

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2021

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-34726

LYONDELLBASELL INDUSTRIES N.V.

(Exact name of registrant as specified in its charter)

Netherlands
(State or other jurisdiction of
incorporation or organization)

98-0646235
(I.R.S. Employer
Identification No.)

1221 McKinney St.,
Suite 300
Houston, Texas
USA 77010

4th Floor, One Vine Street
London
W1J0AH
United Kingdom

Delftseplein 27E
3013AA Rotterdam
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(713) 309-7200

(Addresses of registrant's principal executive offices)

+44 (0) 207 220 2600

+31 (0) 10 2755 500

(Registrant's telephone numbers, including area codes)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange On Which Registered</u>
Ordinary Shares, €0.04 Par Value	LYB	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The registrant had 334,515,368 ordinary shares, €0.04 par value, outstanding at July 28, 2021 (excluding 5,578,288 treasury shares).

LYONDELLBASELL INDUSTRIES N.V.

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PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

LYONDELLBASELL INDUSTRIES N.V. CONSOLIDATED STATEMENTS OF INCOME

Millions of dollars, except earnings per share	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Sales and other operating revenues:				
Trade	\$ 11,334	\$ 5,371	\$ 20,185	\$ 12,674
Related parties	227	175	458	366
	11,561	5,546	20,643	13,040
Operating costs and expenses:				
Cost of sales	8,676	4,894	16,354	11,762
Selling, general and administrative expenses	327	288	614	583
Research and development expenses	32	25	61	52
	9,035	5,207	17,029	12,397
Operating income	2,526	339	3,614	643
Interest expense	(130)	(125)	(240)	(214)
Interest income	5	4	7	7
Other income, net	14	4	39	4
Income from continuing operations before equity investments and income taxes	2,415	222	3,420	440
Income from equity investments	148	61	285	61
Income from continuing operations before income taxes	2,563	283	3,705	501
Provision for (benefit from) income taxes	506	(32)	576	43
Income from continuing operations	2,057	315	3,129	458
Income (loss) from discontinued operations, net of tax	2	(1)	—	—
Net income	2,059	314	3,129	458
Dividends on redeemable non-controlling interests	(1)	(1)	(3)	(3)
Net income attributable to the Company shareholders	\$ 2,058	\$ 313	\$ 3,126	\$ 455
Earnings per share:				
Net income attributable to the Company shareholders —				
Basic:				
Continuing operations	\$ 6.13	\$ 0.94	\$ 9.33	\$ 1.36
Discontinued operations	0.01	—	—	—
	\$ 6.14	\$ 0.94	\$ 9.33	\$ 1.36
Diluted:				
Continuing operations	\$ 6.12	\$ 0.94	\$ 9.32	\$ 1.36
Discontinued operations	0.01	—	—	—
	\$ 6.13	\$ 0.94	\$ 9.32	\$ 1.36

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES N.V.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<u>Millions of dollars</u>	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income	\$ 2,059	\$ 314	\$ 3,129	\$ 458
Other comprehensive income (loss), net of tax –				
Financial derivatives	(78)	(26)	97	(364)
Unrealized (losses) gains on available-for-sale debt securities	(1)	3	(1)	1
Defined benefit pension and other postretirement benefit plans	17	11	28	21
Foreign currency translations	77	66	(30)	(133)
Total other comprehensive income (loss), net of tax	15	54	94	(475)
Comprehensive income (loss)	2,074	368	3,223	(17)
Dividends on redeemable non-controlling interests	(1)	(1)	(3)	(3)
Comprehensive income (loss) attributable to the Company shareholders	<u>\$ 2,073</u>	<u>\$ 367</u>	<u>\$ 3,220</u>	<u>\$ (20)</u>

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES N.V.
CONSOLIDATED BALANCE SHEETS

<u>Millions of dollars</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,381	\$ 1,763
Restricted cash	2	2
Short-term investments	136	702
Accounts receivable:		
Trade, net	4,707	3,291
Related parties	190	150
Inventories	4,840	4,344
Prepaid expenses and other current assets	1,641	1,382
Total current assets	12,897	11,634
Operating lease assets	1,634	1,492
Property, plant and equipment	22,176	21,484
Less: Accumulated depreciation	(7,531)	(7,098)
Property, plant and equipment, net	14,645	14,386
Equity investments	4,902	4,729
Goodwill	1,931	1,953
Intangible assets, net	677	751
Other assets	573	458
Total assets	<u>\$ 37,259</u>	<u>\$ 35,403</u>

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES N.V.
CONSOLIDATED BALANCE SHEETS

<u>Millions of dollars, except shares and par value data</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>
LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ 8	\$ 8
Short-term debt	683	663
Accounts payable:		
Trade	2,909	2,398
Related parties	577	550
Accrued liabilities	2,418	1,883
Total current liabilities	6,595	5,502
Long-term debt	13,482	15,286
Operating lease liabilities	1,364	1,222
Other liabilities	2,657	2,957
Deferred income taxes	2,507	2,332
Commitments and contingencies		
Redeemable non-controlling interests	116	116
Shareholders' equity:		
Ordinary shares, €0.04 par value, 1,275 million shares authorized, 334,503,518 and 334,015,220 shares outstanding, respectively	19	19
Additional paid-in capital	6,011	5,986
Retained earnings	6,837	4,440
Accumulated other comprehensive loss	(1,849)	(1,943)
Treasury stock, at cost, 5,590,138 and 6,030,408 ordinary shares, respectively	(494)	(531)
Total Company share of shareholders' equity	10,524	7,971
Non-controlling interests	14	17
Total equity	10,538	7,988
Total liabilities, redeemable non-controlling interests and equity	\$ 37,259	\$ 35,403

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES N.V.
CONSOLIDATED STATEMENTS OF CASH FLOWS

<u>Millions of dollars</u>	Six Months Ended June 30,	
	2021	2020
Cash flows from operating activities:		
Net income	\$ 3,129	\$ 458
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	665	698
Amortization of debt-related costs	13	7
Share-based compensation	35	29
Inventory valuation charges	—	323
Equity investments—		
Equity income	(285)	(61)
Distributions of earnings, net of tax	142	81
Deferred income tax (benefit) provision	34	(90)
Changes in assets and liabilities that provided (used) cash:		
Accounts receivable	(1,502)	487
Inventories	(541)	463
Accounts payable	482	(485)
Other, net	301	(76)
Net cash provided by operating activities	2,473	1,834
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(771)	(1,248)
Purchases of available-for-sale debt securities	—	(270)
Proceeds from maturities of available-for-sale debt securities	291	—
Purchases of equity securities	—	(184)
Proceeds from equity securities	264	1
Acquisition of equity method investment	(104)	—
Other, net	(42)	(26)
Net cash used in investing activities	(362)	(1,727)
Cash flows from financing activities:		
Repurchases of Company ordinary shares	—	(4)
Dividends paid - common stock	(730)	(701)
Purchase of non-controlling interest	—	(30)
Issuance of long-term debt	—	2,492
Payments of debt issuance costs	—	(18)
Repayments of long-term debt	(1,775)	(500)
Debt extinguishment costs	(23)	—
Issuance of short-term debt	—	521
Repayments of short-term debt	—	(500)
Net proceeds from commercial paper	—	212
Collateral received from (paid for) interest rate derivatives	51	(238)
Proceeds from settlement of cash flow hedges	—	346
Other, net	7	(12)
Net cash (used in) provided by financing activities	(2,470)	1,568
Effect of exchange rate changes on cash	(23)	15
(Decrease) increase in cash and cash equivalents and restricted cash	(382)	1,690
Cash and cash equivalents and restricted cash at beginning of period	1,765	888
Cash and cash equivalents and restricted cash at end of period	<u>\$ 1,383</u>	<u>\$ 2,578</u>

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES N.V.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Millions of dollars	Ordinary Shares		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Company Share of Shareholders' Equity	Non- Controlling Interests
	Issued	Treasury					
Balance, March 31, 2021	\$ 19	\$ (506)	\$ 5,993	\$ 5,158	\$ (1,864)	\$ 8,800	\$ 14
Net income	—	—	—	2,059	—	2,059	—
Other comprehensive income	—	—	—	—	15	15	—
Share-based compensation	—	12	18	(1)	—	29	—
Dividends - common stock (\$1.13 per share)	—	—	—	(378)	—	(378)	—
Dividends - redeemable non-controlling interests (\$15.00 per share)	—	—	—	(1)	—	(1)	—
Balance, June 30, 2021	<u>\$ 19</u>	<u>\$ (494)</u>	<u>\$ 6,011</u>	<u>\$ 6,837</u>	<u>\$ (1,849)</u>	<u>\$ 10,524</u>	<u>\$ 14</u>

Millions of dollars	Ordinary Shares		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Company Share of Shareholders' Equity	Non- Controlling Interests
	Issued	Treasury					
Balance, March 31, 2020	\$ 19	\$ (559)	\$ 5,950	\$ 4,227	\$ (2,313)	\$ 7,324	\$ 19
Net income	—	—	—	314	—	314	—
Other comprehensive income	—	—	—	—	54	54	—
Share-based compensation	—	11	8	(2)	—	17	—
Dividends - common stock (\$1.05 per share)	—	—	—	(350)	—	(350)	—
Dividends - redeemable non-controlling interests (\$15.00 per share)	—	—	—	(1)	—	(1)	—
Balance, June 30, 2020	<u>\$ 19</u>	<u>\$ (548)</u>	<u>\$ 5,958</u>	<u>\$ 4,188</u>	<u>\$ (2,259)</u>	<u>\$ 7,358</u>	<u>\$ 19</u>

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES N.V.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

<u>Millions of dollars</u>	Ordinary Shares		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Company Share of Shareholders' Equity	Non- Controlling Interests
	Issued	Treasury					
Balance, December 31, 2020	\$ 19	\$ (531)	\$ 5,986	\$ 4,440	\$ (1,943)	\$ 7,971	\$ 17
Net income	—	—	—	3,129	—	3,129	—
Other comprehensive income	—	—	—	—	94	94	—
Share-based compensation	—	37	25	1	—	63	—
Dividends - common stock (\$2.18 per share)	—	—	—	(730)	—	(730)	—
Dividends - redeemable non-controlling interests (\$30.00 per share)	—	—	—	(3)	—	(3)	—
Sales of non-controlling interest	—	—	—	—	—	—	(3)
Balance, June 30, 2021	<u>\$ 19</u>	<u>\$ (494)</u>	<u>\$ 6,011</u>	<u>\$ 6,837</u>	<u>\$ (1,849)</u>	<u>\$ 10,524</u>	<u>\$ 14</u>

<u>Millions of dollars</u>	Ordinary Shares		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Company Share of Shareholders' Equity	Non- Controlling Interests
	Issued	Treasury					
Balance, December 31, 2019	\$ 19	\$ (580)	\$ 5,954	\$ 4,435	\$ (1,784)	\$ 8,044	\$ 19
Net income	—	—	—	458	—	458	—
Other comprehensive loss	—	—	—	—	(475)	(475)	—
Share-based compensation	—	36	(3)	(1)	—	32	—
Dividends - common stock (\$2.10 per share)	—	—	—	(701)	—	(701)	—
Dividends - redeemable non-controlling interests (\$30.00 per share)	—	—	—	(3)	—	(3)	—
Repurchases of Company ordinary shares	—	(4)	—	—	—	(4)	—
Purchase of non-controlling interest	—	—	7	—	—	7	—
Balance, June 30, 2020	<u>\$ 19</u>	<u>\$ (548)</u>	<u>\$ 5,958</u>	<u>\$ 4,188</u>	<u>\$ (2,259)</u>	<u>\$ 7,358</u>	<u>\$ 19</u>

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

LyondellBasell Industries N.V. is a limited liability company (Naamloze Vennootschap) incorporated under Dutch law by deed of incorporation dated October 15, 2009. Unless otherwise indicated, the “Company,” “we,” “us,” “our” or similar words are used to refer to LyondellBasell Industries N.V. together with its consolidated subsidiaries (“LyondellBasell N.V.”).

