# INEOS Quattro Holdings Limited

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

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

| | Three-Month Period Ended March 31, | |
|---|---|---|
| | **2022** | **2021** |
| | *(€ in millions)* | |
| **Revenue** | **4,631.0** | **3,107.9** |
| Cost of sales | (3,677.9) | (2,361.0) |
| **Gross profit** | **953.1** | **746.9** |
| Distribution costs | (222.6) | (188.2) |
| Administrative expenses | (96.2) | (109.3) |
| **Operating profit** | **634.3** | **449.4** |
| Share of profit of joint ventures and associated undertakings | 89.1 | 36.9 |
| Profit on disposal of property, plant and equipment | 0.1 | 4.5 |
| **Profit before net finance costs** | **723.5** | **490.8** |
| Finance income | 20.6 | 47.6 |
| Finance costs before exceptional items | (72.4) | (54.9) |
| Exceptional finance costs | - | (68.9) |
| Total finance costs | (72.4) | (123.8) |
| **Profit before tax** | **671.7** | **414.6** |
| Tax charge | (128.2) | (99.0) |
| **Profit for the period** | **543.5** | **315.6** |

| | | |
|---|---|---|
| **Profit attributable to:** | | |
| - Owners of the parent | 529.6 | 306.5 |
| - Non-controlling interest | 13.9 | 9.1 |
| | **543.5** | **315.6** |

The condensed notes on pages 7 to 23 are an integral part of these unaudited condensed consolidated interim financial statements.

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

| | Three-Month Period Ended March 31, | |
|---|---|---|
| | **2022** | **2021** |
| | *(€ in millions)* | |
| **Profit for the period** | **543.5** | **315.6** |
| **Other comprehensive income:** | | |
| *Items that will not be reclassified to profit or loss:* | | |
| Remeasurement of post-employment benefit obligations net of tax | 44.0 | 35.8 |
| *Items that may subsequently be recycled to profit and loss:* | | |
| Foreign exchange translation differences of subsidiaries | 20.4 | 107.9 |
| **Other comprehensive income for the period net of tax** | **64.4** | **143.7** |
| **Total comprehensive income for the period** | **607.9** | **459.3** |
| | | |
| **Total comprehensive income attributable to:** | | |
| - Owners of the parent | 593.2 | 447.4 |
| - Non-controlling interest | 14.7 | 11.9 |
| **Total comprehensive income for the period** | **607.9** | **459.3** |

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

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| | *(€ in millions)* | |
| **Non-current assets** | | |
| Property, plant and equipment | 5,025.5 | 4,972.2 |
| Intangible assets | 2,252.9 | 2,265.2 |
| Investments in equity-accounted investees | 1,518.7 | 1,530.9 |
| Other investments | 18.3 | 18.1 |
| Other financial assets | 2.1 | 2.1 |
| Other receivables | 58.0 | 52.5 |
| Employee benefits | 75.6 | 69.0 |
| Deferred tax assets | 207.0 | 202.9 |
| **Total non-current assets** | **9,158.1** | **9,112.9** |
| **Current assets** | | |
| Inventories | 1,719.0 | 1,548.9 |
| Trade and other receivables | 2,613.2 | 2,377.9 |
| Tax receivables for current tax | 56.2 | 54.7 |
| Cash and cash equivalents | 1,573.6 | 1,291.3 |
| **Total current assets** | **5,962.0** | **5,272.8** |
| **Total assets** | **15,120.1** | **14,385.7** |
| **Equity** | | |
| Share capital | 0.3 | 0.3 |
| Merger reserve | (4,526.9) | (4,526.9) |
| Retained earnings | 8,081.1 | 7,551.5 |
| Other reserves | 277.1 | 213.5 |
| **Equity attributable to owners of the Company** | 3,831.6 | 3,238.4 |
| Non-controlling interest | 88.9 | 74.2 |
| **Total equity** | **3,920.5** | **3,312.6** |
| **Non-current liabilities** | | |
| Interest-bearing loans and borrowings | 6,493.7 | 6,436.4 |
| Lease liabilities | 232.1 | 226.6 |
| Trade and other payables | 144.7 | 146.9 |
| Employee benefits | 184.2 | 233.3 |
| Provisions | 185.1 | 185.3 |
| Deferred tax liabilities | 405.2 | 404.9 |
| **Total non-current liabilities** | **7,645.0** | **7,633.4** |
| **Current liabilities** | | |
| Interest-bearing loans and borrowings | 130.3 | 133.9 |
| Lease liabilities | 60.8 | 72.6 |
| Trade and other payables | 3,022.8 | 2,978.5 |
| Tax liabilities for current tax | 224.3 | 146.0 |
| Other financial liabilities | 67.6 | 53.4 |
| Provisions | 48.8 | 55.3 |
| **Total current liabilities** | **3,554.6** | **3,439.7** |
| **Total liabilities** | **11,199.6** | **11,073.1** |
| **Total equity and liabilities** | **15,120.1** | **14,385.7** |

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

| | Share capital | Share premium reserve | Merger reserve | Retained earnings | Other reserves | Equity attributable to owners of the Company | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|
| | *(€ in millions)* | | | | | | | |
| **Balance at December 31, 2021** | 0.3 | - | (4,526.9) | 7,551.5 | 213.5 | 3,238.4 | 74.2 | 3,312.6 |
| Profit for the period | - | - | - | 529.6 | - | 529.6 | 13.9 | 543.5 |
| **Other comprehensive income:** | | | | | | | | |
| Remeasurement of post-employment benefit obligations, net of tax | - | - | - | - | 44.0 | 44.0 | - | 44.0 |
| Foreign exchange translation differences of subsidiaries | - | - | - | - | 19.6 | 19.6 | 0.8 | 20.4 |
| **Total other comprehensive income** | **-** | **-** | **-** | **-** | **63.6** | **63.6** | **0.8** | **64.4** |
| **Balance at March 31, 2022** | **0.3** | **-** | **(4,526.9)** | **8,081.1** | **277.1** | **3,831.6** | **88.9** | **3,920.5** |

| | Share capital | Share premium reserve | Merger reserve | Retained earnings | Other reserves | Equity attributable to owners of the Company | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|
| | *(€ in millions)* | | | | | | | |
| **Balance at December 31, 2020** | 0.3 | 6,620.4 | (4,526.9) | 603.5 | (25.4) | 2,671.9 | 71.3 | 2,743.2 |
| Profit for the period | - | - | - | 306.5 | - | 306.5 | 9.1 | 315.6 |
| **Other comprehensive income:** | | | | | | | | |
| Remeasurement of post-employment benefit obligations, net of tax | - | - | - | - | 35.8 | 35.8 | - | 35.8 |
| Foreign exchange translation differences of subsidiaries | - | - | - | - | 105.1 | 105.1 | 2.8 | 107.9 |
| **Total other comprehensive income** | **-** | **-** | **-** | **-** | **140.9** | **140.9** | **2.8** | **143.7** |
| **Transactions with owners, recorded directly in equity:** | | | | | | | | |
| Reduction of share capital | - | (6,620.4) | - | 6,620.4 | - | - | - | - |
| Dividends | - | - | - | (874.9) | - | (874.9) | - | (874.9) |
| **Transactions with owners, recorded directly in equity** | **-** | **(6,620.4)** | **-** | **5,745.5** | **-** | **(874.9)** | **-** | **(874.9)** |
| **Balance at March 31, 2021** | **0.3** | **-** | **(4,526.9)** | **6,655.5** | **115.5** | **2,244.4** | **83.2** | **2,327.6** |

The condensed notes on pages 7 to 23 are an integral part of these unaudited condensed consolidated interim financial statements.

