 50:50 joint venture with SINOPEC for 1.2 million tons of ABS (Acrylonitrile Butadiene Styrene) capacity. This will include the 600 million tons Ningbo facility currently under construction by the Group plus a further 600 million tons of new capacity. On completion of the transaction, the Group will receive an initial payment of approximately \$300 million, with a further amount of approximately \$130 million due once construction of the first plant is completed. Any additional plants may require future investment from the Group.

**INEOS QUATTRO HOLDINGS LIMITED**  
**OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

**FORWARD-LOOKING STATEMENTS**

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

- Our high degree of leverage and significant debt service obligations as well as future cash flow and earnings;
- 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;
- 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;
- Our ability to retain existing customers and obtain new customers;
- Our ability to develop new products and technologies successfully;
- The cyclical and highly competitive nature of our businesses;
- Risks related to environmental costs, liabilities or claims; and
- Currency fluctuations.

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

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*The following discussion is based upon the unaudited pro forma consolidated historical financial statements of Quattro prepared in accordance with 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.

	<b>Three-Month Period</b>			
	<b>Ended June 30,</b>			
	<b>2022</b>		<b>2021</b>	
	<i>(€ in millions)</i>	%	<i>(€ in millions)</i>	%
<b>Revenue .....</b>	<b>5,044.5</b>	<b>100.0</b>	<b>3,714.6</b>	<b>100.0</b>
Cost of sales .....	(3,962.7)	(78.6)	(2,755.2)	(74.2)
<b>Gross profit .....</b>	<b>1,081.8</b>	<b>21.4</b>	<b>959.4</b>	<b>25.8</b>
Distribution costs.....	(252.6)	(5.0)	(196.3)	(5.3)
Administrative expenses .....	(156.3)	(3.1)	(119.9)	(3.2)
<b>Operating profit.....</b>	<b>672.9</b>	<b>13.3</b>	<b>643.2</b>	<b>17.3</b>
Share of profit of joint ventures and associated undertakings .....	80.3	1.6	129.8	3.5
Loss on disposal of investments .....	(0.1)	-	-	-
Profit on disposal of property, plant and equipment.....	3.3	0.1	-	-
<b>Profit before net finance costs .....</b>	<b>756.4</b>	<b>15.0</b>	<b>773.0</b>	<b>20.8</b>
Net finance costs before exceptional items .....	(28.7)	(0.6)	(72.4)	(1.9)
Exceptional finance costs .....	(4.3)	(0.1)	-	-
<b>Profit before tax.....</b>	<b>723.4</b>	<b>14.3</b>	<b>700.6</b>	<b>18.9</b>
Tax charge .....	(142.2)	(2.8)	(122.7)	(3.3)
<b>Profit for the period .....</b>	<b>581.2</b>	<b>11.5</b>	<b>577.9</b>	<b>15.6</b>



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

**Consolidated**

*Revenue.* Revenue increased by €1,329.9 million, or 35.8 %, to €5,044.5 million in the three-month period ended June 30, 2022, from €3,714.6 million in the three-month period ended June 30, 2021. Revenues increased across all businesses, driven by higher raw material costs which were largely passed on to customers in higher sales prices.

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, whilst Asian sales prices remained consistent with the comparative period. Polymers demand was negatively impacted by energy price uncertainty, partially offset by higher sales volumes of styrene monomer driven by higher plant availability. Volumes in the prior year quarter were impacted by storm Uri in the US.

In the INOVYN business, revenues increased due to higher feedstock and energy costs and strong market conditions for PVC and caustic soda. These factors more than compensated for lower total volumes as a consequence of key turnaround events at our assets in Norway and the Feyzin cracker in France, both of which experienced delays in start-up following the completion of planned maintenance activities.

In the Acetyls business, revenues increased due to higher feedstock and energy costs in Europe and tight markets in the US. Overall volumes were at similar levels to the prior year quarter.