LyondellBasell N.V. is a worldwide manufacturer of chemicals and polymers, a refiner of crude oil, a significant producer of gasoline blending components and a developer and licensor of technologies for the production of polymers.

The accompanying unaudited Consolidated Financial Statements have been prepared from the books and records of LyondellBasell N.V. in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X for interim financial information. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States (“U.S. GAAP”) for complete financial statements. In our opinion, all adjustments, including normal recurring adjustments, considered necessary for a fair statement have been included. The results for interim periods are not necessarily indicative of results for the entire year. These Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020.

2. Accounting and Reporting Changes

Recently Adopted Guidance

The following table provides a brief description of recently adopted Accounting Standard Updates (“ASU”) issued by the Financial Accounting Standards Board (“FASB”):

Standard	Description
ASU 2020-01, <i>Clarifying the Interactions between Topic 321, Topic 323, Equity Method and Joint Ventures, and Topic 815, Derivatives and Hedging</i>	This guidance clarifies that an entity should consider observable transactions that require it to either apply or discontinue the equity method of accounting for the purposes of applying the measurement alternative in accordance with Topic 321 and includes scope considerations for entities that hold certain non-derivative forward contracts and purchased options to acquire equity securities that, upon settlement of the forward contract or exercise of the purchase option, would be accounted for under the equity method of accounting. This guidance is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The prospective adoption of this guidance from January 1, 2021 did not have a material impact on our Consolidated Financial Statements.
ASU 2020-06, <i>Debt - Debt with Conversion and Other Options and Derivatives and Hedging - Contracts in Entity’s Own Equity</i>	This guidance simplifies the accounting for convertible instruments and the application of the derivatives scope exception for contracts in an entity’s own equity. The standard also amends the accounting for convertible instruments in the diluted earnings per share calculation and requires enhanced disclosures of convertible instruments and contracts in an entity’s own equity. The guidance is effective for fiscal years beginning after December 15, 2021 and may be applied on a modified or fully retrospective basis. The early adoption of this guidance on a modified retrospective basis from January 1, 2021 did not have a material impact on our Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Standard	Description
ASU 2020-09, <i>Debt (Topic 470): Amendments to SEC Paragraphs Pursuant to SEC Release No. 33-10762</i>	This guidance amends and supersedes SEC paragraphs in the Accounting Standards Codification to reflect the issuance of SEC Release No. 33-10762 related to financial disclosure requirements for subsidiary issuers and guarantors of registered debt securities and affiliates whose securities are pledged as collateral for registered securities. The guidance is effective for annual and interim periods ending after January 4, 2021.
	The adoption of this guidance from January 1, 2021 did not have a material impact on our Consolidated Financial Statements.

Accounting Guidance Issued But Not Adopted as of June 30, 2021

There are no ASUs issued and not yet adopted that could have a material impact on our Consolidated Financial Statements.

3. Revenues

Contract Balances—Contract liabilities were \$181 million and \$194 million at June 30, 2021 and December 31, 2020, respectively. Revenue recognized in each reporting period, included in the contract liability balance at the beginning of the period, was immaterial.

Disaggregation of Revenues—The following table presents our revenues disaggregated by key products:

Millions of dollars	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Sales and other operating revenues:				
Olefins and co-products	\$ 1,185	\$ 460	\$ 2,276	\$ 1,127
Polyethylene	2,611	1,277	4,764	2,736
Polypropylene	1,996	969	3,714	2,070
Propylene oxide and derivatives	725	332	1,227	796
Oxyfuels and related products	838	389	1,445	1,096
Intermediate chemicals	948	404	1,526	948
Compounding and solutions	1,077	549	2,115	1,461
Advanced polymers	256	151	487	332
Refined products	1,741	855	2,734	2,191
Other	184	160	355	283
Total	<u>\$ 11,561</u>	<u>\$ 5,546</u>	<u>\$ 20,643</u>	<u>\$ 13,040</u>

LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

The following table presents our revenues disaggregated by geography, based upon the location of the customer:

<u>Millions of dollars</u>	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Sales and other operating revenues:				
United States	\$ 5,616	\$ 2,417	\$ 9,702	\$ 5,604
Germany	934	398	1,699	1,039
China	561	302	1,121	545
Italy	472	259	850	594
France	366	161	656	431
Mexico	390	203	637	583
The Netherlands	346	153	616	365
Japan	331	143	561	478
Poland	271	188	541	412
Other	2,274	1,322	4,260	2,989
Total	<u>\$ 11,561</u>	<u>\$ 5,546</u>	<u>\$ 20,643</u>	<u>\$ 13,040</u>

4. Accounts Receivable

Our accounts receivable are reflected in the Consolidated Balance Sheets net of allowance for credit losses of \$7 million and \$15 million at June 30, 2021 and December 31, 2020, respectively.

5. Inventories

Inventories consisted of the following components:

<u>Millions of dollars</u>	June 30, 2021	December 31, 2020
Finished goods	\$ 3,168	\$ 2,816
Work-in-process	197	144
Raw materials and supplies	1,475	1,384
Total inventories	<u>\$ 4,840</u>	<u>\$ 4,344</u>

Our inventories are stated at the lower of cost or market (“LCM”). Cost is determined using the last-in, first-out (“LIFO”) inventory valuation methodology, which means that the most recently incurred costs are charged to cost of sales and inventories are valued at the earliest acquisition costs. Market is determined based on an assessment of the current estimated replacement cost and selling price of the inventory. In periods where the market price of our inventory declines substantially, cost values of inventory may be higher than the market value, and as a result we adjust the value of inventory to market value. Fluctuations in the prices of crude oil, natural gas and correlated products from period to period may result in the recognition of charges to adjust the value of inventory to the LCM in periods of falling prices and the reversal of those charges in subsequent interim periods, within the fiscal year, as market prices recover.

During the first six months of 2020, we recognized an LCM inventory valuation charge of \$323 million related to the decline in pricing for many of our raw material and finished goods inventories since December 31, 2019. During the second quarter of 2020, we recognized a LCM inventory valuation benefit of \$96 million, largely driven by the recovery of market prices of crude oil and refined products during the second quarter.

LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

6. Debt

Long-term loans, notes and other debt, net of unamortized discount and debt issuance cost, consisted of the following:

Millions of dollars	June 30, 2021	December 31, 2020
Senior Notes due 2024, \$1,000 million, 5.75% (\$3 million of debt issuance cost)	\$ 997	\$ 996
Senior Notes due 2055, \$1,000 million, 4.625% (\$15 million of discount; \$11 million of debt issuance cost)	974	974
Term Loan due 2022, \$4,000 million	—	1,448
Guaranteed Notes due 2023, \$750 million, 4.0% (\$1 million of discount; \$1 million of debt issuance cost)	423	745
Guaranteed Floating Rate Notes due 2023, \$650 million (\$3 million of debt issuance cost)	647	646
Guaranteed Notes due 2025, \$500 million, 2.875% (\$3 million of debt issuance cost)	497	496
Guaranteed Notes due 2025, \$500 million, 1.25% (\$1 million of discount; \$4 million of debt issuance cost)	495	495
Guaranteed Notes due 2026, €500 million, 0.875% (\$1 million of discount; \$3 million of debt issuance cost)	591	608
Guaranteed Notes due 2027, \$1,000 million, 3.5% (\$6 million of discount; \$5 million of debt issuance cost)	1,084	1,090
Guaranteed Notes due 2027, \$300 million, 8.1%	300	300
Guaranteed Notes due 2030, \$500 million, 3.375% (\$1 million of discount; \$3 million of debt issuance cost)	500	495
Guaranteed Notes due 2030, \$500 million, 2.25% (\$4 million of discount; \$4 million of debt issuance cost)	492	492
Guaranteed Notes due 2031, €500 million, 1.625% (\$6 million of discount; \$3 million of debt issuance cost)	585	602
Guaranteed Notes due 2040, \$750 million, 3.375% (\$2 million of discount; \$8 million of debt issuance cost)	740	740
Guaranteed Notes due 2043, \$750 million, 5.25% (\$19 million of discount; \$7 million of debt issuance cost)	724	723
Guaranteed Notes due 2044, \$1,000 million, 4.875% (\$10 million of discount; \$9 million of debt issuance cost)	981	981
Guaranteed Notes due 2049, \$1,000 million, 4.2% (\$15 million of discount; \$10 million of debt issuance cost)	975	975
Guaranteed Notes due 2050, \$1,000 million, 4.2% (\$6 million of discount; \$10 million of debt issuance cost)	984	984
Guaranteed Notes due 2051, \$1,000 million, 3.625% (\$3 million of discount; \$11 million of debt issuance cost)	986	986
Guaranteed Notes due 2060, \$500 million, 3.8% (\$4 million of discount; \$6 million of debt issuance cost)	490	490
Other	25	28
Total	13,490	15,294
Less current maturities	(8)	(8)
Long-term debt	<u>\$ 13,482</u>	<u>\$ 15,286</u>

LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Fair value hedging adjustments associated with the fair value hedge accounting of our fixed-for-floating interest rate swaps for the applicable periods are as follows:

Millions of dollars	Inception Year	Gains (Losses)				Cumulative Fair Value Hedging Adjustments Included in Carrying Amount of Debt	
		Three Months Ended June 30,		Six Months Ended June 30,		June 30, 2021	December 31, 2020
		2021	2020	2021	2020		
Senior Notes due 2021, 6.0%	2016	\$ —	\$ 2	\$ —	\$ (14)	\$ —	\$ —
Guaranteed Notes due 2027, 3.5%	2017	4	7	8	(73)	(94)	(102)
Guaranteed Notes due 2022, 1.875%	2018	—	—	—	1	—	—
Guaranteed Notes due 2026, 0.875%	2020	—	(1)	1	(1)	(1)	(2)
Guaranteed Notes due 2027, 3.5%	2021	(1)	—	(1)	—	(1)	—
Guaranteed Notes due 2030, 3.375%	2021	(4)	—	(4)	—	(4)	—
Total		<u>\$ (1)</u>	<u>\$ 8</u>	<u>\$ 4</u>	<u>\$ (87)</u>	<u>\$ (100)</u>	<u>\$ (104)</u>

Fair value adjustments are recognized in Interest expense in the Consolidated Statements of Income.

Short-term loans, notes and other debt consisted of the following:

Millions of dollars	June 30, 2021	December 31, 2020
U.S. Receivables Facility	\$ —	\$ —
Commercial paper	500	500
Precious metal financings	167	140
Other	16	23
Total Short-term debt	<u>\$ 683</u>	<u>\$ 663</u>

Long-Term Debt

Senior Revolving Credit Facility—Our \$2,500 million Senior Revolving Credit Facility, of which \$2,440 million expires in June 2023 and the remainder expires in June 2022, may be used for dollar and euro denominated borrowings. The facility has a \$500 million sub-limit for dollar and euro denominated letters of credit, a \$1,000 million uncommitted accordion feature, and supports our commercial paper program. Borrowings under the facility bear interest at either a base rate or LIBOR rate, plus an applicable margin. Additional fees are incurred for the average daily unused commitments. At June 30, 2021, we had no borrowings or letters of credit outstanding and \$2,010 million of unused availability under this facility.

Term Loan due 2022—In March 2019, LYB Americas Finance Company LLC (“LYB Americas Finance”), a wholly owned subsidiary of LyondellBasell Industries N.V., entered into a \$4,000 million senior unsecured delayed draw term loan credit facility that matures in March 2022. Borrowings under the credit agreement were available through December 31, 2019, subsequent to which no further borrowings may be made under the agreement. Outstanding borrowings bear interest at either a base rate or LIBOR rate, as defined, plus in each case, an applicable margin determined by reference to LyondellBasell N.V.’s current credit ratings. In January 2021, we repaid \$500 million outstanding under our Term Loan due 2022. The remaining outstanding balance of \$950 million was repaid in the second quarter of 2021.

LYONDELLBASELL INDUSTRIES N.V.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

Guaranteed Notes due 2023—In July 2013, LYB Finance issued \$750 million of 4% guaranteed notes due 2023 at a discounted price of 98.678%. In June 2021, we redeemed \$325 million of the outstanding notes. In conjunction with the partial redemption, we recognized \$25 million of debt extinguishment costs which are reflected in Interest expense in the Consolidated Statements of Income. The debt extinguishment costs include \$23 million paid for make-whole premiums, fees and expenses related to the redemption of the notes and non-cash charges of \$2 million for the write-off of unamortized debt discount and issuance costs.

