INEOS

INEOS GROUP HOLDINGS S.A.

Condensed consolidated interim financial statements
as of June 30, 2022

INEOS GROUP HOLDINGS S.A.
CONSOLIDATED INCOME STATEMENT

	Three-Month Period Ended June 30,	
	2022	**2021**
	(€ in millions)	
Revenue	**6,054.8**	**4,775.7**
Cost of sales	(5,154.3)	(3,763.4)
Gross profit	**900.5**	**1,012.3**
Distribution costs	(54.3)	(53.1)
Administrative expenses	(108.1)	(103.2)
Operating profit	**738.1**	**856.0**
Share of profit/(loss) of associates and joint ventures using the equity accounting method	92.9	(22.4)
Loss on disposal of property, plant and equipment	-	(0.1)
Profit before net finance costs	**831.0**	**833.5**
Finance income	16.7	11.9
Finance costs	(165.5)	(9.5)
Profit before tax	**682.2**	**835.9**
Tax charge	(115.4)	(120.1)
Profit for the period	**566.8**	**715.8**

The condensed notes presented on pages 8 to 21 are an integral part of these unaudited condensed consolidated interim financial statements.

INEOS GROUP HOLDINGS S.A.
CONSOLIDATED INCOME STATEMENT

	Six-Month Period Ended June 30,	
	2022	**2021**
	(€ in millions)	
Revenue	**11,714.9**	**8,563.1**
Cost of sales	(9,867.4)	(6,881.5)
Gross profit	**1,847.5**	**1,681.6**
Distribution costs	(104.3)	(105.6)
Administrative expenses	(203.4)	(191.6)
Operating profit	**1,539.8**	**1,384.4**
Share of profit/(loss) of associates and joint ventures using the equity accounting method	179.4	(14.9)
Profit on disposal of property, plant and equipment	-	0.2
Profit before net finance costs	**1,719.2**	**1,369.7**
Finance income	31.2	24.3
Finance costs	(197.8)	(151.3)
Profit before tax	**1,552.6**	**1,242.7**
Tax charge	(253.4)	(198.8)
Profit for the period	**1,299.2**	**1,043.9**

The condensed notes presented on pages 8 to 21 are an integral part of these unaudited condensed consolidated interim financial statements.

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

	Three-Month Period Ended June 30,	
	2022	**2021**
	(€ in millions)	
Profit for the period	566.8	715.8
Other comprehensive income/(expense):		
Items that will not be recycled to profit and loss:		
Remeasurement of post employment benefit obligations net of tax	205.5	(5.0)
Items that may subsequently be recycled to profit and loss:		
Foreign exchange translation differences	(11.4)	8.2
Net gain/(loss) on translation of foreign operations and hedge of net investment in foreign operations net of tax	381.2	(124.4)
Other comprehensive income/(expense) for the period net of tax	**575.3**	**(121.2)**
Total comprehensive income for the period	**1,142.1**	**594.6**

	Six-Month Period Ended June 30,	
	2022	**2021**
	(€ in millions)	
Profit for the period	1,299.2	1,043.9
Other comprehensive income/(expense):		
Items that will not be recycled to profit and loss:		
Remeasurement of post employment benefit obligations net of tax	303.5	98.0
Items that may subsequently be recycled to profit and loss:		
Foreign exchange translation differences	(5.7)	(7.5)
Net gain on translation of foreign operations and hedge of net investment in foreign operations net of tax	479.2	264.6
Other comprehensive income for the period net of tax	**777.0**	**355.1**
Total comprehensive income for the period	**2,076.2**	**1,399.0**

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INEOS GROUP HOLDINGS S.A.
CONSOLIDATED BALANCE SHEET

	June 30, 2022	December 31, 2021
	(€ in millions)	
Non-current assets		
Property, plant and equipment	8,807.1	8,274.2
Intangible assets	951.6	938.3
Investments in equity-accounted investees	226.6	47.2
Financial assets at fair value through other comprehensive income	28.3	28.3
Derivative financial instruments	86.1	26.2
Employee benefits	124.5	123.6
Trade and other receivables	927.0	826.0
Deferred tax assets	108.7	154.4
	11,259.9	10,418.2
Current assets		
Inventories	2,334.1	1,767.2
Trade and other receivables	3,045.6	2,470.2
Tax receivables	2.0	63.7
Derivative financial instruments	69.6	256.0
Cash and cash equivalents	2,697.6	2,106.1
	8,148.9	6,663.2
Total assets	**19,408.8**	**17,081.4**
Equity attributable to owners of the parent		
Share capital	0.9	0.9
Share premium	150.1	585.6
Other reserves	(1,270.6)	(2,047.6)
Retained earnings	6,348.8	4,814.1
Total equity	**5,229.2**	**3,353.0**
Non-current liabilities		
Interest-bearing loans and borrowings	7,458.8	7,331.5
Lease liabilities	935.9	830.8
Trade and other payables	115.6	113.2
Employee benefits	547.8	956.8
Provisions	31.4	32.3
Deferred tax liabilities	877.0	702.3
	9,966.5	9,966.9
Current liabilities		
Interest-bearing loans and borrowings	430.4	407.8
Lease liabilities	167.6	146.8
Trade and other payables	3,090.8	2,589.0
Tax payable	483.5	376.2
Derivative financial instruments	35.4	236.0
Provisions	5.4	5.7
	4,213.1	3,761.5
Total liabilities	**14,179.6**	**13,728.4**
Total equity and liabilities	**19,408.8**	**17,081.4**

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

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

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
		(€ in millions)			
Balance at December 31, 2020	**0.9**	**585.6**	**(2,646.7)**	**3,521.8**	**1,461.6**
Profit for the period	-	-	-	1,043.9	1,043.9
Other comprehensive income/(expense):					
Foreign exchange translation differences	-	-	(7.5)	-	(7.5)
Net gain on translation and hedge of net investment in foreign operations	-	-	264.6	-	264.6
Remeasurement of post employment benefit obligations net of tax	-	-	98.0	-	98.0
Transactions with owners, recorded directly in equity:					
Dividends	-	-	-	(300.0)	(300.0)
Balance at June 30, 2021	**0.9**	**585.6**	**(2,291.6)**	**4,265.7**	**2,560.6**

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

	Six-month Period Ended June 30,	
	2022	**2021**
	(€ in millions)	
Cash flows from operating activities		
Profit/(loss) before tax	1,552.6	1,242.7
Adjustments for:		
Depreciation, amortisation and impairment	398.0	356.3
Net finance cost	166.6	127.0
Share of (profit)/loss of equity-accounted investees	(179.4)	14.9
Loss on disposal of property, plant and equipment	-	(0.2)
Increase in trade and other receivables	(398.2)	(749.3)
Increase in inventories	(490.4)	(343.8)
Increase in trade and other payables	310.3	434.7
Increase in provisions and employee benefits	3.6	9.4
Tax paid	(85.2)	(156.4)
Net cash from operating activities	**1,277.9**	**935.3**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	0.4
Interest and other finance income received	2.6	0.3
Dividends received	1.9	-
Acquisition of businesses, net of cash acquired	-	(0.4)
Acquisition of property, plant and equipment	(396.3)	(322.3)
Acquisition of intangible assets	(0.8)	(0.6)
Payments to other investments	-	(1.6)
Net cash used in investing activities	**(392.6)**	**(324.2)**
Cash flows from financing activities		
Securitisation Facility	-	(99.1)
Inventory Facility	9.7	122.4
Proceeds from loans	-	60.0
Issue costs paid	(1.5)	(0.4)
Interest paid and other finance items	(95.0)	(108.3)
Repayment of loans	(81.4)	(38.1)
Dividends paid	(200.0)	(300.0)
Capital element of lease payments	(78.9)	(65.3)
Net cash used in financing activities	**(447.1)**	**(428.8)**
Net increase in cash and cash equivalents	438.2	182.3
Cash and cash equivalents at January 1	2,106.1	1,342.2
Effect of exchange rate fluctuations on cash held	153.3	(5.9)
Cash and cash equivalents at June 30	**2,697.6**	**1,518.6**

The condensed notes presented on pages 8 to 21 are an integral part of these unaudited condensed consolidated interim financial statements.