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

| | Three-Month Period Ended March 31, | |
|---|---|---|
| | **2022** | **2021** |
| | *(€ in millions)* | |
| **Cash flows from operating activities** | | |
| Profit for the period | 543.5 | 315.6 |
| **Adjustments for:** | | |
| Depreciation and impairment | 132.0 | 130.3 |
| Amortization | 31.6 | 30.1 |
| Net finance costs | 51.8 | 76.2 |
| Profit on disposal of property, plant and equipment | (0.1) | (4.5) |
| Share of profits of joint ventures and associated undertakings | (89.1) | (36.9) |
| Tax charge | 128.2 | 99.0 |
| Increase in trade and other receivables | (224.7) | (300.3) |
| Increase in inventories | (158.7) | (66.9) |
| Increase in trade and other payables | 37.0 | 87.1 |
| Decrease in provisions and employee benefits | (15.8) | (12.7) |
| Tax paid | (59.3) | (63.7) |
| **Net cash from operating activities** | **376.4** | **253.3** |
| **Cash flows from investing activities** | | |
| Interest and other finance income received | 0.6 | 1.1 |
| Proceeds from disposal of property, plant and equipment | 0.6 | 3.9 |
| Dividends received from joint ventures | 106.8 | 10.0 |
| Dividends received from other investments | 0.8 | 2.5 |
| Acquisition of intangible assets | (24.0) | (0.4) |
| Acquisition of property, plant and equipment | (104.4) | (140.3) |
| **Net cash used in investing activities** | **(19.6)** | **(123.2)** |
| **Cash flows from financing activities** | | |
| Proceeds from external borrowings | 49.7 | 4,832.5 |
| Repayment of external borrowings | (40.1) | (4,110.9) |
| Debt issue costs | (0.1) | (55.4) |
| Interest paid | (68.6) | (28.6) |
| Capital element of lease payments | (21.2) | (20.7) |
| Repayment of Equity Bridge Contribution to the owners of the Company | - | (824.9) |
| Dividends paid attributable to the owners of the Company | - | (50.0) |
| **Net cash used in financing activities** | **(80.3)** | **(258.0)** |
| Net increase/(decrease) in cash and cash equivalents | 276.5 | (127.9) |
| Cash and cash equivalents at January 1 | 1,291.3 | 805.6 |
| Effect of exchange rate fluctuations on cash held | 5.8 | 18.1 |
| **Cash and cash equivalents at March 31** | **1,573.6** | **695.8** |

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## 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 Company was incorporated on 18 December 2015, as a subsidiary of INEOS Industries Holdings Limited.

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 Company and its subsidiaries continue 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 Company's and its subsidiaries' 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 Company and its subsidiaries. All plants have sufficient resources and have implemented measures to ensure that this remains the case throughout the pandemic.

Whilst there is still uncertainty due to the COVID-19 pandemic the Directors have undertaken a rigorous assessment of the potential impact of COVID-19 on demand for the Group's products and services and the impact on margins for the next 12 months and the Directors do not expect a material impact on the Group's ability to operate as a going concern.

## 2. PRINCIPAL ACCOUNTING POLICIES

The financial information has been prepared and approved by the directors in accordance with IAS 34 "Interim financial reporting" as adopted by the European Union in response to the IAS regulation (EC 1606/2002) effective from January 1, 2022. In compliance with IAS 34, the Company has opted for a condensed scope of reporting in the condensed interim financial statements compared with the consolidated annual financial statements.

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's audited consolidated annual report and accounts for the year ended December 31, 2021, except for the adoption of new standards, interpretations and amendments effective as of January 1, 2022. The adoption of new standards, interpretations and amendments in the current year has not had a material impact. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective at March 31, 2022.

## 3. SEGMENTAL INFORMATION

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

The Group divides its operations into four segments:

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

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

| | Three-Month Period Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| | (€ in millions) | |
| ***Revenue*** | | |
| Styrolution | 1,681.9 | 1,295.3 |
| INOVYN | 1,371.0 | 865.6 |
| Acetyls | 390.7 | 223.9 |
| Aromatics | 1,209.2 | 740.7 |
| Eliminations | (21.8) | (17.6) |
| | **4,631.0** | **3,107.9** |
| ***EBITDA before exceptionals*** | | |
| Styrolution | 253.6 | 316.4 |
| INOVYN | 321.5 | 206.7 |
| Acetyls | 134.5 | 57.7 |
| Aromatics | 177.4 | 65.9 |
| **EBITDA before exceptionals** | **887.0** | **646.7** |

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

| | Three-Month Period Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| | (€ in millions) | |
| EBITDA before exceptionals | 887.0 | 646.7 |
| Depreciation and amortization | (163.6) | (160.4) |
| Share of profit of joint ventures and associated undertakings | (89.1) | (36.9) |
| **Operating profit** | **634.3** | **449.4** |

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

## 4. NET FINANCE COSTS

| | Three-Month Period Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| | (€ in millions) | |
| **Finance income** | | |
| Interest on bank and other short term deposits | 0.4 | 0.4 |
| Interest receivable from associated undertakings | 0.4 | 0.5 |
| Net fair value gain on derivatives | - | 2.6 |
| Exchange movements | 17.0 | 43.7 |
| Other finance income | 2.8 | 0.4 |
| **Total finance income** | **20.6** | **47.6** |
| **Finance costs excluding exceptional items** | | |
| Interest payable on Term Loans | (30.6) | (24.8) |
| Interest payable on Bridge Facilities | - | (8.3) |
| Interest payable on Senior Secured Notes and Senior Notes | (16.8) | (12.6) |
| Interest payable on securitization facility | (0.9) | (0.9) |
| Interest payable on the revolving credit facility | - | (0.6) |
| Interest payable to related parties | (0.4) | (0.4) |
| Amortization of debt issue costs | (4.5) | (2.7) |
| Interest payable on leases | (2.6) | (2.7) |
| Net fair value loss on derivatives | (14.7) | - |
| Other finance charges | (1.5) | (1.3) |
| Interest on employee benefits | (0.4) | (0.6) |
| **Total finance costs excluding exceptional items** | **(72.4)** | **(54.9)** |
| **Exceptional finance costs** | | |
| Debt issue costs | - | (52.7) |
| Related party finance charge | - | (16.2) |
| **Total exceptional finance costs** | **-** | **(68.9)** |
| **Total finance costs** | **(72.4)** | **(123.8)** |
| **Net finance costs** | **(51.8)** | **(76.2)** |

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

***Exceptional finance costs***

Exceptional finance costs of €52.7 million in 2021 relate to the write off of unamortized debt issue costs associated with the Five-Year Euro Term Loan A Facility, the Bridge Facilities 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 19.1% for the three-month period ended March 31, 2022 (three-month period ended March 31, 2021: 23.9%) reflects the anticipated tax rate for the Group for the full year.

## 6. PROPERTY, PLANT AND EQUIPMENT

In the three-month period ended March 31, 2022, the Group acquired €104.4 million (three-month period ended March 31, 2021: €140.3 million) of 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.

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

Capital expenditures in the Aromatics and Acetyls businesses were mainly on sustenance and safety compliance work.