In the Aromatics business, revenues were significantly higher than the prior year due to higher average prices of PTA and PX in all regions, driven by higher oil prices. PTA volumes were slightly higher than the prior year quarter but PX volumes decreased as a result of the planned shutdown of our European PX facility in the second quarter of 2022.

*Cost of sales.* Cost of sales increased by €1,207.5 million, or 43.8%, to €3,962.7 million in the three-month period ended June 30, 2022, from €2,755.2 million in the three-month period ended June 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. Maintenance costs were also higher, owing to various planned maintenance events and turnarounds across the Group.

*Gross profit.* Gross profit increased by €122.4 million, or 12.8%, to €1,081.8 million in the three-month period ended June 30, 2022, from €959.4 million in the three-month period ended June 30, 2021.

In the Styrolution business, gross profit was lower in the three-month period ended June 30, 2022 compared with the three-month period ended June 30, 2021. Volatile feedstock price movements had an impact on demand and margin development during the quarter. Overall polymer demand reduced as customers postponed orders due to the market uncertainty, resulting in market margins softening especially in Asia. Global supply chain restrictions continued to limit polymer exports from Asia into other regions and as a result sustained good margins in the Americas and EMEA. Moreover, fixed costs increased on the back of planned turnarounds and maintenance events, partially offset by a €16.7 million increase in the value of stock holding gains compared to the comparative quarter.

In the INOVYN business, gross profit rose in the three-month period ended June 30, 2022 compared with the three-month period ended June 30, 2021. The increase was mainly the result of record spreads over ethylene for general purpose and specialty PVC in Europe and record quarterly price levels for caustic soda. These factors more than compensated for lower overall sales volumes and the unprecedentedly high levels of electricity and natural gas costs.

In the Acetyls business, gross profit decreased in the three-month period ended June 30, 2022 compared with the three-month period ended June 30, 2021. In Europe, margins have deteriorated due to surging energy costs. 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 also rose in the three-month period ended June 30, 2022 compared with the three-month period ended June 30, 2021. Gross margins benefitted from €95.4 million of higher inventory gains in the three-month period ended June 30, 2022 compared to the comparative period, as a result of rapidly rising raw material input prices. PTA margins and volumes were higher than the prior year quarter in all regions, but PX margins suffered in the US and Europe as a result of significantly higher mixed xylene input costs. The level of manufacturing-related fixed costs, including non-manpower expenses was also lower in the current year due to the cost reduction exercises implemented since the acquisition of the business on December 31, 2020.

*Distribution costs.* Distribution costs increased by €56.3 million, or 28.7%, to €252.6 million in the three-month period ended June 30, 2022, from €196.3 million in the three-month period ended June 30, 2021. This was mainly due to a sharp increase in fuel costs impacting freight costs and the overall logistic constraints in the market.

## INEOS QUATTRO HOLDINGS LIMITED OPERATING AND FINANCIAL REVIEW AND PROSPECTS

*Administrative expenses.* Administrative expenses increased by €36.4 million, or 30.4%, to €156.3 million in the three-month period ended June 30, 2022, from €119.9 million in the three-month period ended June 30, 2021 mainly as a result of lower other operating income and negative foreign exchange impact driven by a stronger US dollar versus euro in the three-month period ended June 30, 2022, as compared to the same period in 2021.

*Operating profit.* Operating profit increased by €29.7 million, or 4.6% to €672.9 million in the three-month period ended June 30, 2022, from €643.2 million in the three-month period ended June 30, 2021.

*Share of profit of joint ventures and associated undertakings.* Share of profit of joint ventures and associated undertakings decreased by €49.5 million, or 38.1% to €80.3 million in the three-month period ended June 30, 2022, from €129.8 million in the three-month period ended June 30, 2021. Share of profit of joint ventures has fallen across all regions except Korea, where a tight market has sustained high margins. Acetic acid prices in other Asian countries have fallen drastically with an average 50% drop in the market price as supply issues have eased and demand has started to weaken. Higher operating costs also contributed to the deterioration in margins.