1. BASIS OF PREPARATION

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

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

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

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

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

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

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

The Group does not have operations in Belarus, Russia or Ukraine. During 2021 and 2022 revenue generated in these countries was not material to the Group. The Group is not currently experiencing any material disruption to its operations and does not foresee any direct impact as a result of the conflict, but will continue to monitor the evolving situation closely. The conflict has led to a significant increase in energy prices; however the Group is currently attempting to manage these increases by passing them onto customers through higher prices. Therefore the Group is not expecting any material indirect impact on its operations or performance as a result of the conflict, but is monitoring this closely.

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

The Group meets its day to day working capital requirements through its cash generation from Group operations. The Group held cash balances of €2,697.6 million at June 30, 2022 and interest-bearing loans and borrowings (net of debt issue costs) of €7,889.2 million at June 30, 2022. The Directors have considered the Group's projected future cash flows and working capital requirements and are confident that the Company has sufficient cashflows to meet its working capital requirements for the next twelve months from the date of this report. In particular, the Directors have stress tested the forecasts through taking account of reasonable possible changes in trading performance on the impact on EBITDA, cash flow and debt. The stress tests show that the Group will still have sufficient cash flow to meet all of its obligations as they fall due within the next 12 months from the date of this report.

1. BASIS OF PREPARATION (Continued)

On the basis of this assessment together with net assets of €5,229.2 million as at June 30, 2022 and the Group's ability to meet working capital requirements through its external financing facilities, along with access to cash generated by its subsidiaries, the Directors have concluded that the Group can operate within its current facilities without the need to obtain new ones for a period of at least 12 months from the date of this report and have therefore prepared these financial statements on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's audited consolidated annual report and accounts for the year ended December 31, 2021, except for the adoption of new standards, interpretations and amendments effective as of January 1, 2022. The adoption of new standards, interpretations and amendments in the current year has not had a material impact. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective at June 30, 2022. The cash flows for the six-month period ended June 30, 2021 have been re-presented so that receipts from derivative contracts are now shown net of payments on derivative contracts within interest paid and other finance items in the consolidated statement of cash flows.

3. SEGMENTAL INFORMATION

Class of business

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

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

	Three-Month Period Ended June 30,		Six-Month Period Ended June 30,	
	2022	2021	2022	2021
	(€ in millions)		*(€ in millions)*	
Revenue				
O&P North America	1,595.0	1,388.2	3,065.3	2,361.8
O&P Europe	2,687.1	1,835.3	5,113.3	3,381.7
Chemical Intermediates	2,752.0	2,199.0	5,411.6	3,968.9
Eliminations	(979.3)	(646.8)	(1,875.3)	(1,149.3)
	6,054.8	4,775.7	11,714.9	8,563.1
EBITDA before exceptionals				
O&P North America	371.7	427.9	821.6	672.2
O&P Europe	222.9	272.0	432.5	476.8
Chemical Intermediates	348.6	334.5	683.7	591.7
	943.2	1,034.4	1,937.8	1,740.7

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

3. SEGEMENTAL INFORMATION (Continued)

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

Reconciliation of EBITDA before exceptionals to operating profit:

	Three-Month Period Ended June 30,		Six-Month Period Ended June 30,	
	2022	2021	2022	2021
	(€ in millions)		*(€ in millions)*	
EBITDA before exceptionals	943.2	1,034.4	1,937.8	1,740.7
Depreciation and amortisation	(205.1)	(178.4)	(398.0)	(356.3)
Operating profit	738.1	856.0	1,539.8	1,384.4

4. FINANCE COSTS

	Three-Month Period Ended June 30,		Six-Month Period Ended June 30,	
	2022	2021	2022	2021
	(€ in millions)		*(€ in millions)*	
Interest payable on senior notes	11.2	25.7	22.4	51.4
Interest payable on bank loans and overdrafts	39.7	27.6	75.2	54.1
Interest payable on securitisation	1.2	1.5	2.4	3.1
Interest payable on lease liabilities	12.2	11.0	23.8	21.8
Amortisation of issue costs	2.8	2.8	5.5	5.4
Other finance charges	7.7	8.6	16.4	17.2
Net fair value gain on derivatives	(32.0)	(14.8)	(102.4)	(114.5)
Finance costs before exchange movements	42.8	62.4	43.3	38.5
Exchange movements	125.4	(51.0)	159.6	117.1
Borrowing costs capitalised in property, plant and equipment	(2.7)	(1.9)	(5.1)	(4.3)
Finance costs	165.5	9.5	197.8	151.3

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

5. TAXATION

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

After adjusting for the results from the share of associates and joint ventures, the effective tax rate of approximately 19% reflects the anticipated tax rate for the Group for the full year. After adjusting for the results from the share of associates and joint ventures, the underlying effective tax rate for the same period in 2021 was approximately 16%, which reflected the anticipated tax rate for the Group for the full year. The higher anticipated tax rate for the six month period ended June 30, 2022 as compared to the same period in 2021 reflected increased profitability in countries with higher corporate tax rates.

6. PROPERTY, PLANT AND EQUIPMENT

In the six month period ended June 30, 2022, the Group spent €396.3 million (six month period ended June 30, 2021: €322.3 million) on property, plant and equipment. The main capital expenditures in the O&P North America segment related to turnaround expenditure. The main capital expenditures in the O&P Europe segment related to the completion of the cogeneration project at the Koln, Germany site, together with expenditure on a scheduled cracker turnaround at the Rafnes, Norway site. The main expenditure in the Chemical Intermediates segment was further growth expenditure by the Phenol business on the new cumene unit project at Marl, Germany. There was further growth expenditure by the Oligomers business on the LAO and PAO platforms at Chocolate Bayou, USA. The remaining capital expenditure related primarily to sustenance expenditure.