Investments in property, plant and equipment in the first quarter 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 quarter 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

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| | *(€ in millions)* | |
| Raw materials and consumables | 636.7 | 562.8 |
| Work in progress | 236.5 | 213.7 |
| Finished products | 845.8 | 772.4 |
| | **1,719.0** | **1,548.9** |

## 8. INTEREST BEARING LOANS AND BORROWINGS

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

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| | *(€ in millions)* | |
| **Non-current liabilities** | | |
| Senior Secured Notes due 2026 | 1,247.9 | 1,241.3 |
| Senior Notes due 2026 | 500.0 | 500.0 |
| Term Loan B Facilities due 2026 | 3,260.1 | 3,238.6 |
| Term Loan A Facilities due 2023 | 30.7 | 60.9 |
| Term Loan A Facilities due 2025 | 188.1 | 185.3 |
| Term Loan B Facilities due 2027 | 625.8 | 623.6 |
| Senior Secured Notes due 2027 | 600.0 | 600.0 |
| External bank loan | 49.8 | - |
| Loan from related party | 40.3 | 39.8 |
| Other loans | 0.2 | 0.2 |
| **Gross borrowings** | **6,542.9** | **6,489.7** |
| Less: unamortized finance costs | (49.2) | (53.3) |
| **Net borrowings** | **6,493.7** | **6,436.4** |
| | | |
| **Current liabilities** | | |
| Term Loan B Facilities due 2026 | 17.9 | 17.7 |
| Term Loan A Facilities due 2023 | 122.7 | 121.8 |
| Term Loan B Facilities due 2027 | 1.8 | 1.8 |
| External bank loan | 4.7 | 9.2 |
| **Gross borrowings** | **147.1** | **150.5** |
| Less: unamortized finance costs | (16.8) | (16.6) |
| **Net borrowings** | **130.3** | **133.9** |

| **Gross debt and issue costs** | **March 31, 2022** | | |
|---|---|---|---|
| | **Gross loans and borrowings** | **Issue costs** | **Net loans and borrowings** |
| | | *(€ in millions)* | |
| Senior Secured Notes due 2026 | 1,247.9 | (16.5) | 1,231.4 |
| Senior Notes due 2026 | 500.0 | - | 500.0 |
| Term Loan B Facilities due 2026 | 3,278.0 | (37.8) | 3,240.2 |
| Term Loan A Facilities due 2023 | 153.4 | (2.5) | 150.9 |
| Term Loan A Facilities due 2025 | 188.1 | (1.8) | 186.3 |
| Term Loan B Facilities due 2027 | 627.6 | (3.7) | 623.9 |
| Senior Secured Notes due 2027 | 600.0 | (3.5) | 596.5 |
| Securitization facilities | - | (0.2) | (0.2) |
| Loan from related party | 40.3 | - | 40.3 |
| External bank loan | 54.5 | - | 54.5 |
| Other loans | 0.2 | - | 0.2 |
| | **6,690.0** | **(66.0)** | **6,624.0** |

## 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 |
| | | (€ in millions) | |
| Senior Secured Notes due 2026 | 1,241.3 | (17.5) | 1,223.8 |
| Senior Notes due 2026 | 500.0 | - | 500.0 |
| Term Loan B Facilities due 2026 | 3,256.3 | (39.8) | 3,216.5 |
| Term Loan A Facilities due 2023 | 182.7 | (2.8) | 179.9 |
| Term Loan A Facilities due 2025 | 185.3 | (1.9) | 183.4 |
| Term Loan B Facilities due 2027 | 625.4 | (3.9) | 621.5 |
| Senior Secured Notes due 2027 | 600.0 | (3.7) | 596.3 |
| Securitization facilities | - | (0.3) | (0.3) |
| Loan from related party | 39.8 | - | 39.8 |
| Other loans | 9.4 | - | 9.4 |
| | **6,640.2** | **(69.9)** | **6,570.3** |

| Terms and debt repayment schedule | 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 |
| Three-Year Dollar Term Loan A Facility due 2023 | $ | USD LIBOR (floor of 0.5%) + 1.75% | 2023 |
| Five-Year Dollar Term Loan A Facility due 2025 | $ | USD LIBOR (floor of 0.5%) + 2.25% | 2025 |
| Three-Year Euro Term Loan A Facility due 2023 | € | EURIBOR (floor of 0.0%) + 1.75% | 2023 |
| 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 |
| Securitization facilities | $/€/£ | Variable | 2024 |

***Summary***

To facilitate the financing of the Aromatics and Acetyls businesses from BP, the Group entered into a $400.0 million Deposit Facility made available to INEOS Quattro Financing Limited (formerly INEOS Styrolution Financing Limited) pursuant to a credit agreement dated June 29, 2020. The full $400.0 million (€361.8 million equivalent) available under the Deposit Facility was drawn on the same date, which was used to pay the purchase price deposit payable upon the signing of the BP Acquisition Agreement.

On July 31, 2020, the Group's subsidiaries, INEOS Quattro Holdings UK Limited (formerly INEOS 226 Limited) and INEOS US Petrochem LLC, entered into a $2,450.0 million and €870.0 million Bridge Credit Agreement with a number of lenders (the "Bridge Facilities").

On July 31, 2020, the Group's subsidiaries, INEOS Quattro Holdings UK Limited (formerly INEOS 226 Limited) entered into a Term Loan A Agreement and INEOS Quattro Financing Limited (formerly INEOS Styrolution Financing Limited) entered into a Revolving Credit Agreement.

On December 31, 2020, $2,450.0 million (€2,050.6 million equivalent) and €870.0 million was drawn under the Bridge Facilities. In addition, the following was drawn under the Term Loan A Facilities on the same day:

- $140.0 million under a dollar Term Loan A facility (the "Three-Year Dollar Term Loan A Facility") (€117.2 million equivalent);
- $210.0 million under a dollar Term Loan A facility (the "Five Year Dollar Term Loan A Facility") (€175.8 million equivalent);
- €120.0 million under the euro Term Loan A facility (the "Three-Year Euro Term Loan A Facility"); and
- €180.0 million under the euro Term Loan A facility (the "Five Year Euro Term Loan A Facility").

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

***Summary (continued)***

The Group also received $1,000.0 million contribution by the Company's immediate parent undertaking (the "Equity Bridge Contribution"). The proceeds of the Bridge Facilities, the Term Loan A Facilities and the Equity Bridge Contribution were used to (i) pay the purchase price consideration for the BP Acquisition and certain fees and expenses and (ii) repay the amounts outstanding under the Deposit Facility. The Revolving Credit Facility of $300.0 million remained undrawn as at March 31, 2021 and was terminated on September 13, 2021.

On January 29, 2021, the Group issued €800.0 million 2½% Euro Senior Secured Notes due 2026, $500.0 million (€406.5 million equivalent) 3⅜% Dollar Senior Secured Notes due 2026 and €500.0 million 3¾% 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 Term Loan B Facilities due 2026"). The gross proceeds received under these borrowings were used to (i) repay the amounts outstanding under the Bridge Facilities, the Five-Year Euro Term Loan A Facility, the Senior Secured Term Loan B Facility that was acquired with the INOVYN business and repay the Equity Bridge Contribution and (ii) to pay certain fees and expenses related to these transactions.

***Senior Secured Notes due 2026***

On January 29, 2021, INEOS Quattro Finance 2 Plc, a subsidiary undertaking, issued €800.0 million aggregate principal amount 2½% Senior Secured Notes due 2026 (the "Euro Senior Secured Notes") and $500.0 million aggregate principal amount 3⅜% Senior Secured Notes due 2026 (the "Dollar Senior Secured Notes") under an indenture dated January 29, 2021, among INEOS Quattro Finance 2 Plc as the issuer, various guarantors named therein and HSBC Corporate Trustee Company (UK) limited, as trustee and Barclays Bank PLC, as security agent. On April 29, 2021, HSBC Corporate Trust Company (UK) Limited succeeded Barclays Bank PLC as security agent.

The Senior Secured Notes are listed on the Euro MTF - Luxembourg stock exchange. The Euro Senior Secured Notes bear interest at a rate of 2½% per annum. The Dollar Senior Secured Notes bear interest at a rate of 3⅜% per annum. Interest on the Euro Senior Secured Notes and the Dollar Senior Secured Notes is payable semi-annually in arrears on January 15 and July 15 of each year, beginning July 15, 2021. The Euro Senior Secured Notes and the Dollar Senior Secured Notes will mature on January 15, 2026.

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.