Short-Term Debt

U.S. Receivables Facility—Our U.S. Receivables Facility has a purchase limit of \$900 million in addition to a \$300 million uncommitted accordion feature. In June 2021, we extended the term of the facility to June 2024 in accordance with the terms of the agreement. This facility provides liquidity through the sale or contribution of trade receivables by certain of our U.S. subsidiaries to a wholly owned, bankruptcy-remote subsidiary on an ongoing basis and without recourse. We pay variable interest rates on our secured borrowings. Additional fees are incurred for the average daily unused commitments. This facility also provides for the issuance of letters of credit up to \$200 million. At June 30, 2021, we had no borrowings or letters of credit outstanding and \$900 million unused availability under this facility.

Commercial Paper Program—We have a commercial paper program under which we may issue up to \$2,500 million of privately placed, unsecured, short-term promissory notes (“commercial paper”). Interest rates on the commercial paper outstanding at June 30, 2021 are based on the terms of the notes and range from 0.14% to 0.25%. At June 30, 2021, we had \$500 million of outstanding commercial paper.

Weighted Average Interest Rate—At June 30, 2021 and December 31, 2020, our weighted average interest rates on outstanding Short-term debt were 0.7% and 0.9%, respectively.

Additional Information

Debt Discount and Issuance Costs—Amortization of debt discounts and debt issuance costs resulted in amortization expense of \$13 million and \$7 million for the six months ended June 30, 2021 and 2020, respectively, which is included in Interest expense in the Consolidated Statements of Income.

As of June 30, 2021, we are in compliance with our debt covenants.

7. Financial Instruments and Fair Value Measurements

We are exposed to market risks, such as changes in commodity pricing, interest rates and currency exchange rates. To manage the volatility related to these exposures, we selectively enter into derivative contracts pursuant to our risk management policies.

A summary of our financial instruments, risk management policies, derivative instruments, hedging activities and fair value measurement can be found in Notes 2 and 13 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2020. If applicable, updates have been included in the respective sections below.

Cash and Cash Equivalents—At June 30, 2021 and December 31, 2020, we had marketable securities classified as Cash and cash equivalents of \$514 million and \$682 million, respectively.

Foreign Currency Gain (Loss)—Other income, net, in the Consolidated Statements of Income includes foreign currency losses of \$5 million and \$2 million, and losses of less than \$1 million and \$7 million, for the three and six months ended June 30, 2021 and 2020, respectively.

LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Financial Instruments Measured at Fair Value on a Recurring Basis—The following table summarizes financial instruments outstanding for the periods presented that are measured at fair value on a recurring basis:

	June 30, 2021		December 31, 2020		Balance Sheet Classification
Millions of dollars	Notional Amount	Fair Value	Notional Amount	Fair Value	
Assets—					
Derivatives designated as hedges:					
Commodities	\$ 30	\$ 22	\$ 19	\$ 3	Prepaid expenses and other current assets
Commodities	20	7	41	4	Other Assets
Foreign currency	358	26	—	26	Prepaid expenses and other current assets
Foreign currency	923	21	—	—	Other assets
Interest rates	—	4	—	—	Prepaid expenses and other current assets
Interest rates	569	6	122	2	Other assets
Derivatives not designated as hedges:					
Commodities	140	5	71	2	Prepaid expenses and other current assets
Foreign currency	139	—	149	—	Prepaid expenses and other current assets
Non-derivatives:					
Available-for-sale debt securities	54	55	348	349	Short-term investments
Equity securities	81	81	353	353	Short-term investments
Total	<u>\$ 2,314</u>	<u>\$ 227</u>	<u>\$ 1,103</u>	<u>\$ 739</u>	
Liabilities—					
Derivatives designated as hedges:					
Commodities	\$ —	\$ —	\$ —	\$ 2	Accrued liabilities
Foreign currency	855	105	1,213	146	Accrued liabilities
Foreign currency	2,682	222	2,682	302	Other liabilities
Interest rates	—	1	—	—	Accrued liabilities
Interest rates	1,000	243	1,000	343	Other liabilities
Derivatives not designated as hedges:					
Commodities	118	11	113	14	Accrued liabilities
Foreign currency	1,306	9	76	1	Accrued liabilities
Total	<u>\$ 5,961</u>	<u>\$ 591</u>	<u>\$ 5,084</u>	<u>\$ 808</u>	

As of June 30, 2021, our limited partnership investments included in our equity securities discussed below are measured at fair value using the net asset value per share, or its equivalent, practical expedient and have not been classified in the fair value hierarchy. All other financial instruments in the table above, including equity securities as of December 31, 2020, are classified as Level 2. We present the gross assets and liabilities of our derivative financial instruments on the Consolidated Balance Sheets.

At June 30, 2021, our outstanding foreign currency contracts, not designated as hedges, mature from July 2021 to March 2022. Our commodity contracts, not designated as hedges, mature in July 2021.

LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Financial Instruments Not Measured at Fair Value on a Recurring Basis—The following table presents the carrying value and estimated fair value of our financial instruments that are not measured at fair value on a recurring basis for the periods presented. Due to the short maturity, the fair value of all non-derivative financial instruments included in Current assets and Current liabilities for which the carrying value approximates fair value are excluded from the table below. Short-term and long-term debt are recorded at amortized cost in the Consolidated Balance Sheets. The carrying and fair values of short-term and of long-term debt exclude commercial paper and other miscellaneous debt. All financial instruments in the table below are classified as Level 2.

<u>Millions of dollars</u>	<u>June 30, 2021</u>		<u>December 31, 2020</u>	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Non-derivatives:				
Liabilities:				
Short-term debt	\$ 167	\$ 175	\$ 140	\$ 154
Long-term debt	13,465	15,123	15,266	17,290
Total	<u>\$ 13,632</u>	<u>\$ 15,298</u>	<u>\$ 15,406</u>	<u>\$ 17,444</u>

Net Investment Hedges—The following table summarizes our net investment hedges outstanding for the periods presented:

<u>Millions of euro/dollars</u>	<u>June 30, 2021</u>				<u>December 31, 2020</u>				<u>Expiration Date</u>
	<u>Notional Value</u>				<u>Notional Value</u>				
	Equivalent US\$		Equivalent US\$		Equivalent US\$		Equivalent US\$		
Foreign currency	€	2,417	\$	2,813	€	1,667	\$	1,890	2021 to 2030

In the second quarter of 2021, we entered into foreign currency contracts with an aggregate notional value of €750 million that were designated as net investment hedges.

In July 2021, we entered into a foreign currency contract with a notional value of €250 million that was designated as a net investment hedge.

Cash Flow Hedges—The following table summarizes our cash flow hedges outstanding for the periods presented:

<u>Millions of dollars</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>Expiration Date</u>
	<u>Notional Value</u>	<u>Notional Value</u>	
Foreign currency	\$ 2,005	\$ 2,005	2021 to 2027
Interest rates	1,000	1,000	2023 to 2024
Commodities	50	60	2021 to 2022

As of June 30, 2021 and December 31, 2020, Other assets include \$187 million and \$238 million of collateral held with our counterparties related to our forward-starting interest rate swaps, respectively. Related cash flows are included in financing activities in the Consolidated Statements of Cash Flows.

LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

As of June 30, 2021, on a pre-tax basis, \$5 million is scheduled to be reclassified from Accumulated other comprehensive loss as an increase to Interest expense over the next twelve months.

Fair Value Hedges—The following table summarizes our fair value hedges outstanding for the periods presented:

<u>Millions of dollars</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>Expiration Date</u>
	<u>Notional Value</u>	<u>Notional Value</u>	
Interest rates	\$ 569	\$ 122	2025 to 2030

In March 2021, we entered into a fixed-for-floating interest rate swap to mitigate the change in the fair value of \$150 million of our \$500 million, 3.375% guaranteed notes due 2030 associated with the risk of variability in the 3-month LIBOR rate component.

In April 2021, we entered into two fixed-for-floating interest rate swaps to mitigate the change in the fair value associated with the risk of variability in the 3-month LIBOR rate component of \$150 million of our \$500 million, 2.875% guaranteed notes due 2025 and \$150 million of our \$1,000 million, 3.5% guaranteed notes due 2027.

The fixed-rate and variable-rate components for these trades are settled semi-annually and quarterly, respectively.

Impact on Earnings and Other Comprehensive Income—The following tables summarize the pre-tax effect of derivative and non-derivative instruments recorded in Accumulated other comprehensive loss (“AOCI”), the gains (losses) reclassified from AOCI to earnings and additional gains (losses) recognized directly in earnings:

Millions of dollars	Effects of Financial Instruments							Income Statement Classification
	Three Months Ended June 30,							
	Gain (Loss) Recognized in AOCI		Gain (Loss) Reclassified from AOCI to Income		Gain (Loss) Recognized in Income			
	2021	2020	2021	2020	2021	2020		
Derivatives designated as hedges:								
Commodities	\$ 23	\$ (2)	\$ (3)	\$ —	\$ —	\$ —		Cost of sales
Foreign currency	(9)	(86)	24	45	13	14		Interest expense
Interest rates	(123)	3	2	2	3	(6)		Interest expense
Derivatives not designated as hedges:								
Commodities	—	—	—	—	9	14		Sales and other operating revenues
Commodities	—	—	—	—	12	77		Cost of sales
Foreign currency	—	—	—	—	(15)	(6)		Other income, net
Non-derivatives designated as hedges:								
Long-term debt	—	(20)	—	—	—	—		Other income, net
Total	\$ (109)	\$ (105)	\$ 23	\$ 47	\$ 22	\$ 93		

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Millions of dollars	Effects of Financial Instruments							Income Statement Classification
	Six Months Ended June 30,							
	Gain (Loss) Recognized in AOCI		Gain (Loss) Reclassified from AOCI to Income		Gain (Loss) Recognized in Income			
	2021	2020	2021	2020	2021	2020		
Derivatives designated as hedges:								
Commodities	\$ 29	\$ (2)	\$ (4)	\$ —	\$ —	\$ —	Cost of sales	
Foreign currency	139	78	(68)	(8)	25	30	Interest expense	
Interest rates	100	(532)	3	2	5	90	Interest expense	
Derivatives not designated as hedges:								
Commodities	—	—	—	—	12	5	Sales and other operating revenues	
Commodities	—	—	—	—	23	74	Cost of sales	
Foreign currency	—	—	—	—	(29)	(10)	Other income, net	
Non-derivatives designated as hedges:								
Long-term debt	—	2	—	—	—	—	Other income, net	
Total	\$ 268	\$ (454)	\$ (69)	\$ (6)	\$ 36	\$ 189		

The derivative amounts excluded from the assessment of effectiveness for foreign currency contracts designated as net investment hedges recognized in other comprehensive income for the three and six months ended June 30, 2021 were gains of less than \$1 million and \$4 million, respectively and for the three and six months ended June 30, 2020 were losses of \$2 million each.

The derivative amounts excluded from the assessment of effectiveness for foreign currency contracts designated as net investment hedges recognized in Interest expense for the three and six months ended June 30, 2021 were gains of \$2 million and \$5 million, respectively, and for the three and six months ended June 30, 2020 were gains of \$3 million and \$7 million, respectively.

The pre-tax effect of the periodic receipt of fixed interest and payment of variable interest associated with our fixed-for-floating interest rate swaps resulted in \$1 million decrease in Interest expense during each of the three and six months ended June 30, 2021, respectively, and \$1 million and \$3 million decrease in interest expense during the three and six months ended June 30, 2020, respectively.

Investments in Available-for-Sale Debt Securities—The following table summarizes the amortized cost, gross unrealized gains and losses, and fair value of our outstanding available-for-sale debt securities:

<u>Millions of dollars</u>	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt securities at June 30, 2021	\$ 54	\$ 1	\$ —	\$ 55
Debt securities at December 31, 2020	348	1	—	349

No allowance for credit losses related to our available-for-sale debt securities were recorded for the three and six months ended June 30, 2021 and for the year ended December 31, 2020.