7. INVENTORIES

	June 30, 2022	December 31, 2021
	(€ in millions)	
Raw materials and consumables	836.6	615.9
Work in progress	43.4	31.7
Finished products	1,454.1	1,119.6
	2,334.1	1,767.2

8. BORROWINGS

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

	June 30, 2022	December 31, 2021
	(€ in millions)	
Non-current liabilities		
Senior Secured Term Loans	4,940.3	4,789.6
Senior Secured Notes due May 2026	765.2	764.6
Senior Secured Notes due March 2026	321.7	321.3
Senior Secured Notes due 2025	547.5	547.1
Gemini Facility	511.6	483.2
Receivables Securitisation Facility	19.1	17.8
Koln CoGen Facility	81.0	100.5
Rafnes Facility	106.1	141.5
Schuldschein Facility	140.1	139.9
Other loans	26.2	26.0
	7,458.8	7,331.5

	June 30, 2022	December 31, 2021
Current liabilities		
Current portion of borrowings under Senior Secured Term Loans	43.3	40.0
Gemini Facility	21.9	19.9
Rafnes Facility	70.7	70.7
Koln CoGen Facility	39.0	31.5
Inventory Financing Facility	252.8	243.1
Other loans	2.7	2.6
	430.4	407.8

8. BORROWINGS (Continued)

	June 30, 2022		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
		(€ in millions)	
Senior Secured Term Loans	5,004.1	(20.5)	4,983.6
Senior Secured Notes due May 2026	770.0	(4.8)	765.2
Senior Secured Notes due March 2026	325.0	(3.3)	321.7
Senior Secured Notes due 2025	550.0	(2.5)	547.5
Receivables Securitisation Facility	19.3	(0.2)	19.1
Koln CoGen Facility	120.0	-	120.0
Rafnes Facility	178.5	(1.7)	176.8
Schuldschein Loan	141.0	(0.9)	140.1
Inventory Financing Facility	252.8	-	252.8
Other	28.9	-	28.9
	7,389.6	**(33.9)**	**7,355.7**
Gemini Facility	542.2	(8.7)	533.5
Total	**7,931.8**	**(42.6)**	**7,889.2**

The Gemini Facility is an obligation of Gemini HDPE LLC. Gemini HDPE LLC is designated as an unrestricted subsidiary in accordance with the Group's Senior Secured Term Loans, Schuldschein Facility and Senior Secured Notes and the Gemini Facility does not benefit from the security or collateral of those facilities.

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

Terms and debt repayment schedule

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

8. BORROWINGS (Continued)

Senior Secured Term Loans

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

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

The Senior Secured Term Loans outstanding at June 30, 2022 before issue costs were €5,004.1 million (December 31, 2021: €4,851.1 million) of which €48.3 million (December 31, 2021: €44.7 million) is due within one year. The total amounts outstanding on the Euro denominated Term Loans were €2,686.7 million (December 31, 2021: €2,698.9 million) and the US dollar denominated Term Loans were €2,317.4 million (December 31, 2021: €2,152.2 million).

The Term Loans are to be repaid in equal quarterly instalments, in aggregate annual amounts equal to 1% of the original principal amount of the Term Loans up to the final maturity date, apart from the euro denominated Term Loans maturing November 2028 which have no repayments until maturity. The $845 million US dollar denominated Term Loans and €350 million of euro denominated Term Loans issued in November 2021 mature on November 8, 2028, whilst the €375 million euro denominated Senior Secured Term Loans issued in October 2020 mature on October 27, 2027 with the remaining Term Loans maturing on March 31, 2024.

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

As at June 30, 2022 the Applicable Margin for the euro denominated Term Loans and the US dollar denominated Term Loans maturing March 2024 was 2.00%, for the euro denominated Term Loans maturing October 2027 and November 2028 it was 2.75% and for the US dollar denominated Term Loans maturing November 2028 it was 2.50%.

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

The Term Loans have numerous customary operating and financial incurrence covenants all of which have been complied with during the year, including covenants relating to, among other things, limitations on indebtedness, ability to give guarantees, creation of security interests, making acquisitions and

8. BORROWINGS (Continued)

investments, disposing of assets and paying dividends. The Term Loans have no financial maintenance covenants.

The Senior Secured Term Loans are stated net of debt issue costs of €20.5 million (December 31, 2021: €21.5 million). These costs are allocated to the profit and loss account over the term of the Term Loans.

Senior Secured Notes due 2025

In November 2017 the Group issued €550 million of Senior Secured Notes due 2025. The proceeds from the new Notes were used to partially repay the Senior Secured Term Loans. The Senior Secured Notes due 2025 are listed on the Euro MTF - Luxembourg Stock Exchange. The Senior Secured Notes due 2025 bear interest at 2.125% per annum, payable semi-annually in arrears on May 15 and November 15 of each year. Unless previously redeemed as noted below, the Senior Secured Notes due 2025 will be redeemed by the Group at their principal amount on November 15, 2025.

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

Year	Redemption Price
2021	100.53125%
2022 and thereafter	100.000%

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

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

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

The Senior Secured Notes due 2025 are stated net of debt issue costs of €2.5 million (December 31, 2021: €2.9 million). These costs are allocated to the profit and loss account over the term of the Senior Secured Notes due 2025.

Senior Secured Notes due May 2026

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

The Senior Secured Notes due May 2026 can be subject to redemption at any time on or after May 1, 2022, at the option of the Issuer, in whole or in part, on not less than 10 nor more than 60 days' prior

8. BORROWINGS (Continued)

notice at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the 12-month period beginning May 1 of the year indicated below:

Year	Redemption Price
2022	101.4375%
2023	100.71875%
2024 and thereafter	100.000%

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

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

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

The Senior Secured Notes due May 2026 are stated net of debt issue costs of €4.8 million (December 31, 2021: €5.4 million). These costs are allocated to the profit and loss account over the term of the Senior Secured Notes due May 2026.

Senior Secured Notes due March 2026

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

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

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

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

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

8. BORROWINGS (Continued)

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

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

The Senior Secured Notes due March 2026 are stated net of debt issue costs of €3.3 million (December 31, 2021: €3.7 million). These costs are allocated to the profit and loss account over the term of the Senior Secured Notes due March 2026.

Receivables Securitisation Facility

The Group has entered into a €800 million receivables securitisation facilities agreement ("Receivables Securitisation Facility") which matures on December 31, 2024. The total amount outstanding at June 30, 2022 before issue costs was €19.3 million (December 31, 2021: €18.0 million). The facility is secured by pledges over the trade receivables sold in to the programme. Interest is charged on the facility at a rate of either EURIBOR, USD LIBOR or SONIA plus a margin or short term commercial paper rates plus a margin.

The Receivables Securitisation Facility is stated net of debt issue costs of €0.2 million (December 31, 2021: €0.2 million).

Koln CoGen Facility

As part of a project at the Group's Koln site to replace part of its incineration or cogeneration unit, the Group entered into a €120 million loan facility which matures in December 2024. In May 2021 the Group entered into an additional facility of €60 million which matures in June 2026. The total amount outstanding under the loan facilities ("Koln CoGen Facility") at June 30, 2022 was €120.0 million (December 31, 2021: €132.0 million) of which €39.0 million (December 31, 2021: €31.5 million) is due within one year.

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

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

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

Rafnes Facility

As part of the Group's purchase of the remaining 50% interest in the Noretyl ethylene cracker at Rafnes, Norway from the Kerling group on July 1, 2015, the Group also assumed the obligations of a €140 million loan facility that Noretyl had in place. In November 2019 following the repayment of the initial loan the term loan facility was amended and restated with a new facility amount of €250.0 million. The total amount outstanding at June 30, 2022 before issue costs was €178.5 million (December 31, 2021: €214.3 million) of which €71.4 million (December 31, 2021: €71.4 million) is due within one year.

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

The Rafnes Facility is stated net of debt issue costs of €1.7 million (December 31, 2021: €2.1 million).