*Loss on disposal of investments.* Loss on disposal of investments were €0.1 million for the three-month period ended June 30, 2022, as compared to €nil for the same period in 2021.

*Profit on disposal of property, plant and equipment.* Profit on the disposal of property, plant and equipment was €3.3 million for the three-month period ended June 30, 2022, as compared to €nil for the same period in 2021.

*Profit before net finance costs.* Profit before net finance costs decreased by €16.6 million, or 2.1%, to €756.4 million for the three-month period ended June 30, 2022, as compared to €773.0 million for the same period in 2021.

*Net finance costs before exceptionals.* Net finance costs before exceptionals decreased by €43.7 million, or 60.4%, to €28.7 million in the three-month period ended June 30, 2022 from €72.4 million in the three-month period ended June 30, 2021. The main reason for the decrease was €58.0 million of higher net foreign exchange gains (predominantly due to translation effects from intercompany loans), partially offset by €11.1 million of higher losses on commodity derivative fair value movements in the three-month period ended June 30, 2022, compared to the comparative quarter.

*Exceptional finance costs.* Exceptional finance costs were €4.3 million in the three-month period ended June 30, 2022, as compared to €nil in the three-month period ended June 30, 2021. Following the early repayment of the Three-Year Dollar and Euro Term Loan A and the Five-Year Dollar Term Loan A facilities on May 31, 2022 the Group wrote-off €4.3 million of unamortized debt issue costs associated with these borrowings.

*Profit before tax.* Profit before income tax increased by €22.8 million, or 3.3%, to €723.4 million in the three-month period ended June 30, 2022, from €700.6 million in the three-month period ended June 30, 2021.

*Tax charge.* Tax charge increased by €19.5 million, or 15.9%, to €142.2 million in the three-month period ended June 30, 2022, from €122.7 million in the three-month period ended June 30, 2021. The underlying effective tax rate for the three-month period ended June 30, 2022 was 19.7% compared to 17.5% in the comparative quarter. The higher anticipated effective tax rate for the three-month period ended June 30, 2022 as compared to the same period in 2021 reflected the increased level of profitability of the Group in countries with higher corporate tax rates and a lower portion of share of profit of joint ventures in profit before tax.

*Profit for the period.* Profit for the period increased by €3.3 million, or 0.6%, to €581.2 million in the three-month period ended June 30, 2022 from €577.9 million in the three-month period ended June 30, 2021.

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**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:

	<b>Three-Month Period Ended June 30,</b>		<b>Six-Month Period Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<i>(€ in millions)</i>			
<b>Revenue</b>				
Styrolution.....	1,830.9	1,590.3	3,512.8	2,885.6
INOVYN.....	1,328.5	1,028.3	2,699.5	1,893.9
Acetyls.....	380.2	285.7	770.9	509.6
Aromatics.....	1,535.2	829.4	2,744.4	1,570.1
Eliminations.....	(30.3)	(19.1)	(52.1)	(36.7)
	<b>5,044.5</b>	<b>3,714.6</b>	<b>9,675.5</b>	<b>6,822.5</b>
	<b>Three-Month Period Ended June 30,</b>		<b>Six-Month Period Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<i>(€ in millions)</i>			
<b>EBITDA before exceptionals</b>				
Styrolution.....	286.7	392.3	540.3	708.7
INOVYN.....	343.9	300.0	665.4	506.7
Acetyls.....	137.7	185.0	272.2	242.7
Aromatics.....	148.8	59.8	326.2	125.7
	<b>917.1</b>	<b>937.1</b>	<b>1,804.1</b>	<b>1,583.8</b>

**Styrolution**

**Revenue.** Revenue in the Styrolution segment increased by €240.6 million, or 15.1%, to €1,830.9 million in the three-month period ended June 30, 2022, as compared to €1,590.3 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 second quarter of 2021. 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 less monomer was internally consumed by polymers. 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 €105.6 million, or 26.9%, to €286.7 million in the three-month period ended June 30, 2022, as compared to €392.3 million in the same period in 2021. Business profitability in the three-month period ended June 30, 2022, was impacted by a reduction in margins primarily driven by Asia polymers where the increases in sales prices were lower than the increase in input costs. Volatile feedstock price movements led to a reduction in demand for polymers and lower market margins. Global supply chain restrictions continued to limit polymer exports from Asia into other regions and sustained good margins in the Americas and EMEA. The reduction in polymer's margin was partially offset by higher styrene monomer volumes and margins due to higher plant availability.