LYONDELLBASELL INDUSTRIES N.V.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

As of June 30, 2021, bonds classified as available-for-sale debt securities had remaining maturities of less than 1 month.

We received proceeds of \$217 million and \$291 million from maturities of our available-for-sale debt securities during the three and six months ended June 30, 2021. No proceeds were received from maturities of our available-for-sale debt securities during the three and six months ended June 30, 2020. In addition, no proceeds were received and no gain or loss was realized in connection with the sales of our available-for-sale debt securities during the three and six months ended June 30, 2021 and 2020, respectively.

We had no available-for-sale debt securities which were in a continuous unrealized loss position for less than or greater than twelve months as of June 30, 2021 and December 31, 2020.

Investments in Equity Securities—Our investment in equity securities consists of an investment in a limited partnership with a notional amount of \$81 million and \$353 million as of June 30, 2021 and December 31, 2020, respectively. The carrying amount approximate fair value. The investment is carried at its net asset value as a practical expedient at June 30, 2021 and fair value at December 31, 2020. The investment is under voluntary liquidation by the fund administrator and we expect the investment to be fully liquidated by early 2022, during which time redemption or sale of the investment is restricted.

We received proceeds of \$38 million and \$264 million related to our investments in equity securities during the three and six months ended June 30, 2021, respectively, and \$1 million during the six months ended June 30, 2020. No proceeds related to the sale of investments in equity securities were received during the three months ended June 30, 2020. Proceeds of \$26 million were received in July 2021.

We recognized unrealized gain of less than \$1 million on our equity securities that were outstanding during the three and six months ended June 30, 2021 and no unrealized gains or losses was recognized during the three and six months ended in June 30, 2020.

8. Income Taxes

For interim tax reporting, we estimate an annual effective tax rate which is applied to the year-to-date ordinary income (loss). Tax effects of significant unusual or infrequently occurring items are excluded from the estimated annual effective tax rate calculation and recognized in the interim period in which they occur. Our effective income tax rate fluctuates based on, among other factors, changes in pretax income in countries with varying statutory tax rates, changes in valuation allowances, changes in foreign exchange gains or losses, the amount of exempt income, changes in unrecognized tax benefits associated with uncertain tax positions and changes in tax laws.

Our exempt income primarily includes interest income, export incentives, and equity earnings of joint ventures. Interest income earned by certain of our European subsidiaries through intercompany financings is taxed at rates substantially lower than the U.S. statutory rate. Export incentives relate to tax benefits derived from elections and structures available for U.S. exports. Equity earnings attributable to the earnings of our joint ventures, when paid through dividends to certain European subsidiaries, are exempt from all or portions of normal statutory income tax rates. We currently anticipate the favorable treatment for interest income, dividends, and export incentives to continue in the near term; however, this treatment is based on current law and tax rulings, which could change.

Our effective income tax rate for the three months ended June 30, 2021 was 19.7% compared with -11.3% for the three months ended June 30, 2020. In March 2020, the U.S. enacted the Coronavirus Aid, Relief, and Economic Security Act, also known as the “CARES Act.” The higher effective tax rate for the three months ended June 30, 2021 was primarily attributable to benefits resulting from the CARES Act (27.1%) and exempt income (10.0%) relative to pretax earnings.

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Our effective income tax rate for the six months ended June 30, 2021 was 15.5% compared with 8.6% for the six months ended June 30, 2020. The higher effective tax rate for the six months ended June 30, 2021 was attributable to benefits resulting from the CARES Act (4.4%) and exempt income (8.9%) relative to pretax earnings. These drivers were partially offset by return to accrual adjustments primarily from a tax benefit associated with a step-up of certain Italian assets to fair market value (-3.2%).

As of June 30, 2021 and December 31, 2020, we had \$499 million and \$67 million, respectively, of income taxes payable which was included in Accrued liabilities in our Consolidated Balance Sheets.

9. Commitments and Contingencies

Commitments—We have various purchase commitments for materials, supplies and services incidental to the ordinary conduct of business, generally for quantities required for our businesses and at prevailing market prices. These commitments are designed to assure sources of supply and are not expected to be in excess of normal requirements. As of June 30, 2021, we had capital expenditure commitments, which we incurred in our normal course of business, including commitments of approximately \$259 million related to building our new PO/TBA plant in Houston, Texas.

Financial Assurance Instruments—We have obtained letters of credit, performance and surety bonds and have issued financial and performance guarantees to support trade payables, potential liabilities and other obligations. Considering the frequency of claims made against the financial instruments we use to support our obligations, and the magnitude of those financial instruments in light of our current financial position, management does not expect that any claims against or draws on these instruments would have a material adverse effect on our Consolidated Financial Statements. We have not experienced any unmanageable difficulty in obtaining the required financial assurance instruments for our current operations.

Environmental Remediation—Our accrued liability for future environmental remediation costs at current and former plant sites and other remediation sites totaled \$129 million and \$133 million as of June 30, 2021 and December 31, 2020, respectively. At June 30, 2021, the accrued liabilities for individual sites range from less than \$1 million to \$16 million. The remediation expenditures are expected to occur over a number of years, and not concentrated in any single year. In our opinion, it is reasonably possible that losses in excess of the liabilities recorded may have been incurred. However, we cannot estimate any amount or range of such possible additional losses. New information about sites, new technology or future developments such as involvement in investigations by regulatory agencies, could require us to reassess our potential exposure related to environmental matters.

Indemnification—We are parties to various indemnification arrangements, including arrangements entered into in connection with acquisitions, divestitures and the formation and dissolution of joint ventures. Pursuant to these arrangements, we provide indemnification to and/or receive indemnification from other parties in connection with liabilities that may arise in connection with the transactions and in connection with activities prior to completion of the transactions. These indemnification arrangements typically include provisions pertaining to third-party claims relating to environmental and tax matters and various types of litigation. As of June 30, 2021, we had not accrued any significant amounts for our indemnification obligations, and we are not aware of other circumstances that would likely lead to significant future indemnification obligations. We cannot determine with certainty the potential amount of future payments under the indemnification arrangements until events arise that would trigger a liability under the arrangements.

As part of our technology licensing contracts, we give indemnifications to our licensees for liabilities arising from possible patent infringement claims with respect to certain proprietary licensed technologies. Such indemnifications have a stated maximum amount and generally cover a period of 5 to 10 years.

Legal Proceedings—We are subject to various lawsuits and claims, including but not limited to, matters involving contract disputes, environmental damages, personal injury and property damage. We vigorously defend ourselves and prosecute these matters as appropriate.

LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Our legal organization applies its knowledge, experience and professional judgment to the specific characteristics of our cases, employing a litigation management process to manage and monitor legal proceedings in which we are a party. Our process facilitates the early evaluation and quantification of potential exposures in individual cases. This process also enables us to track those cases that have been scheduled for trial, mediation or other resolution. We regularly assess the adequacy of legal accruals based on our professional judgment, experience and the information available regarding our cases.

Based on a consideration of all relevant facts and circumstances, we do not believe the ultimate outcome of any currently pending lawsuit against us will have a material adverse effect upon our operations, financial condition or Consolidated Financial Statements.

10. Shareholders' Equity and Redeemable Non-controlling Interests
Shareholders' Equity

Dividend Distributions—The following table summarized the dividends paid in the periods presented:

<u>Millions of dollars, except per share amounts</u>	<u>Dividend Per Ordinary Share</u>	<u>Aggregate Dividends Paid</u>	<u>Date of Record</u>
March 2021	\$ 1.05	\$ 352	March 8, 2021
June 2021	1.13	378	June 7, 2021
	<u>\$ 2.18</u>	<u>\$ 730</u>	

Share Repurchase Authorization—In May 2021, our shareholders approved a proposal to authorize us to repurchase up to 34.0 million ordinary shares, through November 28, 2022 ("May 2021 Share Repurchase Authorization"), which superseded any prior repurchase authorizations. The timing and amount of these repurchases, which are determined based on our evaluation of market conditions and other factors, may be executed from time to time through open market or privately negotiated transactions. The repurchased shares, which are recorded at cost, are classified as Treasury stock and may be retired or used for general corporate purposes, including for various employee benefit and compensation plans. As of June 30, 2021, there were no repurchases under the May 2021 Share Repurchase Authorization.

Ordinary Shares—The changes in the outstanding amounts of ordinary shares are as follows:

	<u>Six Months Ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Ordinary shares outstanding:		
Beginning balance	334,015,220	333,476,883
Share-based compensation	390,264	225,367
Employee stock purchase plan	98,034	178,239
Purchase of ordinary shares	—	(50,685)
Ending balance	<u>334,503,518</u>	<u>333,829,804</u>

LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Treasury Shares—The changes in the amounts of treasury shares held by the Company are as follows:

	Six Months Ended June 30,	
	2021	2020
Ordinary shares held as treasury shares:		
Beginning balance	6,030,408	6,568,745
Share-based compensation	(390,264)	(225,367)
Employee stock purchase plan	(50,006)	(178,239)
Purchase of ordinary shares	—	50,685
Ending balance	<u>5,590,138</u>	<u>6,215,824</u>

Accumulated Other Comprehensive Loss—The components of, and after-tax changes in, Accumulated other comprehensive loss as of and for the six months ended June 30, 2021 and 2020 are presented in the following tables:

Millions of dollars	Financial Derivatives	Unrealized Gains on Available -for-Sale Debt Securities	Defined Benefit Pension and Other Postretirement Benefit Plans	Foreign Currency Translation Adjustments	Total
Balance – January 1, 2021	\$ (426)	\$ 1	\$ (752)	\$ (766)	\$ (1,943)
Other comprehensive income (loss) before reclassifications	193	(1)	—	(12)	180
Tax expense before reclassifications	(42)	—	—	(18)	(60)
Amounts reclassified from accumulated other comprehensive loss	(69)	—	32	—	(37)
Tax (expense) benefit	15	—	(4)	—	11
Net other comprehensive income (loss)	97	(1)	28	(30)	94
Balance – June 30, 2021	<u>\$ (329)</u>	<u>\$ —</u>	<u>\$ (724)</u>	<u>\$ (796)</u>	<u>\$ (1,849)</u>

Millions of dollars	Financial Derivatives	Unrealized Gains on Available -for-Sale Debt Securities	Defined Benefit Pension and Other Postretirement Benefit Plans	Foreign Currency Translation Adjustments	Total
Balance – January 1, 2020	\$ (200)	\$ —	\$ (711)	\$ (873)	\$ (1,784)
Other comprehensive income (loss) before reclassifications	(456)	1	—	(133)	(588)
Tax benefit before reclassifications	95	—	—	—	95
Amounts reclassified from accumulated other comprehensive loss	(6)	—	28	—	22
Tax (expense) benefit	3	—	(7)	—	(4)
Net other comprehensive income (loss)	(364)	1	21	(133)	(475)
Balance – June 30, 2020	<u>\$ (564)</u>	<u>\$ 1</u>	<u>\$ (690)</u>	<u>\$ (1,006)</u>	<u>\$ (2,259)</u>

LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

The amounts reclassified out of each component of Accumulated other comprehensive loss are as follows:

<u>Millions of dollars</u>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>		<u>Affected Line Item on the Consolidated Statements of Income</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	
Reclassification adjustments for:					
Financial derivatives:					
Foreign currency	\$ 24	\$ 45	\$ (68)	\$ (8)	Interest expense
Commodities	(3)	—	(4)	—	Cost of sales
Interest rates	2	2	3	2	Interest expense
Income tax (expense) benefit	(5)	(12)	15	3	Provision for income taxes
Financial derivatives, net of tax	18	35	(54)	(3)	
Amortization of defined pension items:					
Prior service cost	1	1	2	2	Other income, net
Actuarial loss	12	13	26	26	Other income, net
Settlement loss	4	—	4	—	Other income, net
Income tax expense	—	(3)	(4)	(7)	Provision for income taxes
Defined pension items, net of tax	17	11	28	21	
Total reclassifications, before tax	40	61	(37)	22	
Income tax (expense) benefit	(5)	(15)	11	(4)	Provision for income taxes
Total reclassifications, after tax	<u>\$ 35</u>	<u>\$ 46</u>	<u>\$ (26)</u>	<u>\$ 18</u>	Amount included in net income

Redeemable Non-controlling Interests

Our redeemable non-controlling interests relate to shares of cumulative perpetual special stock (“redeemable non-controlling interest stock”) issued by our consolidated subsidiary. As of June 30, 2021 and December 31, 2020, we had 115,374 shares of redeemable non-controlling interest stock outstanding. In February and May 2021, we paid cash dividends of \$15.00 per share to our redeemable non-controlling interest shareholders of record as of January 15, 2021 and April 15, 2021. These dividends totaled \$3 million for each of the six months ended June 30, 2021 and 2020.

LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
11. Per Share Data

Basic earnings per share are based upon the weighted average number of shares of common stock outstanding during the periods. Diluted earnings per share includes the effect of certain stock option awards and other equity-based compensation awards. We have unvested restricted stock units that are considered participating securities for earnings per share.

Earnings per share data and dividends declared per share of common stock are as follows:

	Three Months Ended June 30,			
	2021		2020	
	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations
Millions of dollars				
Net income (loss)	\$ 2,057	\$ 2	\$ 315	\$ (1)
Dividends on redeemable non-controlling interests	(1)	—	(1)	—
Net (income) loss attributable to participating securities	(6)	—	(1)	—
Net income (loss) attributable to ordinary shareholders – basic and diluted	<u>\$ 2,050</u>	<u>\$ 2</u>	<u>\$ 313</u>	<u>\$ (1)</u>
Millions of shares, except per share amounts				
Basic weighted average common stock outstanding	334	334	334	334
Effect of dilutive securities	1	1	—	—
Potential dilutive shares	<u>335</u>	<u>335</u>	<u>334</u>	<u>334</u>
Earnings (loss) per share:				
Basic	<u>\$ 6.13</u>	<u>\$ 0.01</u>	<u>\$ 0.94</u>	<u>\$ —</u>
Diluted	<u>\$ 6.12</u>	<u>\$ 0.01</u>	<u>\$ 0.94</u>	<u>\$ —</u>
	Six Months Ended June 30,			
	2021		2020	
	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations
Millions of dollars				
Net income (loss)	\$ 3,129	\$ —	\$ 458	\$ —
Dividends on redeemable non-controlling interests	(3)	—	(3)	—
Net (income) loss attributable to participating securities	(8)	—	(1)	—
Net income (loss) attributable to ordinary shareholders – basic and diluted	<u>\$ 3,118</u>	<u>\$ —</u>	<u>\$ 454</u>	<u>\$ —</u>
Millions of shares, except per share amounts				
Basic weighted average common stock outstanding	334	334	334	334
Effect of dilutive securities	1	1	—	—
Potential dilutive shares	<u>335</u>	<u>335</u>	<u>334</u>	<u>334</u>
Earnings (loss) per share:				
Basic	<u>\$ 9.33</u>	<u>\$ —</u>	<u>\$ 1.36</u>	<u>\$ —</u>
Diluted	<u>\$ 9.32</u>	<u>\$ —</u>	<u>\$ 1.36</u>	<u>\$ —</u>

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

12. Segment and Related Information

Our operations are managed by senior executives who report to our Chief Executive Officer, the chief operating decision maker. Discrete financial information is available for each of the segments, and our Chief Executive Officer uses the operating results of each of the operating segments for performance evaluation and resource allocation. The activities of each of our segments from which they earn revenues and incur expenses are described below:

- *Olefins and Polyolefins—Americas* (“O&P—Americas”). Our O&P—Americas segment produces and markets olefins and co-products, polyethylene and polypropylene.
- *Olefins and Polyolefins—Europe, Asia, International* (“O&P—EAI”). Our O&P—EAI segment produces and markets olefins and co-products, polyethylene and polypropylene.
- *Intermediates and Derivatives* (“I&D”). Our I&D segment produces and markets propylene oxide and its derivatives, oxyfuels and related products, and intermediate chemicals such as styrene monomer, acetyls, ethylene oxide and ethylene glycol.
- *Advanced Polymer Solutions* (“APS”). Our APS segment produces and markets compounding and solutions, such as polypropylene compounds, engineered plastics, masterbatches, engineered composites, colors and powders, and advanced polymers, which includes *Catalloy* and polybutene-1.
- *Refining*. Our Refining segment refines heavy, high-sulfur crude oil and other crude oils of varied types and sources available on the U.S. Gulf Coast into refined products, including gasoline and distillates.
- *Technology*. Our Technology segment develops and licenses chemical and polyolefin process technologies and manufactures and sells polyolefin catalysts.

Our chief operating decision maker uses EBITDA as the primary measure for reviewing profitability of our segments, and therefore, we have presented EBITDA for all segments. We define EBITDA as earnings before interest, income taxes, and depreciation and amortization.

“Other” includes intersegment eliminations and items that are not directly related or allocated to business operations, such as foreign exchange gains or losses and components of pension and other postretirement benefit costs other than service costs. Sales between segments are made primarily at prices approximating prevailing market prices.

Summarized financial information concerning reportable segments is shown in the following tables for the periods presented:

<u>Millions of dollars</u>	Three Months Ended June 30, 2021							
	O&P— Americas	O&P— EAI	I&D	APS	Refining	Technology	Other	Total
Sales and other operating revenues:								
Customers	\$ 2,564	\$ 3,240	\$ 2,531	\$ 1,333	\$ 1,741	\$ 152	\$ —	\$ 11,561
Intersegment	1,159	215	54	3	204	31	(1,666)	—
	3,723	3,455	2,585	1,336	1,945	183	(1,666)	11,561
Income from equity investments	35	102	11	—	—	—	—	148
EBITDA	1,576	708	596	129	(81)	92	(2)	3,018
Capital expenditures	82	47	245	15	20	20	2	431

LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

	Three Months Ended June 30, 2020							
Millions of dollars	O&P– Americas	O&P– EAI	I&D	APS	Refining	Technology	Other	Total
Sales and other operating revenues:								
Customers	\$ 1,073	\$ 1,642	\$ 1,140	\$ 700	\$ 854	\$ 137	\$ —	\$ 5,546
Intersegment	360	60	17	5	65	40	(547)	—
	1,433	1,702	1,157	705	919	177	(547)	5,546
Income from equity investments	7	51	3	—	—	—	—	61
LCM inventory valuation (benefit) charge	(38)	34	20	67	(179)	—	—	(96)
EBITDA	248	185	101	(44)	165	112	(7)	760
Capital expenditures	190	34	305	10	21	26	2	588

	Six Months Ended June 30, 2021							
Millions of dollars	O&P– Americas	O&P– EAI	I&D	APS	Refining	Technology	Other	Total
Sales and other operating revenues:								
Customers	\$ 4,699	\$ 6,080	\$ 4,235	\$ 2,602	\$ 2,734	\$ 293	\$ —	\$ 20,643
Intersegment	1,883	422	117	4	337	55	(2,818)	—
	6,582	6,502	4,352	2,606	3,071	348	(2,818)	20,643
Income from equity investments	65	197	23	—	—	—	—	285
EBITDA	2,443	1,120	778	264	(191)	186	3	4,603
Capital expenditures	147	87	390	35	45	42	25	771

	Six Months Ended June 30, 2020							
Millions of dollars	O&P– Americas	O&P– EAI	I&D	APS	Refining	Technology	Other	Total
Sales and other operating revenues:								
Customers	\$ 2,246	\$ 3,706	\$ 2,872	\$ 1,793	\$ 2,190	\$ 233	\$ —	\$ 13,040
Intersegment	979	220	55	8	177	66	(1,505)	—
	3,225	3,926	2,927	1,801	2,367	299	(1,505)	13,040
Income (loss) from equity investments	9	48	5	(1)	—	—	—	61
LCM inventory valuation charge	73	70	98	69	13	—	—	323
EBITDA	614	374	304	69	(107)	168	(16)	1,406
Capital expenditures	394	76	658	23	37	56	4	1,248

LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

A reconciliation of EBITDA to Income from continuing operations before income taxes is shown in the following table for each of the periods presented:

<u>Millions of dollars</u>	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
EBITDA:				
Total segment EBITDA	\$ 3,020	\$ 767	\$ 4,600	\$ 1,422
Other EBITDA	(2)	(7)	3	(16)
Less:				
Depreciation and amortization expense	(330)	(356)	(665)	(698)
Interest expense	(130)	(125)	(240)	(214)
Add:				
Interest income	5	4	7	7
Income from continuing operations before income taxes	<u>\$ 2,563</u>	<u>\$ 283</u>	<u>\$ 3,705</u>	<u>\$ 501</u>

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

This discussion should be read in conjunction with the information contained in our Consolidated Financial Statements, and the accompanying notes elsewhere in this report. Unless otherwise indicated, the “Company”, “we”, “us,” “our” or similar words are used to refer to LyondellBasell Industries N.V. together with its consolidated subsidiaries (“LyondellBasell N.V.”).

OVERVIEW

Our results demonstrate that we continue to be well positioned to benefit from the ongoing global economic recovery. In our O&P—Americas and O&P—EAI segments, strong demand supported price and margin improvements during the second quarter of 2021. During the second quarter, we operated all of our available capacity at near full rates to begin rebuilding depleted industry-wide inventories and addressing our customers' backlogs. Our growth investments expanded the earnings power of our global portfolio and contributed to our ability to generate a total of \$1.9 billion in cash from operations during the quarter. Further, during the second quarter we raised our quarterly dividend by 7.6% while continuing to focus on deleveraging our balance sheet.

Significant items that affected our results during the second quarter and first six months of 2021 relative to the second quarter and first six months of 2020 include:

- O&P—Americas results increased primarily due to olefin and polyolefin margin improvements;
- O&P—EAI results improved as a result of higher margins; and
- I&D results increased primarily driven by higher margins across most businesses.

Other noteworthy items since the beginning of the year include the following:

- In June 2021, invested \$104 million to purchase a 50% interest in a joint venture with the China Petroleum & Chemical Corporation which will construct a new propylene oxide and styrene monomer unit in China; and
- In the first six months of 2021, repaid \$1,450 million and \$325 million outstanding under our Term Loan due 2022 and 4% Guaranteed Notes due 2023, respectively.

Results of operations for the periods discussed are presented in the table below:

<u>Millions of dollars</u>	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Sales and other operating revenues	\$ 11,561	\$ 5,546	\$ 20,643	\$ 13,040
Cost of sales	8,676	4,894	16,354	11,762
Selling, general and administrative expenses	327	288	614	583
Research and development expenses	32	25	61	52
Operating income	2,526	339	3,614	643
Interest expense	(130)	(125)	(240)	(214)
Interest income	5	4	7	7
Other income, net	14	4	39	4
Income from equity investments	148	61	285	61
Income from continuing operations before income taxes	2,563	283	3,705	501
Provision for (benefit from) income taxes	506	(32)	576	43
Income from continuing operations	2,057	315	3,129	458
Income (loss) from discontinued operations, net of tax	2	(1)	—	—
Net income	\$ 2,059	\$ 314	\$ 3,129	\$ 458

RESULTS OF OPERATIONS

Revenues—Revenues increased by \$6,015 million, or 108%, in the second quarter of 2021 compared to the second quarter of 2020 and by \$7,603 million, or 58%, in the first six months of 2021 compared to the first six months of 2020. Average sales prices in the second quarter and first six months of 2021 were higher for many of our products as sales prices generally correlate with crude oil prices, which increased relative to the corresponding periods in 2020. These higher prices led to a 99% and 54% increase in revenue in the second quarter and first six months of 2021, respectively. Favorable foreign exchange impacts resulted in a revenue increase of 3% and 4% during the second quarter and first six months of 2021, respectively. Sales volumes were relatively unchanged in the first six months of 2021 compared to the first six months of 2020. In the second quarter of 2021, higher sales volumes resulted in a revenue increase of 6% relative to the second quarter of 2020 as a result of increased demand.