8. BORROWINGS (Continued)

Schuldschein Loan

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

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

The Schuldschein Loan is stated net of debt issue costs of €0.9 million (December 31, 2021: €1.1 million).

Inventory Financing Facility

In June 2019 the Group entered into an inventory monetisation agreement with J Aron & Company LLC ('J Aron'), for an initial term of one year but extendable by mutual agreement. In June 2022, the Facility was extended to mature on June 30, 2023. Under this arrangement, the Group sells certain inventory to J Aron and agreed to buy-back equivalent inventory at the end of the term at the same price. During the term, and subject to certain covenants and rights of J Aron, J Aron provides the Group with a just-in-time service for use of the inventory, and the ability to substitute used inventory with equivalent inventory, in return for a transaction fee. The arrangement is supported by a Group parent company guarantee and a cash collateral mechanism.

The total amount outstanding at June 30, 2022 before issue costs was €252.8 million (December 31, 2021: €243.1 million).

Gemini Facility

As part of the Group's purchase of the remaining 50% interest in the Gemini HDPE plant in Texas, USA, from Sasol Chemicals on December 31, 2020, the Group amended and upsized the existing Term Loan facility within the acquired Gemini HDPE LLC legal entity. The amended loan facility was upsized to $600.0 million ("Gemini Facility") and the maturity was extended to October 31, 2027. The total amount outstanding at June 30, 2022 before issue costs was €542.2 million ($568.1 million) (December 31, 2021: €512.1 million ($580.3 million)) of which €23.7 million ($24.8 million) (December 31, 2021: €21.6 million ($24.5 million)) is due within one year.

The Gemini Facility is to be repaid in quarterly instalments starting on April 30, 2021 with a final payment of $420.0 million on October 31, 2027 when the facility matures. The facility is secured by pledges over the plant and equipment of Gemini HDPE LLC. The outstanding Gemini Facility bears interest at a rate per annum equal to USD LIBOR (subject to a floor of 0.50% per annum) plus a margin of 3.0%. Gemini HDPE LLC has been designated as an unrestricted subsidiary in accordance with the Group's Senior Secured Term Loans, Schuldschein Facility and Senior Secured Notes.

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

9. FINANCIAL INSTRUMENTS

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

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

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

9. FINANCIAL INSTRUMENTS (Continued)

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

	June 30, 2022				December 31, 2021			
	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
	(€ in millions)							
Financial assets held at fair value through profit or loss:								
Derivative commodity contracts......	69.6	69.6	-	-	256.0	77.7	178.3	-
Interest rate swap contracts.............	86.0	-	86.0	-	26.2	-	26.2	-
Financial assets held at fair value through other comprehensive income:								
Equity investments	28.3	-	-	28.3	28.3	-	-	28.3
Financial liabilities held for trading at fair value through profit and loss:								
Derivative commodity contracts	(35.4)	(21.5)	(13.9)		(236.0)	(42.8)	(193.2)	-
Total financial assets and (liabilities) held at fair value	**148.5**	**48.1**	**72.1**	**28.3**	**74.5**	**34.9**	**11.3**	**28.3**

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

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

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

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

9. FINANCIAL INSTRUMENTS (Continued)

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

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

Currency risk

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

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

Commodity price risk

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

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

The Group manages commodity price exposures through trading refined products and chemical feedstock and using commodity swaps, options and futures as a means of managing price and timing risks. As at June 30, 2022 there was a net mark to market derivative asset in respect of commodity contracts of €34.2 million entered into by the Group to manage such risk (December 31, 2021: net derivative asset of €20.0 million).

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

10. CONTINGENCIES

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

11. RELATED PARTIES

Related parties comprise:

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

11. RELATED PARTIES (Continued)

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

INEOS Limited (previously also INEOS AG, a subsidiary of INEOS Limited), provides operational management services to the Group through a management services agreement. Management fees of €49.4 million (June 30, 2021: €45.9 million) were charged to the income statement during the six month period ended June 30, 2022. As at June 30, 2022 amounts owed to INEOS Limited were €25.1 million (June 30, 2021: €23.3 million) and amounts owed to INEOS AG were €2.2 million (June 30, 2021: €3.9 million). Amounts owed by INEOS Limited were €0.4 million (June 30, 2021: nil). Amounts owed by INEOS Holdings AG and INEOS Holdings Luxembourg S.A., both wholly owned subsidiaries of INEOS AG, were €97.2 million (June 30, 2021: €31.8 million) and €15.9 million (June 30, 2021: nil) respectively.

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

During the six month period ended June 30, 2022 the Group has made sales to these subsidiaries of €1,161.2 million (June 30, 2021: €802.2 million), received net cost recoveries of €120.9 million (June 30, 2021: €68.8 million) and made purchases of €836.5 million (June 30, 2021: €609.5 million). As at June 30, 2022, €710.5 million (June 30, 2021: €514.8 million) was owed by and €352.2 million (June 30, 2021: €272.8 million) was owed to these subsidiaries (excluding the INEOS Upstream Limited loans).

During 2015 the Group provided a loan of $623.7 million via INEOS Industries Holdings Limited to INEOS Upstream Limited, a related party, in connection with its acquisition of natural gas assets in the North Sea. The loan facility is unsecured, matures in June 2024 and bears interest at 7% per annum. On September 29, 2017, INEOS Upstream Limited, a related party, acquired further natural gas assets in the North Sea through its acquisition of the entire oil and gas business of DONG Energy A/S. In connection with the DONG Acquisition, the Group advanced a loan of $376.2 million (€315.7 million) via INEOS Industries Holdings Limited to INEOS Upstream Limited, the proceeds of which were on-lent to certain of its subsidiaries. The loan is unsecured, matures in June 2024 and bears interest at 7% per annum. As at June 30, 2022 $617.1 million (€588.9 million) was outstanding under these facilities (June 30, 2021: $617.1 million (€518.4 million)).

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

During the six month period ended June 30, 2022 the Group recovered net costs of €5.3 million (June 30, 2021: €0.6 million) from the French joint ventures. As at June 30, 2022 €0.1 million (June 30, 2021: €0.4) was owed by the French joint ventures.

The Refining joint ventures are between PetroChina and INEOS Investments (Jersey) Limited, a related party. During the six month period ended June 30, 2022 the Group received cost recoveries of €26.2 million (June 30, 2021: €13.2 million) and made purchases of €32.7 million (June 30, 2021: €65.6 million). As at June 30, 2022, €1.7 million (June 30, 2021: €2.1 million) was owed by the Refining joint ventures and €5.2 million (June 30, 2021: €8.2 million) was owed to the Refining joint ventures.

The Group has entered into a number of derivative contracts with INEOS UK SNS Limited and INEOS Energy Trading Limited, both related parties. The net fair value loss and settlements on these derivatives during the six month period ended June 30, 2022 was €20.6 million (June 30, 2021: loss of €59.0 million). As at June 30, 2022, the mark to market derivative liability was €13.9 million (June 30, 2021: €163.0

11. RELATED PARTIES (Continued)

million) and the mark to market derivative asset was nil (June 30, 2021: €89.8 million) in respect of these related party derivative financial instruments.

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

As at June 30, 2022 none (June 30, 2021: none) of the related party balances are secured and no guarantees have been given or received. There were no provisions for doubtful debt related to any related parties as at June 30, 2022 (June 30, 2021: nil).