At any time prior to January 15, 2023, INEOS Quattro Finance 2 Plc may redeem all or part of the Euro Senior Secured Notes at a redemption price equal to 100% of the principal amounts of the Euro Senior Secured Notes redeemed plus the greater of (1) 1.0% of the principal amount of such Euro Senior Secured Notes; and (2) the excess of (a) the present value at such redemption date of the redemption price of such Euro Senior Secured Notes at January 15, 2023, plus all required interest payments that would otherwise be due to be paid on such Euro Senior Secured Notes during the period between the redemption date an January 15, 2023, excluding accrued but unpaid interest, computed using a discount rate equal to the Bund rate at such redemption date plus 50 basis points, over (b) the principal amount of such Euro Senior Secured Notes.

The Euro Senior Secured Notes are subject to redemption at any time on or after January 15, 2023, at the option of INEOS Quattro Finance 2 Plc, in whole or in part, at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the twelve-month period beginning on January 15 of the year indicated below:

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

together with certain additional amounts, if applicable, and accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

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

***Senior Secured Notes due 2026 (continued)***

At any time prior to January 15, 2023, INEOS Quattro Finance 2 Plc may redeem all or part of the Dollar Senior Secured Notes at a redemption price equal to 100% of the principal amounts of the Dollar Senior Secured Notes redeemed plus the greater of (1) 1.0% of the principal amount of such Dollar Senior Secured Notes; and (2) the excess of (a) the present value at such redemption date of the redemption price of such Dollar Senior Secured Notes at January 15, 2023, plus all required interest payments that would otherwise be due to be paid on such Dollar Senior Secured Notes during the period between the redemption date an January 15, 2023, excluding accrued but unpaid interest, computed using a discount rate equal to the Treasury rate at such redemption date plus 50 basis points, over (b) the principal amount of such Dollar Senior Secured Notes.

The Dollar Senior Secured Notes are subject to redemption at any time on or after January 15, 2023, at the option of INEOS Quattro Finance 2 Plc, in whole or in part, at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the twelve-month period beginning on January 15 of the year indicated below:

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

together with certain additional amounts, if applicable, and 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.

***Senior Notes due 2026***

On January 29, 2021, INEOS Quattro Finance 1 Plc issued €500.0 million aggregate principal amount 3¾% Senior Notes due 2026 (the “Senior Notes”) under an indenture data January 29, 2021, among INEOS Quattro Finance 1 Plc, as the issuer, HSBC Corporate Trustee Company (UK) Limited, as trustee, and Barclays Bank PLC as security agent. On April 29, 2021, HSBC Corporate Trustee Company (UK) Limited succeeded Barclays Banks PLC as security agent.

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 on January 15 and July 15 of each year, beginning July 15, 2021. The Senior Notes will mature on July 15, 2026.

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 Company and the loan made by INEOS Quattro Finance 2 Plc to the Company 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.

At any time prior to January 15, 2023, INEOS Quattro Finance 1 Plc may redeem all or part of the Senior Notes at a redemption price equal to 100% of the principal amounts of the Senior Notes redeemed plus the greater of (1) 1.0% of the principal amount of such Senior Notes; and (2) the excess of (a) the present value at such redemption date of the redemption price of such Senior Notes at January 15, 2023, plus all required interest payments that would otherwise be due to be paid on such Senior Notes during the period between the redemption date an January 15, 2023, excluding accrued but unpaid interest, computed using a discount rate equal to the Bund rate at such redemption date plus 50 basis points, over (b) the principal amount of such Senior Notes.

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

***Senior Notes due 2026 (continued)***

The Senior Notes are subject to redemption at any time on or after January 15, 2023, at the option of INEOS Quattro Finance 1 Plc, in whole or in part, at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the twelve-month period beginning on January 15 of the year indicated below:

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

together with certain additional amounts, if applicable, and 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).

At any time prior to January 15, 2023, INEOS Quattro Finance 1 Plc, at its option, may redeem up to 40% of the initial aggregate principal amount of the sum of the initial aggregate principal amount of the Senior Notes originally issued on January 29, 2021 with the net cash proceeds of certain public equity offerings at 103.750% of the aggregate principal amount of the Senior Notes plus certain additional amounts, if applicable, and accrued and unpaid interest, if any, to, but not including, the redemption date, if at least 50% of the sum of the originally issued aggregate principal amount of the Senior Notes remains outstanding.

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.

***Bridge Facilities***

On July 31, 2020, the Group's subsidiaries, INEOS Quattro Holdings UK Limited (formerly INEOS 226 Limited) and INEOS US Petrochem LLC, entered into a $2,450.0 million and €870.0 million bridge credit facility (the "Bridge Facility") and all amounts were drawn on December 31, 2020.

The Bridge Facility bore interest on drawn amounts and was calculated as follows: EURIBOR (for the Euro portion) and USD LIBOR (for the US dollar portion) plus a margin of 3.25% for the period 1 to 90 days after closing of the Bridge Credit Agreement, margin of 3.50% for the period 91 to 180 days after closing and 3.75% for 181 to 270 days after closing.

The Bridge Facility was repaid and terminated on January 29, 2021.

***Term Loan A Facilities due 2023 and 2025, Term Loan B Facilities due 2026 and Revolving Credit facility***

On July 31, 2020, the Group' subsidiaries, INEOS Quattro Holdings UK Limited (formerly INEOS 226 Limited) and INEOS Quattro Financing Limited (formerly INEOS Styrolution Financing Limited), entered into a Term Loan and Revolving Credit Agreement with Barclays Bank plc, Citigroup Global Markets Limited and J.P. Morgan Securities plc, as joint global coordinators, joint bookrunners and joint lead arrangers along with a consortium of other banks.

The Term Loan and Revolving Credit Facility Agreement provided:

(i) Term loans maturing in 2023 to INEOS Quattro Holdings UK Limited (formerly INEOS 226 Limited) denominated in dollars 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 to INEOS Quattro Holdings UK Limited (formerly INEOS 226 Limited) denominated in dollars and denominated in euro, in an aggregate principal amount of $210.0 million (the "Five Year Dollar Term Loan A Facility") and €180.0 million (the "Five Year Euro Term Loan A Facility"), respectively, (together, the "Term Loan A Facilities due 2025");

(iii) A revolving credit facility maturing in 2023 to INEOS Quattro Holdings UK Limited (formerly INEOS 226 Limited) and any other borrowers as may be designated from time to time under the Term Loan and Revolving Credit Agreement, available in dollars and euro, in an aggregate amount of $300.0 million. This revolving credit facility was terminated on September 13, 2021; and

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

***Term Loan A Facilities due 2023 and 2025, Term Loan B Facilities due 2026 and Revolving Credit facility (continued)***

(iv) Term loans maturing in 2026 to INEOS US Petrochem LLC and INEOS Quattro Holdings UK Limited (formerly INEOS 226 Limited) denominated in dollars (the "Dollar Term Loan B Facility") and to INEOS Quattro Holdings UK Limited (formerly INEOS 226 Limited) denominated 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").

As at March 31, 2022, $87.5 million was drawn under the Three-Year Dollar Term Loan A Facility (€78.4 million equivalent); $210.0 million was drawn under the Five Year Dollar Term Loan A Facility (€188.1 million equivalent); €75.0 million was drawn under the Three-Year Euro Term Loan A Facility; $1,985.0 million was drawn under the Dollar Term Loan B Facility (€1,778.0 million equivalent); and €1,500.0 million was drawn under the Euro Term Loan B Facility. The €180.0 million outstanding principal amount of the Five-Year Euro Term Loan A Facility was repaid on January 29, 2021. The Revolving Credit Facility was terminated on September 13, 2021.

*Interest*

The Term Loans that are denominated in dollars and any revolving credit facility drawings denominated in dollars bear 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 and Revolving Credit Facility Agreement) (subject to a floor of 0.5% per annum) plus 1.75% for the Three-year Dollar Term Loan A Facility and the revolving credit facility drawings denominated in dollars, 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 and any revolving credit facility drawings denominated in euro 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 and the Revolving 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.