**INOVYN**

**Revenue.** Revenue in the INOVYN segment increased by €300.2 million, or 29.2%, to €1,328.5 million in the three-month period ended June 30, 2022, as compared to €1,028.3 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 strong demand and higher ethylene and energy costs. Average sales prices of general purpose PVC, specialty PVC and caustic soda in domestic markets reached another record high in the second quarter of 2022. European contract prices for SPVC and caustic soda were 38% and 180% higher respectively than the comparative period. Volumes of our key

## INEOS QUATTRO HOLDINGS LIMITED OPERATING AND FINANCIAL REVIEW AND PROSPECTS

products, including general purpose PVC, specialty PVC and caustic soda were lower than the prior year quarter as a consequence of key turnaround events at our facilities in Norway and the Feyzin cracker in France, both of which experienced delays in start-up following the completion of planned maintenance activities.

**EBITDA before exceptionals.** EBITDA before exceptionals in the INOVYN segment increased by €43.9 million, or 14.6%, to €343.9 million in the three-month period ended June 30, 2022, as compared to €300.0 million in the same period in 2021. Business profitability in the three-month period ended June 30, 2022, was the highest quarterly performance since the formation of INOVYN in 2015, despite the very high cost of electricity and natural gas. General purpose PVC spreads over ethylene further increased in the second quarter of 2022 to record levels with the European PVC market demand remaining resilient, although some weakening is beginning to develop in some downstream sectors. Domestic demand for specialty PVC also remained strong with spreads reaching another all-time record high. The European market for caustic soda in the current quarter was tight on good demand and constrained supply caused by industry maintenance stops and some plants facing technical issues. As a result, the INOVYN business was, to a large extent, able to pass on the higher costs of energy on to customers leading to extremely high caustic soda prices being achieved. The contract price for caustic soda in Europe (as reported by IHS Markit) in the second quarter of 2022 was €1,143 / ton compared to €408 / ton in the comparative quarter. Volumes of our key products were lower than the prior year quarter due to the aforementioned turnaround activities.

### Acetyls

**Revenue.** Revenue in the Acetyls segment increased by €94.5 million, or 33.1%, to €380.2 million in the three-month period ended June 30, 2022, as compared to €285.7 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 37% and 36% higher respectively than the comparative period because of higher North Sea gas prices in Europe and strong demand in the Americas. The only exception was in China where margins softened by 50%. Sales volume settled at similar levels to the prior year as higher sales in Asia were offset by lower volumes in Europe and Americas. Whilst Asia continued to experience port congestion and strained vessel capacity, the impact on volumes was lower in the second quarter of 2022 as opposed to the comparative period. In Europe, sales volumes were impacted by the turnaround of the acetic acid plant in the United Kingdom, whilst in the US external sales volumes were lower following production issues at the plant of a key carbon monoxide supplier.

**EBITDA before exceptionals.** EBITDA before exceptionals in the Acetyls segment decreased by €47.3 million, or 25.6%, to €137.7 million in the three-month period ended June 30, 2022, as compared to €185.0 million in the same period in 2021. In Europe, demand remained steady, and the reducing gas price brought some welcome relief to affordability and competitiveness. In the US, the market was tight with low stock levels and strong margins. The EBITDA decrease is mainly driven by the Asia market which saw margins come off the extreme highs seen during the same period in 2021 as supply issues eased and COVID has started to weaken demand for both acetic acid and all derivatives.