FORWARD-LOOKING STATEMENTS

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

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

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

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

Overview

Combined Business

We are one of the world's largest chemical companies as measured by revenue. Our business has highly integrated, world class chemical facilities and production technologies. We have leading global market positions for a majority of our key products and a strong and stable customer base. We operate 33 manufacturing sites in six countries throughout the world. We are led by a highly experienced management team with, on a combined basis, over 100 years of experience in the chemical industry. As of December 31, 2021, our total chemical production capacity was approximately 23,100 kta, of which 55% was in Europe and 45% was in North America.

Results of Operations

Consolidated

The following table sets forth, for the periods indicated, our revenue and expenses and such amounts as a percentage of revenue.

	Three-Month Period Ended June 30,			
	2022		2021	
	€m	%	€m	%
Revenue	**6,054.8**	**100.0**	**4,775.7**	**100.0**
Cost of sales	(5,154.3)	(85.1)	(3,763.4)	(78.8)
Gross profit	**900.5**	**14.9**	**1,012.3**	**21.2**
Distribution costs	(54.3)	(0.9)	(53.1)	(1.1)
Administrative expenses	(108.1)	(1.8)	(103.2)	(2.2)
Operating profit	**738.1**	**12.2**	**856.0**	**17.9**
Share of profit/(loss) of associates and joint ventures	92.9	1.5	(22.4)	(0.5)
Loss on disposal of property, plant and equipment	-	-	(0.1)	-
Profit before net finance costs	**831.0**	**13.7**	**833.5**	**17.5**
Finance income	16.7	0.3	11.9	0.2
Finance costs	(165.5)	(2.7)	(9.5)	(0.2)
Profit before tax	**682.2**	**11.3**	**835.9**	**17.5**
Tax charge	(115.4)	(1.9)	(120.1)	(2.5)
Profit for the period	**566.8**	**9.4**	**715.8**	**15.0**

Three-Month Period Ended June 30, 2022, Compared to Three-Month Period Ended June 30, 2021

Revenue. Revenue increased by €1,279.1 million, or 26.8%, to €6,054.8 million in the three month period ended June 30, 2022 as compared to €4,775.7 million for the same period in 2021. The increase in revenues was driven primarily by higher prices. The increase in selling prices followed the increase in crude oil prices, which increased to an average of $114/bbl for the three month period ended June 30, 2022 as compared to $69/bbl in the same period in 2021. Overall sales volumes for the Group were approximately 1% lower in the three month period ended June 30, 2022 as compared to the same period in 2021, mainly driven by the Phenol business which was impacted by lower North American and European sales volumes. In addition, the appreciation of the US dollar by approximately 10% against the euro in the three month period ended June 30, 2022 as compared to the same period in 2021, has increased the reported euro results.

Cost of sales. Cost of sales increased by €1,390.9 million, or 37.0%, to €5,154.3 million in the three month period ended June 30, 2022 as compared to €3,763.4 million for the same period in 2021. The increase in cost of sales was largely due to the increase in crude oil prices, which has meant higher feedstock prices across the Group in the three month period ended June 30, 2022, as compared to the same period in 2021.

Gross profit. Gross profit decreased by €111.8 million, or 11.0%, to €900.5 million in the three month period ended June 30, 2022 as compared to €1,012.3 million for the same period in 2021. The decrease in profitability was driven by lower margins and also by volumes which were approximately 1% lower in the three month period ended June 30, 2022 as compared to the same period in 2021. In O&P North America, margins decreased across olefins, polyethylene and polypropylene due to higher energy and feedstock costs, though this was partly offset by an increase in pipe margins. O&P North America experienced higher volumes from the Gemini HDPE plant compared to the unplanned downtime in the three month period ended June 30, 2021 and higher pipe volumes due to the additional volumes from the Charter Plastics business which was acquired on December 31, 2021. The O&P Europe segment also experienced an increase in volumes driven by the olefins business, however this was more than offset by a reduction in profitability from a change in product mix due to the scheduled major turnaround of the Rafnes cracker facility in the three month period ended June 30, 2022. Inventory holding gains within the O&P segments were approximately €25 million in the three month period ended June 30, 2022, as compared to inventory holding gains of €22 million in the same period in 2021, reflecting the increased raw material costs during the respective periods. Chemical Intermediates experienced an increase in profitability in the three month period ended June 30, 2022 as compared to the same period in 2021, driven by the Oligomers, Oxide and Nitriles businesses. The Oligomers business experienced increased margins and volumes for the LAO, PAO and SO products due to strong demand and the additional production volumes from the new LAO facility in Choclate Bayou, USA. The Oxide business profitability improved due to higher volumes as a result of lower European imports and higher margins as a result of the increase in underlying raw material costs being passed through at higher rates than the standard market pricing formulas. The Nitriles business experienced higher margins as a result of strong ammonia margins in the three month period ended June 30, 2022 as compared to the same period in 2021. Partly offsetting the decrease in gross profitability was the the appreciation of the US dollar by approximately 10% against the euro in the three month period ended June 30, 2022 as compared to the same period in 2021, which has increased the reported euro results.

Distribution costs. Distribution costs increased by €1.2 million, or 2.3%, to €54.3 million in the three month period ended June 30, 2022 as compared to €53.1 million for the same period in 2021. The small increase in distribution costs reflects more export sales and higher fuel costs.

Administrative expenses. Administrative expenses increased by €4.9 million, or 4.7%, to €108.1 million in the three month period ended June 30, 2022 as compared to €103.2 million for the same period in 2021, mainly as a result of higher research and development costs and lower other operating income in the three month period ended June 30, 2022, as compared to the same period in 2021.

Operating profit. Operating profit decreased by €117.9 million, or 13.8%, to €738.1 million in the three month period ended June 30, 2022 as compared to €856.0 million for the same period in 2021.

Share of profit/(loss) of associates and joint ventures. Share of profit/(loss)of associates and joint ventures was a profit of €92.9 million in the three month period ended June 30, 2022 as compared to a loss of €22.4 million for the same period in 2021. The share of profit from associates and joint ventures primarily reflected the Group's share of the results of the Refining joint venture with PetroChina as margins in the European refining market have strengthened in the three month period ended June 30, 2022 as compared to the three month period ended June 30, 2021. In addition the Refining joint venture has benefitted from higher inventory holding gains in the three month period ended June 30, 2022 due to the increase in crude oil prices as compared to the same period in 2021.

Loss on disposal of property, plant and equipment. There was a loss on disposal of property, plant and equipment of €0.1 million in the three month period ended June 30, 2021. The loss related to the sale of certain tangible fixed assets in the O&P North America segment.

Profit before net finance costs. Profit before net finance costs decreased by €2.5 million to €831.0 million in the three month period ended June 30, 2022 as compared to €833.5 million for the same period in 2021.

Finance income. Finance income increased by €4.8 million, or 40.3%, to €16.7 million in the three month period ended June 30, 2022 as compared to €11.9 million for the same period in 2021. The income in the three month period ended June 30, 2022 primarily related to interest income from loans to related parties, including INEOS Upstream.