Cost of Sales—Cost of sales increased by \$3,782 million, or 77%, in the second quarter of 2021 compared to the second quarter of 2020 and by \$4,592 million, or 39%, in the first six months of 2021 compared to the first six months of 2020, respectively. This increase primarily related to higher feedstock and energy costs.

During the first six months of 2020, we recognized LCM inventory valuation charges of \$323 million related to the decline in pricing for many of our raw material and finished goods inventories during the period. During the second quarter of 2020, we recognized a \$96 million LCM inventory valuation benefit largely driven by the recovery of market prices of crude oil and refined products during the second quarter.

Operating Income—Operating income increased by \$2,187 million, or 645%, in the second quarter of 2021 compared to the second quarter of 2020 and by \$2,971 million, or 462%, in the first six months of 2021 compared to the first six months of 2020. In the second quarter of 2021, operating income in our O&P–Americas, O&P–EAI, I&D and APS segments increased by \$1,288 million, \$470 million, \$469 million and \$184 million, respectively, relative to the second quarter of 2020. The increases were partially offset by declines of \$211 million and \$22 million in our Refining and Technology segments, respectively, in the second quarter of 2021 compared to the second quarter of 2020.

In the first six months of 2021, operating income in our O&P–Americas, O&P–EAI, I&D, APS and Technology segments increased by \$1,737 million, \$594 million, \$426 million, \$218 million and \$13 million, respectively, compared to the first six months of 2020. The increases were partially offset by a decline of \$27 million in our Refining segment in the first six months of 2021 compared to the first six months 2020. Results for each of our business segments are discussed further in the Segment Analysis section below.

Income from Equity Investments—Income from our equity investments increased \$87 million, or 143%, in the second quarter of 2021 compared to the second quarter of 2020 and by \$224 million, or 367%, in the second quarter of 2021 compared to the second quarter of 2020. The increase was primarily due to increases in our O&P–EAI segment driven primarily by higher margins due to increased demand.

Income Taxes—Our effective income tax rate for the second quarter of 2021 was 19.7% compared with -11.3% for the second quarter of 2020. Our effective income tax rate for the first six months of 2021 was 15.5% compared with 8.6% for the first six months of 2020. Our income tax results are discussed further in Note 8 to the Consolidated Financial Statements.

Comprehensive Income—Comprehensive income increased by \$1,706 million in the second quarter of 2021 compared to the second quarter of 2020 and by \$3,240 million in the first six months of 2021 compared to the first six months of 2020. These changes were primarily due to higher net income and financial derivatives activity.

In the second quarter and first six months of 2021, the cumulative after-tax effects of our derivatives designated as cash flow hedges were net losses of \$78 million and net gains of \$97 million, respectively. Pre-tax losses of \$123 million and pre-tax gains of \$100 million related to forward-starting interest rate swaps were driven by periodic changes in benchmark interest rates in the second quarter and first six months of 2021, respectively. The fluctuations of the U.S. dollar against the euro and the periodic changes in benchmark interest rates, in the second quarter and first six months of 2021, resulted in pre-tax losses of \$22 million and pre-tax gains of \$64 million, respectively, related to our cross-currency swaps. Pre-tax gains of \$24 million and pre-tax losses of \$68 million related to our cross-currency swaps were reclassified from Accumulated other comprehensive loss to Interest expense in the second quarter and first six months of 2021, respectively. The remaining change pertains to our commodity cash flow hedges.

In the first six months of 2020, the cumulative after-tax effects of our derivatives designated as cash flow hedges were net losses of \$364 million. Included was pre-tax losses of \$532 million related to forward-starting interest rate swaps, driven by the significant decline in benchmark interest rates in the first quarter of 2020, primarily due to changes in the economy impacting late in the first quarter of 2020.

The predominant functional currency for our operations outside of the U.S. is the euro. Relative to the U.S. dollar, the value of the euro strengthened in the second quarter of 2021, resulting in net gains reflected in the Consolidated Statements of Comprehensive Income. During the first six months of 2021, the value of the euro decreased relative to the U.S. dollar, resulting in cumulative year-to-date net losses reflected in the Consolidated Statements of Comprehensive Income. The gains and losses related to unrealized changes in foreign currency translation impacts include pre-tax gains of \$13 million and \$75 million in the second quarter and first six months of 2021, respectively, which represent the effective portion of our net investment hedges. In the first six months of 2020, relative to the U.S. dollar, the value of the euro decreased resulting in net losses in the Consolidated Statements of Comprehensive Income.

Segment Analysis

We use earnings before interest, income taxes, and depreciation and amortization (“EBITDA”) as our measure of profitability for segment reporting purposes. This measure of segment operating results is used by our chief operating decision maker to assess the performance of and allocate resources to our operating segments. Intersegment eliminations and items that are not directly related or allocated to business operations, such as foreign exchange gains or losses and components of pension and other postretirement benefits other than service costs are included in “Other”. For additional information related to our operating segments, as well as a reconciliation of EBITDA to its nearest GAAP measure, Income from continuing operations before income taxes, see Note 12 to our Consolidated Financial Statements.

Revenues and the components of EBITDA for the periods presented are reflected in the table below:

<u>Millions of dollars</u>	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Sales and other operating revenues:				
O&P–Americas segment	\$ 3,723	\$ 1,433	\$ 6,582	\$ 3,225
O&P–EAI segment	3,455	1,702	6,502	3,926
I&D segment	2,585	1,157	4,352	2,927
APS segment	1,336	705	2,606	1,801
Refining segment	1,945	919	3,071	2,367
Technology segment	183	177	348	299
Other, including intersegment eliminations	(1,666)	(547)	(2,818)	(1,505)
Total	<u>\$ 11,561</u>	<u>\$ 5,546</u>	<u>\$ 20,643</u>	<u>\$ 13,040</u>
Operating income (loss):				
O&P–Americas segment	\$ 1,395	\$ 107	\$ 2,082	\$ 345
O&P–EAI segment	551	81	810	216
I&D segment	493	24	581	155
APS segment	101	(83)	205	(13)
Refining segment	(95)	116	(225)	(198)
Technology segment	82	104	164	151
Other, including intersegment eliminations	(1)	(10)	(3)	(13)
Total	<u>\$ 2,526</u>	<u>\$ 339</u>	<u>\$ 3,614</u>	<u>\$ 643</u>
Depreciation and amortization:				
O&P–Americas segment	\$ 142	\$ 133	\$ 285	\$ 257
O&P–EAI segment	50	53	103	106
I&D segment	81	74	161	144
APS segment	27	39	55	83
Refining segment	19	49	38	91
Technology segment	11	8	23	17
Total	<u>\$ 330</u>	<u>\$ 356</u>	<u>\$ 665</u>	<u>\$ 698</u>
Income (loss) from equity investments:				
O&P–Americas segment	\$ 35	\$ 7	\$ 65	\$ 9
O&P–EAI segment	102	51	197	48
I&D segment	11	3	23	5
APS segment	—	—	—	(1)
Total	<u>\$ 148</u>	<u>\$ 61</u>	<u>\$ 285</u>	<u>\$ 61</u>

<u>Millions of dollars</u>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Other income (loss), net:				
O&P–Americas segment	\$ 4	\$ 1	\$ 11	\$ 3
O&P–EAI segment	5	—	10	4
I&D segment	11	—	13	—
APS segment	1	—	4	—
Refining segment	(5)	—	(4)	—
Technology segment	(1)	—	(1)	—
Other, including intersegment eliminations	(1)	3	6	(3)
Total	<u>\$ 14</u>	<u>\$ 4</u>	<u>\$ 39</u>	<u>\$ 4</u>
EBITDA:				
O&P–Americas segment	\$ 1,576	\$ 248	\$ 2,443	\$ 614
O&P–EAI segment	708	185	1,120	374
I&D segment	596	101	778	304
APS segment	129	(44)	264	69
Refining segment	(81)	165	(191)	(107)
Technology segment	92	112	186	168
Other, including intersegment eliminations	(2)	(7)	3	(16)
Total	<u>\$ 3,018</u>	<u>\$ 760</u>	<u>\$ 4,603</u>	<u>\$ 1,406</u>

Olefins and Polyolefins–Americas Segment

Overview—EBITDA improved in the second quarter and first six months of 2021 relative to the second quarter and first six months of 2020 driven by olefin and polyolefin margin improvements.

Ethylene Raw Materials—We have flexibility to vary the raw material mix and process conditions in our U.S. olefins plants in order to maximize profitability as market prices fluctuate for both feedstocks and products. Although prices of crude-based liquids and natural gas liquids are generally related to crude oil and natural gas prices, during specific periods the relationships among these materials and benchmarks may vary significantly. In the second quarter and first six months of 2021 and 2020 approximately 65% of the raw materials used in our North American crackers was ethane.

The following table sets forth selected financial information for the O&P–Americas segment including Income from equity investments, which is a component of EBITDA:

<u>Millions of dollars</u>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Sales and other operating revenues	\$ 3,723	\$ 1,433	\$ 6,582	\$ 3,225
Income from equity investments	35	7	65	9
EBITDA	1,576	248	2,443	614

Revenues—Revenues for our O&P–Americas segment increased by \$2,290 million, or 160%, in the second quarter of 2021 compared to the second quarter of 2020 and by \$3,357 million, or 104%, in the first six months of 2021 compared to the first six months of 2020. Higher average sales prices resulted in a 146% and 93% increase in revenue in the second quarter and first six months of 2021, respectively, primarily driven by tight market conditions. Volume improvements resulted in a revenue increase of 14% and 11% in the second quarter and first six months of 2021, respectively, due to improved demand in combination with industry-wide supply constraints.

EBITDA—EBITDA increased by \$1,328 million, or 535%, in the second quarter of 2021 compared to the second quarter of 2020 and by \$1,829 million, or 298%, in the first six months of 2021 compared to the first six months of 2020. Higher olefin results led to a 350% and 195% increase in EBITDA in the second quarter and first six months of 2021, respectively. This increase was primarily due to margin improvements as higher ethylene and propylene prices outpaced increases in feedstock costs. Higher polyethylene results led to a 135% and 53% increase in EBITDA in the second quarter and first six months of 2021, respectively, while polypropylene results led to a 58% and 30% increase in EBITDA in the second quarter and first six months of 2021, respectively. These improvements were primarily due to polyolefin sales price increases which outpaced higher feedstock costs. Income from our equity method investments led to a 11% and 9% increase in EBITDA due to improved results at our Indelpro joint venture in Mexico.

Results for the first six months of 2020 included a \$73 million LCM inventory valuation charge primarily driven by a decline in the price of heavy liquids and ethylene. Results in the second quarter of 2020 included a \$38 million LCM inventory valuation benefit related to the reversal of LCM inventory valuation charges recognized in the first quarter of 2020, largely driven by recovery of market prices of heavy liquids and ethylene which were partially offset by declines in the price of polymers. The absence of similar adjustments in the first six months and second quarter 2021 resulted in a 12% and 15% change in EBITDA, respectively.

Olefins and Polyolefins—Europe, Asia, International Segment

Overview—EBITDA increased for the second quarter and first six months of 2021 relative to the second quarter and first six months of 2020 mainly as a result of higher margins across all businesses and equity income.

While the majority of the feedstock used in our EAI segment’s ethylene crackers is naphtha, in the second quarter and first six months of 2021 and 2020 approximately 30-40% of the raw materials used in our crackers were advantaged feedstocks.

The following table sets forth selected financial information for the O&P–EAI segment including Income (loss) from equity investments, which is a component of EBITDA:

<u>Millions of dollars</u>	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Sales and other operating revenues	\$ 3,455	\$ 1,702	\$ 6,502	\$ 3,926
Income (loss) from equity investments	102	51	197	48
EBITDA	708	185	1,120	374

Revenues—Revenues increased by \$1,753 million, or 103%, in the second quarter of 2021 compared to the second quarter of 2020 and by \$2,576 million, or 66%, in the first six months of 2021 compared to the first six months of 2020. Average sales prices in the second quarter and first six months of 2021 were higher across most products as sales prices generally correlate with crude oil prices, which on average, increased compared to the same period in 2020. These higher average sales prices were responsible for a revenue increase of 86% and 47% in the second quarter and first six months of 2021, respectively. Volume improvements resulted in a revenue increase of 10% and 12% increase in sales in the second quarter and first six months of 2021, respectively, primarily due to strong polymer demand in combination with tight market supply. Favorable foreign exchange impacts resulted in a revenue increase of 7% in each of the second quarter and first six months of 2021.