There was also a commitment fee payable on the daily unused amount of the commitments under the Revolving Credit Facility, which was terminated on September 13, 2021.

*Security and Guarantees*

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

*Covenants*

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

*Repayment*

The Five-Year Dollar Term Loan A Facility are to be repaid in quarterly instalments beginning on September 30, 2023, in aggregate principal amounts equal to certain fixed percentages of the original aggregate principal amount. The balance of the Five-Year Term Loan A Facilities are payable, subject to certain exceptions, on July 31, 2025.

The Three-Year Term Loan A Facilities are to be repaid in quarterly instalments beginning on June 30, 2021, in aggregate principal amounts equal to certain fixed percentages of the original aggregate principal amount. The balance of the Three-Year Term Loan A Facilities are payable, subject to certain exceptions, on July 31, 2023.

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.

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

***Term Loan B facilities due 2027***

On November 7, 2014, INEOS Styrolution Group GmbH and INEOS Styrolution US Holding LLC entered into a Credit Agreement with Barclays Bank PLC as Administrative Agent and Security Agent (the "Term Loan B Facilities Agreement"). Subsequently, the Credit Agreement was extended and amended multiple times.

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

The new Term Loan B Facilities Agreement provides terms loans to INEOS Styrolution US Holding LLC denominated in dollars (the "Dollar Term Loan B due 2027") and to INEOS Styrolution Group GmbH denominated in euros (the "Euro Term Loan B due 2027") in aggregate principal amount of $202.3 million and €450.0 million, respectively, (together, the "Term Loan B Facilities due 2027"). The Term Loans were made in a single drawing on January 31, 2020. As at March 31, 2022, €450.0 million remained drawn under the Euro Term Loan B due 2027 and $198.2 million (€177.6 million equivalent) remained drawn under the Dollar Term Loan B Facility due 2027.

*Interest*

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%.

*Security and guarantees*

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.

*Covenants*

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.

*Repayment*

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.

***Senior Secured Notes due 2027***

On January 31, 2020, INEOS Styrolution Group GmbH 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.

At any time prior to January 15, 2023, INEOS Styrolution Group GmbH may redeem all or part of the Senior Secured Notes due 2027 at a redemption price equal to 100% of the principal amount of the Senior Secured Notes redeemed plus the greater of (1) 1.0% of the principal amount of such Senior Secured Notes; and (2) the excess of (a) the present value at such redemption date of the redemption price of such Senior Secured Notes at January 15, 2023, plus all required interest payments that would otherwise be due to be paid on such Senior Secured Notes during the period between the redemption date and January 15, 2023, excluding accrued but unpaid interest, computed using a discount rate equal to the Bund rate at such redemption date plus 50 basis points, over (b) the principal amount of such Senior Secured Notes.

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

***Senior Secured Notes due 2027 (continued)***

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

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

together with certain additional amounts, if applicable, and 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).

At any time prior to January 15, 2023, INEOS Styrolution Group GmbH may redeem up to 40% of the initial aggregate principal amount of the sum of the initial aggregate principal amount of the Senior Secured Notes due 2027 originally issued on January 31, 2020 with the net cash proceeds of certain public equity offerings at 102.250% of the aggregate principal amount of the Senior Secured Notes, and accrued and unpaid interest, if any, to, but not including, the redemption date, if at least 60% of the issued aggregate principal amount of the Senior Secured Notes remains outstanding.

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.

***INOVYN Term Loan B facility***

On May 13, 2016, INOVYN Finance plc entered into a Credit Agreement with, inter alia, J.P. Morgan Europe Limited as Administrative Agent, The Bank of New York Mellon, London Branch as Security Agent and J.P. Morgan Limited as Global Coordinator.

The interest rate payable on the INOVYN Senior Secured Term Loan B facility was EURIBOR (with a floor of 0.50%) plus a margin of 2.00%, payable in arrears on the last day of each interest period, or every three months for interest periods greater than three months.

The maturity date was March 9, 2027 and a single payment of the full amount was due on this date.

On January 29, 2021, the aggregate principal amount of INOVYN Term Loan B facility outstanding of €1,064.3 million plus accrued interest was repaid in full using the proceeds from the refinancing on January 29, 2021.

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

### *Securitization facilities*

INEOS Styrolution Group GmbH and certain other Group companies are party to a trade receivables securitization program (the "Styrolution Securitization Program") that matures on June 28, 2024, with a total of five lending banks. The maximum amount available under the Styrolution Securitization Program is €450.0 million, subject to a borrowing limit that is adjusted periodically based on the amount of eligible trade receivables at that time. The maximum amount available under the Styrolution Securitization Program will increase from €450.0 million to €600.0 million as soon as three new selling entities from the Aromatics and Acetyls business join the program, anticipated in May 2022. The facility is secured on certain of the Styrolution business' trade receivables. For drawn amounts, the Styrolution Securitization Program bears interest at a rate equal to the cost to the lenders of issuing Commercial Paper plus a margin of 0.95% except that if any lending is funded other than by issuing Commercial Paper then the applicable interest rate is EURIBOR / LIBOR plus 0.95%. For undrawn amounts, the Styrolution Securitization Program bears interest of 0.5%.

INOVYN Group Treasury Limited and certain other INOVYN business' companies are party to a trade receivables securitization program (the "INOVYN Securitization Program") with Barclays Bank PLC, ING Belgium N.V. and HSBC Bank PLC who act as lenders, liquidity providers and program agents The maximum amount available under the INOVYN Securitization Program is €240.0 million subject to a borrowing limit that is adjusted periodically based on the amount of eligible trade receivables at that time. The facility matures on June 30, 2024 and is secured on certain of the INOVYN business' trade receivables. For drawn amounts, the INOVYN Securitization Program facility bears interest at a rate equal to the cost to the lenders of issuing Commercial Paper plus a margin of 0.95%, except that if any lending is funded other than by issuing Commercial Paper then the applicable interest rate was EURIBOR / LIBOR plus 0.95%. For undrawn amounts, the facility bears interest of 0.5%.

### *Other facilities*

The Group acquired an external bank loan with the acquisition of the Aromatics business of €17.2 million. This is a loan between INEOS Zhuhai Chemical Company Ltd (formerly BP Zhuhai Chemical Company Ltd) and the Bank of China Zhuhai branch. Repayments are made every six months, with the final repayment due on August 27, 2022. The loan bears interest at Chinese LPR +0.25%. The loan is secured by the minority shareholders, Zhuhai Port Co. Ltd. As at March 31, 2022, this external bank loan was €4.7 million (December 31, 2021: €8.9 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 RMB 3,300.0 million of financing for the construction of a new 600 kiloton ABS plant in Ningbo, China. Bank of China acted as the Administrative Agent and Security Agent. 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 March 31, 2022 the amount utilized against the facility was RMB 353.1 million (€49.8 million equivalent).

The Group has several short term credit facilities with different local banks to fund working capital requirements up to a total aggregate amount of €194.5 million equivalent as of March 31, 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 March 31, 2022 amounted to €138.7 million equivalent (December 31, 2021: €151.2 million equivalent), with €55.8 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 31 March 2022, the drawn amount under all letter of credit facilities was €26.6 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.

## 9. FINANCIAL INSTRUMENTS

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

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

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

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

| | | Level | | | | Level | | |
|---|---|---|---|---|---|---|---|---|
| | **Fair value** | **1** | **2** | **3** | **Fair value** | **1** | **2** | **3** |
| | **March 31, 2022** | | | | **December 31, 2021** | | | |
| | *(€ in millions)* | | | | | | | |
| **Financial liabilities held at fair value through profit or loss:** | | | | | | | | |
| Derivative commodity contracts . | (67.6) | - | (67.6) | - | (53.4) | - | (53.4) | - |
| **Total financial liabilities held at fair value ....................................** | **(67.6)** | **-** | **(67.6)** | **-** | **(53.4)** | **-** | **(53.4)** | **-** |

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

### *Credit risk*

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

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

## 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 recognized 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 analyzed 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.