Finance costs. Finance costs increased by €156.0 million, to €165.5 million in the three month period ended June 30, 2022 as compared to €9.5 million for the same period in 2021. The increase in finance costs for the three month period ended June 30, 2022 mainly reflected an increase in net foreign exchange losses. Net foreign exchange losses primarily associated with short term intra group funding was a loss of €125.4 million in the three month period ended June 30, 2022 as compared to a gain of €51.0 million in the same period in 2021.

Profit before tax. Profit before tax decreased by €153.7 million , or 18.4% to €682.2 million in the three month period ended June 30, 2022, as compared to €835.9 million for the same period in 2021.

Tax charge. Tax charge decreased by €4.7 million, or 3.9%, to €115.4 million in the three month period ended June 30, 2022, as compared to €120.1 million for the same period in 2021. After adjusting for the profit from the share of associates and joint ventures, the effective tax rate of approximately 19% reflects the anticipated tax rate for the Group for the full year. The underlying effective tax rate for the three month period ended June 30, 2021 was approximately 16% after adjusting for the loss from the share of associates and joint ventures, which reflected the anticipated tax rate for the full year for 2021. The higher anticipated effective tax rate for the three month period ended June 30, 2022 as compared to the same period in 2021 reflected the increased level of profitability of the Group in countries with higher corporate tax rates.

Profit for the period. Profit for the period decreased by €149.0 million, or 20.8% to €566.8 million in the three month period ended June 30, 2022, as compared to €715.8 million for the same period in 2021.

Business segments

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

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

	Three-Month Period Ended June 30,		Six-Month Period Ended June 30,	
	2022	2021	2022	2021
	(€ in millions)		*(€ in millions)*	
Revenue				
O&P North America	1,595.0	1,388.2	3,065.3	2,361.8
O&P Europe	2,687.1	1,835.3	5,113.3	3,381.7
Chemical Intermediates	2,752.0	2,199.0	5,411.6	3,968.9
Eliminations	(979.3)	(646.8)	(1,875.3)	(1,149.3)
	6,054.8	4,775.7	11,714.9	8,563.1
EBITDA before exceptionals				
O&P North America	371.7	427.9	821.6	672.2
O&P Europe	222.9	272.0	432.5	476.8
Chemical Intermediates	348.6	334.5	683.7	591.7
	943.2	1,034.4	1,937.8	1,740.7

O&P North America

Revenue. Revenue in the O&P North America segment increased by €206.8 million, or 14.9%, to €1,595.0 million in the three month period ended June 30, 2022, as compared to €1,388.2 million for the same period in 2021. The increase in revenue was driven by higher prices and increased volumes in the three month period ended June 30, 2022 as compared to the same period in 2021. The weighted average sales price for the whole business increased by approximately 2% in the three month period ended June 30, 2022 as compared to the same period in 2021, driven higher by greater underlying feedstock prices with the biggest price increases coming from olefins and the pipe business, partly offset by decreases in polyethylene and polypropylene. Sales volumes were higher in the three month period ended June 30, 2022 as compared to the same period in 2021, driven by higher volumes of olefins, polyethylene and pipe sales. The higher sales volumes were mainly due to higher feedstock sales, higher volumes from the Gemini plant compared to the unplanned downtime in the three month period ended June 30, 2021 and higher pipe volumes due to the additional volumes from the Charter Plastics business which was acquired on December 31, 2021. In addition the appreciation of the US dollar by approximately 10% against the euro in the three month period ended June 30, 2022 as compared to the same period in 2021, has increased the reported euro results.

EBITDA before exceptionals. EBITDA before exceptionals in the O&P North America segment decreased by €56.2 million, or 13.1%, to €371.7 million in the three month period ended June 30, 2022 as compared to €427.9 million in the same period in 2021. The decrease in profitability in the three month period ended June 30, 2022 as compared to the same period in 2021 was largely due to lower margins, partly offset by higher sales volumes and the appreciation of the US dollar against the euro. The reduction in margins was seen across olefins, polyethylene and polypropylene due to higher energy and feedstock costs, though was partly offset by an increase in pipe margins. Sales volumes were higher in the three month period ended June 30, 2022 as compared to the same period in 2021, driven by higher volumes of olefins, polyethylene and pipe sales. The higher sales volumes were mainly due to higher feedstock sales, higher volumes from the Gemini plant compared to the unplanned downtime in the three month period ended June 30, 2021 and higher pipe volumes due to the Charter Plastics acquisition on December 31, 2021. The decrease in profitability was partly offset by the appreciation of the US dollar by approximately 10% against the euro in the three month period ended June 30, 2022 as compared to the same period in 2021, which has increased the reported euro results. Inventory holding losses were approximately €6 million in the three month period ended June 30, 2022, as compared to inventory holding losses of approximately €8 million in the same period in 2021.

O&P Europe

Revenue. Revenue in the O&P Europe segment increased by €851.8 million, or 46.4%, to €2,687.1 million in the three month period ended June 30, 2022 as compared to €1,835.3 million for the same period in 2021. The increase in revenues was driven predominantly by higher selling prices, and to a lesser extent by higher volumes in the three month period ended June 30, 2022 as compared to the same period in 2021. The increase in selling prices was driven by the general price environment, which was higher in the three month period ended June 30, 2022 as compared to the same period in 2021, as crude oil prices rose to an average of $114/bbl for the three month period ended June 30, 2022 as compared to an average of $69/bbl for the three month period ended June 30, 2021. As a result, all prices increased in the three month period ended June 30, 2022 as compared to the same period in 2021 due to the higher oil and gas prices and rising energy costs. In the olefins business the price of propylene increased by more than 75%, and ethylene and butadiene prices increased by 48% and 68%, respectively. The polymers business also experienced price increases in the quarter as compared to the same period in 2021, with increases of 42% for HDPE, 35% for polypropylene and 48% for LLDPE in the three month period ended June 30, 2022 as compared to the same period in 2021. Total sales volumes were approximately 6% higher in the three month period ended June 30, 2022 as compared to the same period in 2021. Olefin sales volumes were slightly higher in the three month period ended June 30, 2022 as compared to the same period in 2021, due to good demand and increased volumes from the Koln cracker. The Rafnes cracker had a major scheduled turnaround during most of the quarter ended June 30, 2022, which adversely impacted sales volumes and revenues. Polymer sales volumes were largely consistent in the three month period ended June 30, 2022 as compared to the same period in 2021, as European polymer markets remained balanced.

EBITDA before exceptionals. EBITDA before exceptionals in the O&P Europe segment decreased by €49.1 million or 18.1% to €222.9 million in the three month period ended June 30, 2022, as compared to €272.0 million in the same period in 2021. The results for the three month period ended June 30, 2022 decreased compared to the same period in 2021, primarily due to product mix.. The product mix effect mainly arose as a result of the scheduled turnaround maintenance of the Rafnes cracker in the quarter ended June 30, 2022. Whilst the reduction in volumes due to the turnaround was largely offset by higher volumes at other sites, these offsetting volumes were in lower margin products than those produced at the Rafnes site. Margins increased in the polymers business as a result of the energy adder contained within sales contracts, whilst margins in the Trading & Shipping business rose due to rising sale prices relative to the fixed prices contained within long term purchase contracts, especially in propane and butane. There were also higher fixed costs within the Trading & Shipping business as a result of a new Atex pipeline and also two additional VLEC vessels now in operation in the quarter ended June 30, 2022. Inventory holding gains were approximately €31 million in the three month period ended June 30, 2022 as compared to gains of approximately €30 million in the three month period ended June 30, 2021.