EBITDA—EBITDA increased by \$523 million, or 283%, in the second quarter of 2021 compared to the second quarter of 2020 and by \$746 million, or 199%, in the first six months of 2021 compared to the first six months of 2020. Polyethylene results led to a 96% and 74% increase in EBITDA in the second quarter and first six months of 2021, respectively while polypropylene results led to a 86% and 61% increase in EBITDA in the second quarter and first six months of 2021, respectively. These improvements were largely attributed to higher margins due to strong demand and tight markets. Higher olefins results led to a 52% increase in EBITDA in the second quarter of 2021 primarily driven by higher margins attributable to increased ethylene price which outpaced an increase in feedstock costs. Higher income from our equity investments led to increases in EBITDA of 28% and 40% in the second quarter and first six months of 2021, respectively, mainly attributable to higher polyolefins margins associated with increased demand. Favorable foreign exchange impacts resulted in a 8% and 9% increase in EBITDA in the second quarter and first six months of 2021, respectively.

Results for the second quarter and first six months of 2020 included LCM inventory valuation charges of \$34 million and \$70 million, respectively, resulting from a decline in the price of naphtha in the first quarter of 2020 and a decline in the price of polymers in the second quarter of 2020. The absence of similar charges in the second quarter and first six months of 2021 resulted in a 18% and 19% change in EBITDA, respectively.

Intermediates and Derivatives Segment

Overview—EBITDA increased in the second quarter and first six months of 2021 compared to the second quarter and first six months of 2020, primarily driven by higher margins across most businesses due to tight market supply from industry outages coupled with strong demand recovery.

The following table sets forth selected financial information for the I&D segment including Income from equity investments, which is a component of EBITDA:

<u>Millions of dollars</u>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Sales and other operating revenues	\$ 2,585	\$ 1,157	\$ 4,352	\$ 2,927
Income from equity investments	11	3	23	5
EBITDA	596	101	778	304

Revenues—Revenues increased by \$1,428 million, or 123%, in the second quarter of 2021 compared to the second quarter of 2020 and by \$1,425, or 49% in the first six months of 2021 compared to the first six months of 2020. Higher average sales prices resulted in a 110% and 51% increase in revenue in the second quarter and first six months of 2021, respectively, as sales prices generally correlate with crude oil prices, which on average, increased compared to the same periods in 2020. Higher sales volumes driven by strong product demand across most businesses resulted in a 10% increase in sales in the second quarter of 2021. Sales volumes in the six months of 2021 declined resulting in a 5% decrease in revenue due to the impact of unusually cold temperatures and associated electrical power outages that led to shutdowns of our manufacturing facilities in Texas in early 2021. Favorable foreign exchange impacts resulted in a revenue increase of 3% in each of the second quarter and first six months of 2021.

EBITDA—EBITDA increased by \$495 million, or 490%, in the second quarter of 2021 compared to the second quarter of 2020 and by \$474 million, or 156%, in the first six months of 2021 compared to the first six months of 2020. Propylene oxide and derivatives results increased by 205% and 60% in the second quarter and first six months of 2021, respectively. This increase was primarily a result of higher margins due to strong demand recovery coupled with tight market supply resulting from industry outages. Similar market conditions drove an increase in margins for intermediate chemicals which resulted in a 153% and 44% increase in EBITDA for the second quarter and first six months of 2021, respectively. Oxyfuels and related products results increased 99% and 10% in the second quarter and first six months of 2021, respectively, primarily driven by margin improvement as a result of higher demand and gasoline prices. Favorable foreign exchange impacts resulted in a 3% and 4% increase in EBITDA in the second quarter and first six months of 2021, respectively.

In the first six months of 2020 EBITDA included a \$98 million LCM inventory valuation charge primarily driven by a decline in the price of various gasoline blending components, butane, benzene and styrene during the period. EBITDA in the second quarter of 2020 included a \$20 million LCM inventory valuation charge primarily driven by a decline in the price of benzene and styrene, despite price improvements for various gasoline blending components and butane since the first quarter of 2020. The absence of similar charges in the first six months and second quarter 2021 resulted in a 32% and 20% change in EBITDA, respectively.

Planned maintenance in 2021 is expected to reduce EBITDA by approximately \$115 million, which is \$30 million lower than previously estimated in 2020, due to reduced scope of work and associated downtime for the maintenance.

Advanced Polymer Solutions Segment

Overview—EBITDA for our APS segment increased in the second quarter and first six months of 2021 relative to the second quarter and first six months of 2020, primarily due to higher volumes.

The following table sets forth selected financial information for the APS segment including losses from equity investments, which is a component of EBITDA:

<u>Millions of dollars</u>	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Sales and other operating revenues	\$ 1,336	\$ 705	\$ 2,606	\$ 1,801
Income (loss) from equity investments	—	—	—	(1)
EBITDA	129	(44)	264	69

Revenues—Revenues increased by \$631 million, or 90%, in the second quarter of 2021 compared to the second quarter of 2020 and by \$805, or 45%, in the first six months of 2021 compared to the first six months of 2020. Sales volumes increased resulting in a 44% and 20% increase in revenue in the second quarter and first six months of 2021 stemming from higher automotive and construction demand. Average sales price increased resulting in a 37% and 16% increase in revenue in the second quarter and first six months of 2021, respectively, as sales prices generally correlate with crude oil prices, which on average, increased compared to the same periods in 2020. Foreign exchange impacts resulted in a revenue increase of 9% in each of the second quarter and first six months of 2021.

EBITDA—EBITDA increased by \$173 million, or 393%, in the second quarter of 2021 compared to the second quarter of 2020 and by \$195 million, or 283%, in the first six months of 2021 compared to the first six months of 2020. Increased compounding and solutions results led to an EBITDA increase of 164% and 119% in the second quarter and first six months of 2021, respectively, primarily due to volume improvements driven by higher demand. Increased advanced polymer results led to an EBITDA increase of 64% and 36%, in the second quarter and first six months of 2021, respectively, mainly attributable to higher volumes driven by increased demand for our products utilized in the automotive and construction end markets.

Results for the second quarter and first six months of 2020 included LCM inventory valuation charges of \$67 million and \$69 million, respectively, resulting from a decline in the price of polymers during the periods. The absence of similar charges in the second quarter and first six months of 2021 resulted in a 152% and 100% change in EBITDA, respectively.

Refining Segment

Overview—EBITDA decreased in the second quarter and first six months of 2021 relative to the second quarter and first six months of 2020, primarily due to lower margins.

The following table sets forth selected financial information and heavy crude oil processing rates for the Refining segment and the U.S. refining market margins for the applicable periods. “Brent” is a light sweet crude oil and is one of the main benchmark prices for purchases of oil worldwide. “Maya” is a heavy sour crude oil grade produced in Mexico that is a relevant benchmark for heavy sour crude oils in the U.S. Gulf Coast market. References to industry benchmarks for refining market margins are to industry prices reported by Platts, a division of S&P Global.

<u>Millions of dollars</u>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Sales and other operating revenues	\$ 1,945	\$ 919	\$ 3,071	\$ 2,367
EBITDA	(81)	165	(191)	(107)
<u>Thousands of barrels per day</u>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Heavy crude oil processing rates	248	237	200	231
<u>Market margins, dollars per barrel</u>				
Brent - 2-1-1	\$ 15.32	\$ 4.42	\$ 12.95	\$ 5.87
Brent - Maya differential	6.14	8.85	5.44	9.32
Total Maya 2-1-1	<u>\$ 21.46</u>	<u>\$ 13.27</u>	<u>\$ 18.39</u>	<u>\$ 15.19</u>

Revenues—Revenues increased by \$1,026 million, or 112%, in the second quarter of 2021 compared to the second quarter of 2020 and by \$704 million, or 30%, in the first six months of 2021 compared to the first six months of 2020. Higher product prices led to a revenue increase of 116% and 48% in the second quarter and first six months of 2021, respectively, due to an average Brent crude oil price increase of approximately \$36 and \$23 per barrel in the second quarter and first six months of 2021, respectively. This increase was partially offset by a decline in volumes of 4% and 18% in the second quarter and first six months of 2021, respectively, due to planned and unplanned outages, including the effects of unusually cold temperatures and associated electrical power outages that led to shutdowns of our manufacturing facilities in Texas in early 2021.

EBITDA—EBITDA decreased by \$246 million, or 149%, in the second quarter of 2021 compared to the second quarter of 2020 and by \$84 million, or 79%, in the first six months of 2021 compared to the first six months of 2020.

EBITDA decreased by 43% and 69% in the second quarter and first six months of 2021, respectively, due to lower margins. These margin declines were driven by unfavorable byproduct crack spreads of \$14 per barrel and \$8 per barrel in the second quarter and first six months of 2020, respectively, higher costs of Renewable Identification Numbers (“RINs”) of approximately \$1 per gallon and the absence of a \$50 million of favorable mark-to-market gains on hedges recognized in the second quarter of 2020. These declines in margin were partially offset by an increase in the Maya 2-1-1 market margin during the second quarter of 2021 due to higher demand for refined products and the absence of unplanned outages at our fluid catalytic cracking unit in the first two quarters of 2020, which restricted the yield of higher-margin refined products. In the first six months of 2021, EBITDA decreased by 21% due to lower heavy crude oil processing rates driven by the impact of facility outages as discussed above.

Results for the first six months of 2020 included a \$13 million LCM inventory valuation charge primarily driven by a decline in the price of crude oil and refined products. Results in the second quarter of 2020 included a \$179 million LCM inventory valuation benefit related to the reversal of LCM inventory valuation charges recognized in the first quarter of 2020, largely driven by recovery of market prices during the quarter. The absence of similar adjustments in the first six months and second quarter of 2021 resulted in a 12% and 108% change in EBITDA, respectively.

Technology Segment

Overview—EBITDA decreased in the second quarter of 2021 compared to the second quarter of 2020 driven by lower licensing revenues and catalyst margins, but increased in the first six months of 2021 compared to the first six months of 2020, primarily due to higher licensing revenues.

The following table sets forth selected financial information for the Technology segment:

<u>Millions of dollars</u>	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Sales and other operating revenues	\$ 183	\$ 177	\$ 348	\$ 299
EBITDA	92	112	186	168

Revenues—Revenues increased by \$6 million, or 3%, in the second quarter of 2021 compared to the second quarter of 2020 and by \$49 million, or 16%, in the first six months of 2021 compared to the first six months of 2020. Licensing revenues decreased by 6% in the second quarter but increased by 5% in the first six months of 2021, respectively. Higher catalyst volumes resulted in a 3% and 5% increase in the second quarter and first six months of 2021, respectively, primarily driven by a strong demand. Changes in average catalyst sales price resulted in a revenue increase of 1% in the second quarter of 2021 and a revenue decrease of 2% in the first six months of 2021. Favorable foreign exchange impacts increased revenue by 5% and 8% in the second quarter and first six months of 2021, respectively.

EBITDA—EBITDA decreased by \$20 million, or 18%, in the second quarter of 2021 compared to the second quarter of 2020 and increased by \$18 million, or 11%, in the first six months of 2021 compared to the first six months of 2020. Lower EBITDA during the second quarter of 2021 was equally driven by lower licensing revenue and lower catalyst margins. EBITDA improvements in the first six months of 2021 was due to higher licensing revenue. Favorable foreign exchange impacts resulted in an EBITDA increase of 5% and 7% in the second quarter and first six months of 2021, respectively.

FINANCIAL CONDITION

Operating, investing and financing activities of continuing operations, which are discussed below, are presented in the following table:

<u>Millions of dollars</u>	Six Months Ended June 30,	
	2021	2020
Cash provided by (used in) :		
Operating activities	\$ 2,473	\$ 1,834
Investing activities	(362)	(1,727)
Financing activities	(2,470)	1,568

Operating Activities—Cash provided by operating activities of \$2,473 million in the first six months of 2021 reflected earnings adjusted for non-cash items, payments for employee bonuses, income taxes, income from equity investments, and cash used by the main components of working capital—Accounts receivable, Inventories and Accounts payable.