## 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:

| | Three-month period ended March 31, 2022 | | Three-month period ended March 31, 2021 | |
|---|---|---|---|---|
| | Transaction value – income/(expense) | Balance outstanding | Transaction value – income/(expense) | Balance outstanding |
| | *(€ in millions)* | | | |
| Sale of products | 95.2 | - | 46.8 | - |
| Purchase of raw materials | (386.1) | - | (246.9) | - |
| Cost recoveries | 20.7 | - | 34.7 | - |
| Services received | (43.9) | - | (21.8) | - |
| Net interest | (0.4) | - | (0.4) | - |
| Trade and other receivables | - | 90.1 | - | 57.7 |
| Trade and other payables | - | (279.5) | - | (156.1) |
| Interest-bearing loans and borrowings | - | (40.3) | - | (38.5) |

Included within services above is a management fee paid to INEOS Limited of €14.9 million (March 31, 2021: €13.9 million). No amounts remained outstanding at the period-end (March 31, 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 March 31, 2022 (March 31, 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 three-month period ended March 31, 2022, the Group made no sales or purchases with these companies (March 31, 2021: €nil). As at March 31, 2022, amounts owed by Screencondor Limited were €1.2 million (March 31, 2021: €1.2 million).

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

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

| | Three-month period ended March 31, 2022 | | Three-month period ended March 31, 2021 | |
|---|---|---|---|---|
| | Transaction value – income/(expense) | Balance outstanding | Transaction value – income/(expense) | Balance outstanding |
| | *(€ in millions)* | | | |
| Sale of products | 4.8 | - | 18.5 | - |
| Purchase of raw materials | (171.4) | - | (24.4) | - |
| Services received | 88.3 | - | 30.8 | - |
| Net interest | 0.4 | - | 0.5 | - |
| Trade and other receivables | - | 31.2 | - | 20.3 |
| Loans receivable | - | 14.7 | - | 20.0 |
| Trade and other payables | - | (114.4) | - | (62.3) |

## 11. RELATED PARTIES (continued)

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 March 31, 2022 (March 31, 2021: €nil).

## 12. SUBSEQUENT EVENTS

On April 22, 2022, the Group sold 13.8% of its shareholding in INEOS Styrolution India Limited for consideration of $23.0 million. The Group's shareholding reduced from 75.0% to 61.2% as a result with control being retained.

## 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.

*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.

| | Three-Month Period Ended March 31, | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | *(€ in millions)* | *%* | *(€ in millions)* | *%* |
| **Revenue** | **4,631.0** | **100.0** | **3,107.9** | **100.0** |
| Cost of sales | (3,677.9) | (79.4) | (2,361.0) | (76.0) |
| **Gross profit** | **953.1** | **20.6** | **746.9** | **24.0** |
| Distribution costs | (222.6) | (4.8) | (188.2) | (6.0) |
| Administrative expenses | (96.2) | (2.1) | (109.3) | (3.5) |
| **Operating profit** | **634.3** | **13.7** | **449.4** | **14.5** |
| Share of profit of joint ventures and associated undertakings | 89.1 | 1.9 | 36.9 | 1.2 |
| Profit/(loss) on disposal of fixed assets | 0.1 | - | 4.5 | 0.1 |
| **Profit before net finance costs** | **723.5** | **15.6** | **490.8** | **15.8** |
| Net finance costs | (51.8) | (1.1) | (7.3) | (0.2) |
| Exceptional finance costs | - | - | (68.9) | (2.2) |
| **Profit before tax** | **671.7** | **14.5** | **414.6** | **13.4** |
| Tax charge | (128.2) | (2.8) | (99.0) | (3.2) |
| **Profit for the period** | **543.5** | **11.7** | **315.6** | **10.2** |

***Three-month period ended March 31, 2022, compared with three-month period ended March 31, 2021***

***Consolidated***

*Revenue.* Revenue increased by €1,523.1 million, or 49.0%, to €4,631.0 million in the three-month period ended March 31, 2022, from €3,107.9 million in the three-month period ended March 31, 2021. Revenue increased, generally due to higher demand and also higher raw material prices across the businesses, which was reflected in higher sales prices.

In the Styrolution business, revenue increased due to higher raw material and energy costs, record quarterly sales volumes of standard polystyrene and ABS, high demand and various industry supply constraints. Higher sales prices largely covered the increase in energy costs. 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 result of planned turnarounds at the Grenland, Norway and Lillo, Belgium facilities in the first quarter of 2022.

In the Acetyls business, acetic acid prices were significantly higher in both Europe and the US driven by very high natural gas costs (particularly in Europe) and good demand. 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 significantly higher average prices of PTA and PX in all regions (on the back of higher oil prices and strong demand) and improved overall sales volumes.

*Cost of sales.* Cost of sales increased by €1,316.9 million, or 55.8%, to €3,677.9 million in the three-month period ended March 31, 2022, from €2,361.0 million in the three-month period ended March 31, 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 and TAR's across the Group.

*Gross profit.* Gross profit increased by €206.2 million, or 27.6%, to €953.1 million in the three-month period ended March 31, 2022, from €746.9 million in the three-month period ended March 31, 2021.

In the Styrolution business, business performance remained strong in the first quarter of 2022 with tight markets in Europe and the US delivering record quarterly volumes and high margins of polystyrene and ABS standard grades. However, overall gross profit for the business fell on the back of weaker margins in Asia as zero-COVID-19 policies dampened manufacturing activity in the region. Moreover, fixed costs increased on the back of planned turnarounds and maintenance events, and there was a €29.5 million reduction in the value of stock holding gains compared to the comparative quarter.

In the INOVYN business, gross profit also rose in the three-month period ended March 31, 2022 compared with the three-month period ended March 31, 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 unprecedently high levels of electricity and natural gas costs.

In the Acetyls business, gross profit was higher than the prior year quarter. Margins improved in both Europe and the US as markets remained balanced to tight, despite the rising feedstock and energy environment. In Europe however, margins on contracts where sales prices are not calculated on a 'cost-plus' basis have come under pressure. Acetic acid spreads over methanol in the first quarter of 2022 remained above mid-cycle conditions in all regions.

The Aromatics business also experienced significantly improved margins in the three-month period ended March 31, 2022 compared with the three-month period ended March 31, 2021. Strong demand in the US and Europe, compounded by restrictions in worldwide freight movements have increased margins for locally produced volumes. In addition, the introduction of newly negotiated pricing formulae in the US and Europe have delivered significant margin improvements in 2022. Nevertheless, the margin gains in Europe were moderated somewhat by high energy prices, whilst Asian margins remain challenged in an oversupplied market which prevented the margin gains seen in the other regions. PX margins were lower in the first quarter of 2022 as a result of the oversupplied Asian market squeezing gasoline to naphtha spreads in Europe and the US. Gross margins also benefitted from €35.0 million of higher inventory gains in the three-month period ended March 31, 2022 compared to the comparative period, as a result of rapidly rising raw material input prices. 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 €34.4 million, or 18.3%, to €222.6 million in the three-month period ended March 31, 2022, from €188.2 million in the three-month period ended March 31, 2021. This was due to higher variable transportation rates and fixed storage costs caused by global logistical constraints resulting in elevated inflation rates.