Chemical Intermediates

Revenue. Revenue in the Chemical Intermediates segment increased by €553.0 million, or 25.1%, to €2,752.0 million in the three month period ended June 30, 2022 as compared to €2,199.0 million for the same period in 2021. The Oxide business revenues increased in the three month period ended June 30, 2022 as compared to the same period in 2021 driven by higher prices and increased volumes. The increase in pricing was driven by the increased cost of raw materials, which was passed on to customers through the formula based pricing of most products. In addition a very short market for propylene glycol led to prices significantly increasing in the quarter compared to the same period in 2021. Sales volumes increased in the three month period ended June 30, 2022 as compared to the same period in 2021, driven by continued strong European demand as competitor logistical supply issues limited European imports, which had a favourable impact on European supply demand balance. The Oligomers business revenues were higher in the three month period ended June 30, 2022 as compared to the same period in 2021, as a result of higher prices and increased sales volumes. Regional prices in the quarter moved in line with the underlying raw material prices of ethylene and naphtha. Regional feedstock prices were higher in the three month period ended June 30, 2022 as compared to the same period in 2021 with higher European and US ethylene prices impacting PAO and LAO prices, whilst increased naphtha prices impacted PIB and SO pricing. Sales volumes were approximately 11% higher in the three month period ended June 30, 2022 as compared to the same period in 2021 following higher LAO sales volumes, which were partially offset by slightly lower PAO and SO sales volumes. The increase in LAO sales volumes was primarily due to good core co-monomer demand across all regions, together with increased production from the new LAO facility at Chocolate Bayou, USA. PAO sales volumes increased due to good demand in high and low viscosity products. SO sales were lower primarily due to lower sales in North American and Asia as a result of customer issues at several key accounts. Nitriles revenues increased in the three month period ended June 30, 2022 as compared to the same period in 2021, driven by higher prices, partly offset by lower volumes. The average acrylonitrile sales price increased by approximately 29% in the three month period ended June 30, 2022 as compared to the same period in 2021, driven by higher propylene and ammonia prices. Acrylonitrile sales volumes decreased by approximately 2% in the three month period ended June 30, 2022 as compared to the same period in 2021, driven by lower demand as a result of high US and European cost positions. The Phenol business revenues decreased in the three month period ended June 30, 2022 as compared to the same period in 2021, driven by lower sales volumes partially offset by higher prices. Selling prices moved in line with the underlying raw material prices with global phenol prices increasing approximately 22% due to increases in benzene feedstock prices and increases to cover higher European energy and emissions costs. Acetone prices also increased approximately 33% as a result of the higher propylene prices, although not all of the cost increase could be passed on to customers. Sales volumes were approximately 25% lower in the three month period ended June 30, 2022 as compared to the same period in 2021, mainly as a result of lower European phenol and acetone sales due to lower market demand. US volumes were also lower compared to the same period in 2021, predominantly driven by feedstock availability.

EBITDA before exceptionals. EBITDA before exceptionals in the Chemical Intermediates segment increased by €14.1 million, or 4.2%, to €348.6 million in the three month period ended June 30, 2022 as compared to €334.5 million for the same period in 2021. The Oxide business results in the three month period ended June 30, 2022 increased as compared to the same period in 2021, driven by higher margins and increased volumes. The increase in margins in the three month period ended June 30, 2022 as compared to the same period in 2021 was driven by solid demand and the increase in underlying raw material costs being passed through at higher rates than the standard market pricing formulas resulting in increased margins. Sales volumes increased in the three month period ended June 30, 2022 as compared to the same period in 2021, driven by continued strong European demand as competitor logistical supply issues limited European imports, which had a favourable impact on European market balances. The Oligomers business profitability increased in the three month period ended June 30, 2022 as compared to the same period in 2021, primarily due to higher margins and increased sales volumes. Margins for LAO, PAO and SO were all higher in the three month period ended June 30, 2022 as compared to the same period in 2021 due to higher overall realisations, partially offset by higher variable costs. Higher margins were seen across all regions for all products, with several setting new quarterly records. Sales volumes were approximately 11% higher in the three month period ended June 30, 2022 as compared to the same period in 2021 following higher LAO sales volumes, which were partially offset by slightly lower PAO and SO sales volumes. The increase in LAO sales volumes was primarily due to good core co-monomer demand across all regions and increased production from the new LAO facility at Chocolate Bayou. PAO sales volumes increased due to good demand in high and low viscosity products. SO sales were lower primarily due to lower sales in North American and Asia as a result of customer issues at several key accounts. The Nitriles business experienced an increase in profitability in the three month period ended June 30, 2022 as compared to the same period in 2021, driven by higher margins. Margins were largely higher as a result of strong ammonia margins, partly offset by lower acrylonitrile margins. Ammonia margins increased as a result of the pass through of higher natural gas prices. Acrylonitrile sales volumes decreased by approximately 2% in the three month period ended June 30, 2022 as compared to the same period in 2021, driven by lower demand as a result of high US and European cost positions. The Phenol business profitability decreased in the three month period ended June 30, 2022 as compared to the same period in 2021, largely due to a decrease in margins and volumes. Margins were lower in the three month period ended June 30, 2022 as compared to the same period in 2021, largely due to the adverse impact of higher European energy and emissions costs which were not fully passed on to phenol customers, despite higher benzene prices. Global acetone margins were also weaker in the three month period ended June 30, 2022 as compared to the same period in 2021 due to rising propylene prices during the period. Sales volumes were approximately 25% lower in the three month period ended June 30, 2022 as compared to the same period in 2021, mainly as a result of lower European phenol and acetone sales due to lower market demand. US volumes were also lower compared to the same period in 2021, predominantly driven by feedstock availability.

Liquidity and Capital Resources

Capital Resources

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

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

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

Financing Arrangements

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

The Group has a €800.0 million Receivables Securitization Facility in place, which matures in December 2024. The Group also has an Inventory Financing Facility in place, which matures in June 2023, although this is extendable by mutual agreement.

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

Following the Group's purchase of the remaining 50% interest in the Noretyl ethylene cracker at Rafnes, Norway from the Kerling group in July 2015, the Group assumed the obligations of loan facility of Noretyl AS. In November 2019 following the repayment of the initial loan the term loan facility was amended and restated with a new facility amount of €250.0 million (the 'Rafnes Facility'). The facility matures in November 2024.

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

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

As of June 30, 2022, the Group had a total of €5,004.1 million Senior Secured Term Loans, €550.0 million Senior Secured Notes due 2025, €325.0 million Senior Secured Notes due March 2026 and €770.0 million Senior Secured Notes due May 2026 and a €141.0 million Schuldschein Loan facility outstanding.

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

Capital Expenditures

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

Capital expenditure incurred during the six months ended June 30, 2022 was €396.3 million (€322.3 million in the six months ended June 30, 2021) analysed by business segment as follows:

	Six-month period ended June 30,	
	2022	2021
	(€ in millions)	
O&P North America	115.1	60.3
O&P Europe	182.9	106.7
Chemical Intermediates	98.3	155.3
	396.3	322.3

In the six month period ended June 30, 2022, the Group spent €396.3 million (six month period ended June 30, 2021: €322.3 million) on property, plant and equipment. The main capital expenditures in the O&P North America segment related to turnaround expenditure. The main capital expenditures in the O&P Europe segment related to the completion of the cogeneration project at the Koln, Germany site, together with expenditure on a scheduled cracker turnaround at the Rafnes, Norway site. The main expenditure in the Chemical Intermediates segment was further growth expenditure by the Phenol business on the new cumene unit project at Marl, Germany. There was further growth expenditure by the Oligomers business on the LAO and PAO platforms at Chocolate Bayou, USA. The remaining capital expenditure related primarily to sustenance expenditure.