### Aromatics

**Revenue.** Revenue in the Aromatics segment increased by €705.8 million, or 85.1%, to €1,535.2 million in the three-month period ended June 30, 2022, as compared to €829.4 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 volumes were slightly higher than the prior year quarter but PX volumes decreased as a result of the planned shutdown of our European PX facility in the second quarter of 2022.

**EBITDA before exceptionals.** EBITDA before exceptionals in the Aromatics segment increased by €89.0 million or 148.8%, to €148.8 million in the three-month period ended June 30, 2022, as compared to €59.8 million in the same period in 2021. PTA sales volumes and margins were higher in all regions in the second quarter of 2022 compared to the prior year quarter. The current year quarter was characterized by increased volatility in raw material pricing, particularly in Europe and the US regions as a result of oil and energy price rises. Mixed xylenes, the feedstock for PX production in the US and Europe saw a significant step-up in price as they were pulled into the gasoline pool to rebalance for lost Russian volumes. As a consequence of higher raw material costs and squeezed PX margins, our PX units ran at lower production rates in the second quarter of 2022, with lower cost imported PX volumes making up the balance to run the PTA units. The demand for polyester resin in the US has provided support for PTA margins, which remained above prior year levels. Domestic PTA producers in Europe are under pressure from lower cost PTA from Asia which has raw material and energy cost advantages over European suppliers but the flow of product from Asia was dampened by freight availability. The Asia region has not experienced the same impact on PX pricing as the US and Europe, as Asia PX prices

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are off naphtha as the feedstock. Our Asian facility is delivering higher margins by focusing on local sales in the Zhuhai region and avoiding the higher freight costs associated with sales to inland China. Gross margins benefitted from €95.4 million of higher inventory gains in the three-month period ended June 30, 2022 compared to the comparative period.

#### **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 June 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 June 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 \$1,985.0 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 June 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. In addition, there are lease liabilities of €291.9 million.

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 June 30, 2022 the amount utilized against the facility was RMB 1,497.6 million (€213.4 million equivalent).

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.

**INEOS QUATTRO HOLDINGS LIMITED**  
**OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

***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 six-month periods ended June 30, 2022 and 2021, capital expenditures analysed by business segment were as follows:

	<b>For the six-month period ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<i>(€ in millions)</i>	
Styrolution.....	212.9	173.8
INOVYN.....	83.1	85.4
Acetyls.....	12.6	13.9
Aromatics.....	23.8	24.7
<b>Total.....</b>	<b>332.4</b>	<b>297.8</b>

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). 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, including the PTA3 plant turnaround at Geel, Belgium in the second quarter of 2022.

***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, Revolving Credit Facility and other short-term credit facilities.

***Cash Flows***

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

	<b>For the six-month period ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<i>(€ in millions)</i>	
Net cash flows from operating activities.....	935.1	737.5
Net cash flows used in investing activities.....	(61.9)	(232.8)
Net cash flows used in financing activities.....	(880.8)	(383.9)

**Net cash flows from operating activities**

## INEOS QUATTRO HOLDINGS LIMITED OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Net cash flows from operating activities in the six-month period ended June 30, 2022 were €935.1 million, compared to €737.5 million in the same period in 2021. Positive cash flow was generated because of the strong underlying business performance. Working capital outflows were €505.2 million in 2022, compared to outflows of €515.8 million in 2021. The outflows in 2022 were due to higher feedstock price and higher receivables due to increase in revenue. The outflows in 2021 were due to higher feedstock price levels due to availability issues in the petrochemical industry because of winter storm Uri and also higher receivables due to increases in revenue.

There were outflows of €32.1 million on provisions and employee benefits in the six-month period ended June 30, 2022 (six-month period ended June 30, 2021: €33.2 million inflow), mainly for UK pension schemes in the INOVYN business.