*Administrative expenses.* Administrative expenses decreased by €13.1 million, or 12.0%, to €96.2 million in the three-month period ended March 31, 2022, from €109.3 million in the three-month period ended March 31, 2021. The reduction can be attributed to the impact of overhead cost reduction programs implemented by the Aromatics and Acetyls businesses following the acquisition by INEOS, including exiting from several transitional services agreements with BP. The Group also made approximately €7.0 million of profit from the sale of carbon credits to the wider INEOS group in the first quarter of 2022.

*Operating profit.* Operating profit increased by €184.9 million, or 41.1% to €634.3 million in the three-month period ended March 31, 2022, from €449.4 million in the three-month period ended March 31, 2021.

*Share of profit of joint ventures and associated undertakings.* Share of profit of joint ventures and associated undertakings increased by €52.2 million, or 141.5% to €89.1 million in the three-month period ended March 31, 2022, from €36.9 million in the three-month period ended March 31, 2021. Overall demand for acetic acid in Asia remained robust, with margins over methanol above middle-of-cycle conditions and higher than the comparative quarter. Margins since INEOS ownership have also benefitted from improved raw material/gas contracts at certain joint ventures. In addition, margins achieved for VAM and acetic anhydride were higher than the first quarter of 2021. Towards the end of the first quarter of 2022, margins in Asia started to trend downwards due to the weakening of regional supply/demand balances and the impact of new capacity in South China.

*Profit on disposal of property, plant and equipment.* Profit on the disposal of property, plant and equipment was €0.1 million for the three-month period ended March 31, 2022, as compared to a profit of €4.5 million for the same period in 2021.

*Profit before net finance costs.* Profit before net finance costs increased by €232.7 million, or 47.4%, to €723.5 million for the three-month period ended March 31, 2022, as compared to €490.8 million for the same period in 2021.

*Net finance costs before exceptionals.* Net finance costs before exceptionals increased by €44.5 million, or 609.6%, to €51.8 million in the three-month period ended March 31, 2022 from €7.3 million in the three-month period ended March 31, 2021. The main reason for the increase was €26.8 million of lower net foreign exchange gains (predominantly due to translation effects from intercompany loans) and €17.3 million of higher losses on commodity derivative fair value movements in the three-month period ended March 31, 2022, compared to the comparative quarter.

*Exceptional finance costs.* Exceptional finance costs were €nil in the three-month period ended March 31, 2022, as compared to €68.9 million in the three-month period ended March 31, 2021. Following the refinancing on January 29, 2021, the Group wrote-off €52.7 million of unamortized debt issue costs in the first quarter of 2021 related to the Bridge Facilities, the Five-Year Euro Term Loan A Facility and the INOVYN Senior Secured Term Loan B Facility. In addition, the Group paid an exceptional finance charge of €16.2 million in the first quarter of 2021 to a related party in respect of funding provided for the Aromatics and Acetyls acquisition.

*Profit before tax.* Profit before income tax increased by €257.1 million, or 62.0%, to €671.7 million in the three-month period ended March 31, 2022, from €414.6 million in the three-month period ended March 31, 2021.

*Tax charge.* Tax charge increased by €29.2 million, or 29.5%, to €128.2 million in the three-month period ended March 31, 2022, from €99.0 million in the three-month period ended March 31, 2021. The higher tax charge was primarily due to the increased profitability of the Group for the three-month period ended March 31, 2022 as compared to the same period in 2021.

*Profit for the period.* Profit for the period increased by €227.9 million, or 72.2%, to €543.5 million in the three-month period ended March 31, 2022 from €315.6 million in the three-month period ended March 31, 2021.

***Business segments***

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

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

| | **Three-month Period Ended March 31,** | |
|---|---|---|
| | **2022** | **2021** |
| | *(€ in millions)* | |
| *Revenue* | | |
| Styrolution | 1,681.9 | 1,295.3 |
| INOVYN | 1,371.0 | 865.6 |
| Acetyls | 390.7 | 223.9 |
| Aromatics | 1,209.2 | 740.7 |
| Eliminations | (21.8) | (17.6) |
| | **4,631.0** | **3,107.9** |
| *EBITDA before exceptionals* | | |
| Styrolution | 253.6 | 316.4 |
| INOVYN | 321.5 | 206.7 |
| Acetyls | 134.5 | 57.7 |
| Aromatics | 177.4 | 65.9 |
| | **887.0** | **646.7** |

***Styrolution***

***Revenue.*** Revenue in the Styrolution segment increased by €386.6 million, or 29.8%, to €1,681.9 million in the three-month period ended March 31, 2022, as compared to €1,295.3 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 and various industry supply constraints. In Asia, polymer prices were only marginally higher than the first quarter of 2021. In terms of volumes, the continued strong polymer demand in 2022 for standard Polystyrene and ABS grades led to the highest quarterly sales volume performance in the history of Styrolution, whilst volumes in the prior year quarter were impacted by winter storm Uri. Specialties volumes continued to be at strong levels in the first quarter of 2022 but were lower than the same period in 2021, primarily due to global semi-conductor shortages. Styrene monomer volumes were lower than the prior year period since a large turnaround event at the Bayport site reduced volumes available for external sale, with internal consumption taking priority.

***EBITDA before exceptionals.*** EBITDA before exceptionals in the Styrolution segment decreased by €62.8 million, or 19.8%, to €253.6 million in the three-month period ended March 31, 2022, as compared to €316.4 million in the same period in 2021. Business performance remains strong, although margins have started to normalize slightly after the top-of-cycle conditions experienced in 2021. For Polystyrene and ABS, European markets remained tight on the back of strong demand for durables and packaging, and industry supply constraints which limited exports from Asia into other regions. In Asia, margins weakened compared to the prior year quarter as zero-COVID-19 policies in China dampened manufacturing activity in the region. For styrene monomer, the impact of lower sales volumes was partly compensated by higher average margins.

***INOVYN***

***Revenue.*** Revenue in the INOVYN segment increased by €505.4 million, or 58.4%, to €1,371.0 million in the three-month period ended March 31, 2022, as compared to €865.6 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 buoyant markets and higher ethylene and energy costs. Energy escalators were incorporated into sales prices due to the unprecedented cost of electricity and natural gas. Average sales prices of general purpose PVC and specialty PVC in domestic markets reached another record high in the first quarter of 2022 whilst caustic soda prices reached levels not observed since the formation of INOVYN. European contract prices for SPVC and caustic soda were 55% and 82% higher respectively than the comparative period. Sales volumes of general purpose PVC and caustic soda were lower than the first quarter of 2021 as a result of a planned triennial turnaround at the Grenland site in Norway which started in mid-March, and is expected to be completed by the end of April. Volumes in the first quarter of 2022 were also impacted by lower chlorine and caustic soda output at Lillo in Belgium following a planned shutdown of the cellrooms in March 2022 to coincide with a maintenance event at a key chlorine-consuming customer. Volumes of specialty PVC were similar to the first quarter of 2021.

***EBITDA before exceptionals.*** EBITDA before exceptionals in the INOVYN segment increased by €114.8 million, or 55.5%, to €321.5 million in the three-month period ended March 31, 2022, as compared to €206.7 million in the same period in 2021. Business profitability in the three-month period ended March 31, 2022, was the highest quarterly performance since the formation of INOVYN in 2015, as a consequence of strong worldwide demand for PVC and caustic soda. General purpose PVC volumes were lower than the prior year quarter but spreads over ethylene reached new records in domestic markets. Volumes of specialty PVC were strong, with higher prices and record margins. The caustic soda market in Europe tightened in the first quarter of 2022, with demand returning to pre-COVID-19 levels and supply constrained by the high costs of electricity with producers trimming operations during the most expensive hours of the day. 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.

***Acetyls***

***Revenue***. Revenue in the Acetyls segment increased by €166.8 million, or 74.5%, to €390.7 million in the three-month period ended March 31, 2022, as compared to €223.9 million for the same period in 2021. The main factor for the increase was the higher cost of natural gas which is the key input material for acetic acid manufacture. North Sea gas prices were on average five times higher than the comparative quarter. Despite the strong demand environment in the current year, sales volumes settled at similar levels to the prior year as a result of an outage at a key customer in the US, port congestion in Asia, and the delayed re-start of the acetic acid plant maintenance event in Hull, U.K.