The main capital expenditures in the six month period ended June 30, 2021 related to further expenditure within the O&P North America segment on a debottleneck project at the Chocolate Bayou, USA site. The main capital expenditures in the O&P Europe segment were at the Koln, Germany site on completion of the cogeneration project and the life cycle cracker project, together with turnaround spend at the Lillo, Belgium site. The main expenditure in the Chemical Intermediates segment was further growth expenditure by the Phenol business on the new cumene unit project at Marl and new Phenol terminal at Pasadena. There was further growth expenditure by the Oligomers business on the LAO and PAO platforms at Chocolate Bayou, USA. There was also expenditure within the Oxide business on a planned turnaround and catalyst change at the Koln, Germany site and a planned turnaround at the Antwerp site. The remaining capital expenditure related primarily to sustenance expenditure.

Working Capital

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

Cash Flows

During the six month period ended June 30, 2022 and 2021, our cash flow was as follows:

	Six-month period ended June 30,	
	2022	**2021**
	(€ millions)	
Cash flow from operating activities	1,277.9	935.3
Cash flow used in investing activities	(392.6)	(324.2)
Cash flow used in financing activities	(447.1)	(428.8)

Cash flows from operating activities

Net cash flow from operating activities was an inflow of €1,277.9 million for the six month period ended June 30, 2022 (inflow of €935.3 million in the six month period ended June 30, 2021). The inflow was due to the profit generated from operations, partly offset by working capital outflows of €578.3 million in the six month period ended June 30, 2022 (outflow of €658.4 million in the six month period ended June 30, 2021). The working capital outflows in the six month period ended June 30, 2022 primarily reflected the higher working capital levels of the Group due to increased raw material prices, and consequently product prices, in the period, together with increased sales volumes.

Taxation payments of €85.2 million were made in the six month period ended June 30, 2022 (payments of €156.4 million in the six month period ended June 30, 2021). The payments in the six month period ended June 30, 2022 primarily reflected payments made to the tax authorities in the US, Canada, Germany, Switzerland, Belgium and Norway, partially offset by tax refunds in the US (including a refund under the CARES Act). The payments in the six month period ended June 30, 2021 primarily reflected tax payments in Switzerland, Germany, Belgium, UK, Canada and the US, some of which had been deferred from 2020 in response to the coronavirus pandemic.

Cash flows used in investing activities

There were no significant cash flows used in investing activities in the six month period ended June 30, 2022 and 2021 other than the acquisition of property, plant and equipment (refer to the "Capital Expenditure" section).

Cash flows used in financing activities

Payments of €95.0 million were made in the six month period ended June 30, 2022 (€108.3 million in the six month period ended June 30, 2021) in respect of interest and other finance items. The payments during the first six months of 2022 related primarily to monthly cash interest payments in respect of the Senior Secured Term Loans, semi-annual interest payments on the Senior Secured Notes due 2026 and Senior Secured Notes due 2025, quarterly interest payments on the Gemini Facility and interest paid on lease liabilities of €21.3 million, partially offset by the net settlement of derivative contracts of €37.4 million. The payments during the first six months of 2021 related primarily to monthly cash interest payments in respect of the Senior Secured Term Loans, semi-annual interest payments on the Senior Notes due 2024, Senior Secured Notes due 2025 and Senior Secured Notes due 2026 and interest paid on lease liabilities of €19.8 million, partially offset by the net settlement of derivative contracts of €30.3 million.

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

The Group made a drawdown of €9.7 million on the Inventory Financing Facility during the six month period ended June 30, 2022 (drawdown of €122.4 million in the six month period ended June 30, 2021).

The Group made scheduled repayments of €21.7 million on the Senior Secured Term Loans during the six month period ended June 30, 2022 (scheduled repayments of €19.0 million in the six month period ended June 30, 2021) and paid further debt issue costs of €1.4 million associated with the Senior Secured Term Loans issued in November 2021. During the six month period ended June 30, 2021 the Group paid further debt issue costs of €0.1 million associated with the euro denominated Senior Secured Term Loans issued in October 2020.

As part of a Koln, Germany project to replace part of the site's incineration and cogeneration unit, the Group entered into a €120.0 million loan facility. The Group has made scheduled loan repayments of €12.0 million on the Koln CoGen Facility during the six month period ended June 30, 2022 (scheduled repayments of €12.0 million during the six month period ended June 30, 2021). As part of this project the Group also entered into an additional loan facility of €60.0 million in May 2021. The Group paid associated debt issue costs of €0.3 million in relation to the additional loan facility during the six month period ended June 30, 2021.

In November 2019 following the repayment of the initial Rafnes Facility the term loan was amended and restated with a new amount of €250.0 million. The new Rafnes Facility is to be repaid in equal semi-annual instalments of €35.7 million starting on December 15, 2021. During the six month period ended June 30, 2022 the Group made scheduled payments of €35.7 million on the Rafnes Facility.

In August 2020, the Group entered into a new €19.2 million bank loan agreement to fund capital expenditure on a freight rail car fleet covering North America for the Oligomers business. The Group has made scheduled loan repayments of €0.4 million during the six month period ended June 30, 2022 (€0.4 million in the six month period ended June 30, 2021).

In October 2019 the Group entered into a new IKB facility to fund some specific capital expenditure within the Nitriles business. The Group made scheduled loan repayments of €0.1 million on the IKB facility during the six month period ended June 30, 2021. In August 2021 the loan facility was fully repaid.

As part of the Group's purchase of the remaining 50% interest in the Gemini HDPE plant in Texas, USA, from Sasol Chemicals on December 31, 2020, the Group amended and upsized the existing Term Loan facility within the acquired Gemini HDPE LLC legal entity. The Group has made scheduled loan repayments of €10.8 million during the six month period ended June 30, 2022 (€6.7 million in the six month period ended June 30, 2021).

In November 2020, the Group entered into a separate bank loan agreement to fund specific capital expenditure on a new cumene unit at Marl, Germany for the Phenol business. During the six month period ended June 30, 2022 the Group made scheduled repayments of €0.8 million (nil in the six month period ended June 30, 2021).

During the six month period ended June 30, 2022 the Group made payments of €78.9 million (€65.3 million in the six month period ended June 30, 2021) in respect of the capital element of lease liabilities.

The Group made a dividend payment of €200.0 million in the six month period ended June 30, 2021 (€300.0 million in the six month period ended June 30, 2021).

Net debt

Total net debt as at June 30, 2022 was €5,234.2 million (December 31, 2021: €5,679.1 million). The Group held net cash balances of €2,697.6 million as at June 30, 2022 (December 31, 2021: €2,106.1 million) which included restricted cash of €149.2 million used as collateral against bank guarantees and letters of credit. The Group had availability under the undrawn receivables securitization facility of €780.7 million as at June 30, 2022.

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