The Group made taxation payments of €162.3 million in the six-month period ending June 30, 2022 (six-month period ending June 30, 2021: €130.6 million). The largest payments were in Germany, USA, Switzerland, Korea, India and China (six-month period ending June 30, 2021: Germany, United Kingdom, Mexico, Korea and China).

### **Net cash flows used in investing activities**

The total cash outflow for investing activities in the six month period ended June 30, 2022 was €61.9 million compared to €232.8 million in the same period in 2021.

During the six-month period ended June 30, 2022 the Group received dividends from joint ventures and other investments of €282.6 million and €0.8 million respectively (six-month period ended June 30, 2021: €54.3 million and €2.5 million respectively). The Group received €7.1 million in proceeds for the disposal of property, plant and equipment mainly in relation to the sale of precious metal catalyst in China (six-month period ended June 30, 2021: €4.3 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 (six-month period ended June 30, 2021: €3.9 million).

Spend on intangible assets of €25.3 million in the six-month period ended June 30, 2022 primarily consisted of EU and UK CO<sub>2</sub> emission allowances (six-month period ended June 30, 2021: €1.6 million). There were no other significant cash flows from investing activities in the six month period ended June 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 six month period ended June 30, 2022 was €880.8 million compared to €383.9 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 1,497.6 million (€212.9 million equivalent) were made in the six month period ended June 30, 2022.

In the six-month period ended June 30, 2022, the Group made scheduled repayments of €15.0 million on the Three-Year Euro Term Loan A Facility (six-month period ended June 30, 2021: €7.5 million), \$17.5 million (€15.6 million equivalent) on the Three-Year Dollar Term Loan A Facility (six-month period ended June 30, 2021: €7.2 million), \$10.0 million (€9.1 million equivalent) on the Dollar Term Loan B Facility due 2026 (six-month period ended June 30, 2021: €nil) and \$1.0 million (€0.9 million equivalent) on the Dollar Term Loan B Facility due 2027 (six-month period ended June 30, 2021: €0.8 million). The Group also made total scheduled repayments of €4.7 million to the Bank of China in respect of a loan acquired as part of the Aromatics business acquisition (six-month period ended June 30, 2021: €4.3 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 €68.6 million in respect of this refinancing.

## **INEOS QUATTRO HOLDINGS LIMITED**

### **OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

Interest payments of €113.9 million were made for the six-month period ended June 30, 2022 compared to €81.3 million for the period ended June 30, 2021. The interest payments during the first six months of 2022 related primarily to scheduled cash payments in respect of the Term Loan A Facilities due 2023 and 2025, Term Loan B Facilities due 2026 and 2027, Senior Secured Notes due 2026 and 2027, Senior Notes due 2026, securitization facilities of €1.8 million, lease liabilities of €5.3 million and payments to settle losses on commodity derivative contracts of €6.8 million. The interest payments during the first six 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, securitization facilities of €1.7 million, and lease liabilities of €5.9 million.

During the six-month period ended June 30, 2022 the Group made payments of €43.1 million (June 30, 2021: €46.0 million) in respect of the capital element of lease liabilities.

The Group paid dividends to its INEOS parent of €521.0 million in the six-month period ended June 30, 2022 as compared to €69.5 million in the six-month period ended June 30, 2021. In the prior year, the Equity Bridge Contribution received from the Company's immediate parent undertaking as part of the BP Acquisition was repaid via a return of capital of €824.9 million.

The Group also paid dividends to minority interests of €34.9 million in the six-month period ended June 30, 2022 as compared to €nil in the six-month period ended June 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 June 30, 2022 was €5,350.4 million (December 31, 2021: €5,348.9 million), excluding lease liabilities of €291.9 million (December 31, 2021: €299.2 million). The Group held net cash balances of €1,314.4 million as at June 30, 2022 (December 31, 2021: €1,291.3 million) which included restricted cash of €13.7 million used as collateral against bank guarantees and letters of credit. As at June 30, 2022 the Group had availability under the undrawn securitization facilities of €840.0 million.