***EBITDA before exceptionals.*** EBITDA before exceptionals in the Acetyls segment increased by €76.8 million, or 133.1%, to €134.5 million in the three-month period ended March 31, 2022, as compared to €57.7 million in the same period in 2021. EBITDA remains strong, although this is a reduction from the historical highs of the previous quarter. There was a strong start to 2022 in all regions, although some early signs of slowing demand was evident. European margins saw continued pressure from increasing gas costs, impacting the competitiveness of European producers. In the US, underlying demand and margins remained healthy and in Asia sales prices trended down with operating levels returning to normal, recovering inventories and new capacity in South China. Demand and therefore margins for VAM and acetic anhydride were higher than the comparative quarter.

***Aromatics***

***Revenue***. Revenue in the Aromatics segment increased by €468.5 million, or 63.3%, to €1,209.2 million in the three-month period ended March 31, 2022, as compared to €740.7 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 price of oil and strong demand. Total volumes were also slightly higher than the prior year. Asian sales volumes were higher as a result of the market not repeating the carry-forward of high inventory levels that occurred between the fourth quarter of 2020 and the first quarter of 2021. In Europe, volumes were flat as the planned turnaround at the Geel site in Belgium in the first quarter of 2022 offset the unplanned outage at the same site in the prior year quarter. US volumes were at similar levels to the prior year.

***EBITDA before exceptionals.*** EBITDA before exceptionals in the Aromatics segment increased by €111.5 million or 169.2%, to €177.4 million in the three-month period ended March 31, 2022, as compared to €65.9 million in the same period in 2021. There was high demand for PET in the first quarter of 2022, especially in the USA with imports of resin remaining at all-time highs despite high international freight rates pushing up costs. Domestic margins for PET and PTA were higher than the comparative quarter as producers took opportunities to raise the spread of product prices over feedstock costs. Domestic PTA producers in Europe also saw significant margin expansion, although the gains were moderated by higher energy costs in the region. In China, the PTA price spread over PX feedstock declined significantly, as supply of PTA lengthened while demand was impacted by weakening sentiment, as well as the impact of the pandemic on supply chains. PX margins in both Europe and USA were lower than the prior year quarter.

## Liquidity and Capital Resources

### *Capital Resources*

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

Our primary sources of liquidity are cash flows from operations of subsidiaries, cash on balance sheet and borrowings under our Receivables Securitization Programs. As of March 31, 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 March 31, 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 $198.2 million Term Loan B facilities due 2027, $87.5 million and €75.0 million Three-Year Term Loan A Facilities, and a $210.0 million Five-Year Term Loan A Facility. Our financing arrangements also include Securitization Programs, which as at March 31, 2022 had a total capacity of €690.0 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 €292.9 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.

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.

### *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 three-month periods ended March 31, 2022 and 2021, capital expenditures analyzed by business segment were as follows:

| | For the three-month period ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| | (€ in millions) | |
| Styrolution | 61.9 | 88.4 |
| INOVYN | 34.3 | 41.3 |
| Acetyls | 1.5 | 2.9 |
| Aromatics | 6.7 | 7.7 |
| **Total** | **104.4** | **140.3** |

In the Styrolution business, the most significant expenditures in 2022 year-to-date related 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.

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

Capital expenditures in the Aromatics and Acetyls businesses were mainly on sustenance and safety compliance work.

***Working Capital***

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

***Cash Flows***

During the three-month periods ended March 31, 2022 and 2021, the Group's net cash flows were as follows:

| | For the three-month period ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| | (€ in millions) | |
| Net cash flows from operating activities | 376.4 | 253.3 |
| Net cash flows used in investing activities | (19.6) | (123.2) |
| Net cash flows used in financing activities | (80.3) | (258.0) |

**Net cash flows from operating activities**

Net cash flows from operating activities in the three-month period ended March 31, 2022 was €376.4 million compared to €253.3 million in the same period in 2021. Positive cash flow was generated because of the strong underlying business performance. Working capital outflows were €346.4 million in the first quarter of 2022 compared to outflows of €280.1 million in the prior period quarter, reflecting higher feedstock price levels, and consequently higher product prices and inventory values.

The Group made taxation payments of €59.3 million in the three-month period ending March 31, 2022 (three-month period ending March 31, 2021: €63.7 million). The largest payments were made by the Styrolution and INOVYN businesses in Germany, Switzerland, U.K., Belgium, Mexico, Korea and India (three-month period ending March 31, 2021: India, Korea, China, Canada, Mexico, Switzerland, Germany and the U.K.).

**Net cash flows used in investing activities**

The total cash outflow for investing activities in the three-month period ended March 31, 2022 was €19.6 million compared to €123.2 million in the same period in 2021.

During the three-month period ended March 31, 2022, the Group received dividends from joint ventures and other investments of €106.8 million and €0.8 million, respectively (three-month period ended March 31, 2021: €10.0 million and €2.5 million, respectively).

Spend of €24.0 million on intangible assets in the first quarter of 2022 primarily consisted of purchases of EU emission allowances (three-month period ended March 31, 2021: €0.4 million).

There were no other significant cash flows from investing activities in the three-month period ended March 31, 2022 and 2021 other than the acquisition of property, plant and equipment (see "—Capital expenditures" above).

**Net cash flows used in financing activities**

The total cash outflow for financing activities in the in the three-month period ended March 31, 2022 was €80.3 million compared to an outflow of €258.0 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 353.1 million (€49.7 million equivalent) were made in the first quarter of 2022.

In the three-month period ended March 31, 2022, the Group made scheduled repayments of €15.0 million on the Three-Year Euro Term Loan A Facility, $17.5 million (€15.6 million equivalent) on the Three-Year Dollar Term Loan A Facility, $5.0 million (€4.4 million equivalent) on the Dollar Term Loan B Facility due 2026 and $0.5 million (€0.4 million equivalent) on the Dollar Term Loan B Facility due 2027 (three-month period ended March 31, 2021: €0.4 million). The Group also made total scheduled repayments of €4.7 million to the Bank of China Zhuhai branch in respect of a loan acquired as part of the Aromatics business acquisition (three-month period ended March 31, 2021: €4.3 million).

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 Facilities 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 (see below) to the Group's parent and to pay debt issue costs of €55.4 million in respect of this refinancing.

Interest payments of €68.6 million were made in the three-month period ended March 31, 2022 compared to €28.6 million for the same period in 2021. The interest payments during the first three 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 €0.8 million and lease liabilities of €2.6 million. The interest payments during the first three 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 €0.8 million, and lease liabilities of €2.9 million

During the three-month period ended March 31, 2022 the Group made payments of €21.2 million (three-month period ended March 31, 2021: €20.7 million) in respect of the capital element of lease liabilities.

The Group paid dividends of €nil in the three-month period ended March 31, 2022, compared to €50.0 million in the three-month period ended March 31, 2021. In the three-month period ended March 31, 2021, the Equity Bridge Contribution received from the Company's immediate parent undertaking as part of the BP Acquisition was repaid in January 2021 via a return of capital of €824.9 million.

**Net debt**

Total net debt as at March 31, 2022 was €5,116.4 million (December 31, 2021: €5,348.9 million), excluding lease liabilities of €292.9 million (December 31, 2021: €299.2 million). The Group held net cash balances of €1,573.6 million as at March 31, 2022 (December 31, 2021: €1,291.3 million) which included restricted cash of €11.4 million used as collateral against bank guarantees and letters of credit. As at March 31, 2022, the Group had availability under the undrawn securitization facilities of €690.0 million.