In the first six months of 2021, the main components of working capital used \$1,561 million of cash driven primarily by an increase in Accounts receivable and Inventories partially offset by an increase in Accounts payable. The increase in Accounts receivable was driven by higher revenues across most businesses primarily driven by higher average sales prices. The increase in Inventories was primarily due to the replenishment of inventory levels to support anticipated business demands. The increase in Accounts payables was primarily driven by increased raw material costs.

Other operating activities in 2021 includes the effects of changes in income tax accruals, primarily driven by the increased pretax income, partially offset by income tax payments made during the period.

Cash provided by operating activities of \$1,834 million in the first six months of 2020 reflected earnings adjusted for non-cash items, payments for employee bonuses, income taxes, and cash provided by the main components of working capital.

In the first six months of 2020, the main components of working capital provided \$465 million of cash driven by decreases in Accounts receivable and Inventory, partially offset by a decrease in Accounts payable. The decrease in Accounts receivable was primarily driven by lower sales in our Refining, APS and I&D segments due to unfavorable market conditions. The decrease in Inventory was primarily driven by company-wide inventory reduction initiatives as well as lower prices. The decrease in Accounts payable was primarily due to lower cost of sales resulting from lower production across multiple segments driven by unfavorable market conditions.

Investing Activities—We invest cash in investment-grade and other high-quality instruments that provide adequate flexibility to redeploy funds as needed to meet our cash flow requirements while maximizing yield.

In the first six months of 2021 and 2020 we received proceeds of \$264 million and \$1 million, respectively, from our investments in equity securities. Additionally, we received proceeds of \$291 million in the first six months of 2021 upon the maturity of certain available-for-sale debt securities.

In the first six months of 2021 we made an equity contribution of \$104 million to form Ningbo ZRCC LyondellBasell New Material Company Limited, a 50/50 joint venture with China Petroleum & Chemical Corporation. The joint venture will construct a new propylene oxide and styrene monomer unit in Zhenhai Ningbo, China and startup is expected at the end of 2021. The joint venture is included in our I&D segment.

Capital expenditures in the first six months of 2021 totaled \$771 million compared to \$1,248 million in the first six months of 2020. Approximately half of our capital spending in both periods was for profit-generating growth projects, primarily our PO/TBA plant, with the remaining spending supporting sustaining maintenance. We estimate capital spending to increase in the second half of 2021 compared to the first half of the year, while remaining flat year-over-year. See Note 12 to the Consolidated Financial Statements for additional information regarding capital spending by segment.

In the first six months of 2020 we invested \$270 million in debt securities that are deemed available-for-sale. We also invested \$184 million in equity securities in the first six months of 2020. Our investments in available-for-sale debt securities and equity securities are classified as Short-term investments.

Financing Activities—We made dividend payments totaling \$730 million and \$701 million in the first six months of 2021 and 2020, respectively.

In the first six months of 2021 and 2020 we received a return of collateral of \$51 million and posted collateral of \$238 million, respectively, related to the positions held with our counterparties for certain forward-starting interest rate swaps.

In 2021, we repaid \$1,450 million and \$325 million outstanding under our Term Loan due 2022 and 4% Guaranteed Notes due 2023, respectively.

In April 2020, LYB International Finance III, LLC (“LYB Finance III”), a wholly owned finance subsidiary of LyondellBasell Industries N.V. issued \$500 million of 2.875% guaranteed notes due 2025 (the “2025 Notes”) at a discounted price of 99.911%, \$500 million of 3.375% guaranteed notes due 2030 (the “2030 Notes”) at a discounted price of 99.813% and \$1,000 million of 4.2% guaranteed notes due 2050 (the “2050 Notes”) at a discounted price of 99.373%. Net proceeds from the sale of the notes totaled \$1,974 million. We used the net proceeds from the sale of the notes for general corporate purposes, including to increase our liquidity and manage short-term debt maturities.

Additionally, in April 2020 we repaid \$500 million of our Senior Revolving Credit Facility and \$500 million of our U.S. Receivables Facility borrowed in March 2020 to increase our liquidity.

In May 2020, we terminated and cash settled \$2,000 million in notional value of our cross-currency interest rate swaps, designated as cash flows hedges, maturing in 2021 and 2024. Upon termination of the swaps, we received \$346 million from our counterparties.

In the first six months of 2020, we received net proceeds of \$212 million, through the issuance and repurchase of commercial paper instruments under our commercial paper program.

Additional information related to the issuance of debt and commercial paper can be found in Note 6 to the Consolidated Financial Statements.

Liquidity and Capital Resources

Overview

We plan to fund our ongoing working capital, capital expenditures, debt service, dividends and other funding requirements with our current available liquidity and cash from operations, which could be affected by general economic, financial, competitive, legislative, regulatory, business and other factors, many of which are beyond our control. Cash and cash equivalents, cash from our short-term investments, cash from operating activities, proceeds from the issuance of debt, or a combination thereof, may be used to fund the purchase of shares under our share repurchase authorization.

We intend to continue to declare and pay quarterly dividends, with the goal of increasing the dividend over time, after giving consideration to our cash balances and expected results from operations. Our focus on funding our dividends while remaining committed to a strong investment grade balance sheet continues to be the foundation of our capital deployment strategy. In the near term, we are prioritizing debt reduction on our balance sheet.

Cash and Liquid Investments

As of June 30, 2021, we had Cash and cash equivalents and marketable securities classified as Short-term investments totaling \$1,517 million, which includes \$1,062 million in jurisdictions outside of the U.S., principally in the United Kingdom. There are currently no legal or economic restrictions that would materially impede our transfers of cash.

Credit Arrangements

At June 30, 2021, we had total debt, including current maturities, of \$14,173 million, and \$224 million of outstanding letters of credit, bank guarantees and surety bonds issued under uncommitted credit facilities.

We had total unused availability under our credit facilities of \$2,910 million at June 30, 2021, which included the following:

- \$2,010 million under our \$2,500 million Senior Revolving Credit Facility, which backs our \$2,500 million commercial paper program. Availability under this facility is net of outstanding borrowings, outstanding letters of credit provided under the facility and notes issued under our commercial paper program. A small portion of our availability under this facility is impacted by changes in the euro/U.S. dollar exchange rate. At June 30, 2021, we had \$500 million of outstanding commercial paper, net of discount, no borrowings or letters of credit outstanding under this facility; and
- \$900 million under our \$900 million U.S. Receivables Facility. Availability under this facility is subject to a borrowing base of eligible receivables, which is reduced by outstanding borrowings and letters of credit, if any. At June 30, 2021, we had no borrowings or letters of credit outstanding under this facility. In June 2021, we extended the term of the facility to June 2024 in accordance with the terms of the agreement.

We believe that our recent value-driven growth investments should benefit us over the coming years. With an improving outlook for cash generation, we remain committed to further strengthening our investment grade balance sheet through deleveraging. In 2021, we repaid \$1,450 million and \$325 million outstanding under our Term Loan due 2022 and 4% Guaranteed Notes due 2023, respectively. Our top priority for capital deployment in 2021 is debt reduction; we expect total reduction of our outstanding debt for the year to be between \$3 billion and \$4 billion.

At any time and from time to time, we may repay or redeem our outstanding debt, including purchases of our outstanding bonds in the open market, through privately negotiated transactions or a combination thereof, in each case using cash and cash equivalents, cash from our short-term investments, cash from operating activities, proceeds from the issuance of debt or proceeds from asset divestitures. Any repayment or redemption of our debt will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. In connection with such repurchases or redemptions, we may incur cash and non-cash charges, which could be material in the period in which they are incurred.

In accordance with our current interest rate risk management strategy and subject to management's evaluation of market conditions and the availability of favorable interest rates among other factors, we may from time to time enter into interest rate swap agreements to economically convert a portion of our fixed rate debt to variable rate debt or convert a portion of our variable rate debt to fixed rate debt.

CURRENT BUSINESS OUTLOOK

We expect demand for our products to remain strong. Three broad themes support our expectations. First, as we work to overcome the challenges of virus variants, the phased rollout of vaccines and the progression of societal reopening around the world should support robust global demand for our products in both the manufactured goods and service industries for several quarters to come. Second, as our customers seek to address order backlogs, rebuild inventories and serve increasing consumer demand, we expect strong integrated polyethylene margins to continue. Third, increasing mobility during the second half of 2021 should drive higher demand for gasoline and jet fuel resulting in improved margins for our oxyfuels and related products and refining businesses.

ACCOUNTING AND REPORTING CHANGES

For a discussion of the potential impact of new accounting pronouncements on our Consolidated Financial Statements, see Note 2 to the Consolidated Financial Statements.

CAUTIONARY STATEMENT FOR THE PURPOSES OF THE “SAFE HARBOR” PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. You can identify our forward-looking statements by the words “anticipate,” “estimate,” “believe,” “continue,” “could,” “intend,” “may,” “plan,” “potential,” “predict,” “should,” “will,” “expect,” “objective,” “projection,” “forecast,” “goal,” “guidance,” “outlook,” “effort,” “target” and similar expressions.

We based forward-looking statements on our current expectations, estimates and projections of our business and the industries in which we operate. We caution you that these statements are not guarantees of future performance. They involve assumptions about future events that, while made in good faith, may prove to be incorrect, and involve risks and uncertainties we cannot predict. Our actual outcomes and results may differ materially from what we have expressed or forecast in the forward-looking statements. Any differences could result from a variety of factors, including the following:

- the cost of raw materials represents a substantial portion of our operating expenses, and energy costs generally follow price trends of crude oil, natural gas liquids and/or natural gas; price volatility can significantly affect our results of operations and we may be unable to pass raw material and energy cost increases on to our customers due to the significant competition that we face, the commodity nature of our products and the time required to implement pricing changes;
- our operations in the United States (“U.S.”) have benefited from low-cost natural gas and natural gas liquids; decreased availability of these materials (for example, from their export or regulations impacting hydraulic fracturing in the U.S.) could reduce the current benefits we receive;
- if crude oil prices fall materially, or remain low relative to U.S. natural gas prices, we would see less benefit from low-cost natural gas and natural gas liquids and it could have a negative effect on our results of operations;
- industry production capacities and operating rates may lead to periods of oversupply and low profitability;
- we may face unplanned operating interruptions (including leaks, explosions, fires, weather-related incidents, mechanical failures, unscheduled downtime, supplier disruptions, labor shortages, strikes, work stoppages or other labor difficulties, transportation interruptions, spills and releases and other environmental incidents) at any of our facilities, which would negatively impact our operating results; for example, because the Houston refinery is our only refining operation, we would not have the ability to increase production elsewhere to mitigate the impact of any outage at that facility;
- changes in general economic, business, political and regulatory conditions in the countries or regions in which we operate could increase our costs, restrict our operations and reduce our operating results;
- our ability to execute our organic growth plans may be negatively affected by our ability to complete projects on time and on budget;
- our ability to acquire new businesses and assets and integrate those operations into our existing operations and make cost-saving changes in operations;
- uncertainties associated with worldwide economies could create reductions in demand and pricing, as well as increased counterparty risks, which could reduce liquidity or cause financial losses resulting from counterparty default;
- uncertainties related to the extent and duration of the pandemic-related decline in demand, or other impacts due to the pandemic in geographic regions or markets served by us, or where our operations are located, including the risk of prolonged recession;

- the negative outcome of any legal, tax and environmental proceedings or changes in laws or regulations regarding legal, tax and environmental matters may increase our costs, reduce demand for our products, or otherwise limit our ability to achieve savings under current regulations;
- any loss or non-renewal of favorable tax treatment under agreements or treaties, or changes in laws, regulations or treaties, may substantially increase our tax liabilities;
- we may be required to reduce production or idle certain facilities because of the cyclical and volatile nature of the supply-demand balance in the chemical and refining industries, which would negatively affect our operating results;
- we rely on continuing technological innovation, and an inability to protect our technology, or others' technological developments could negatively impact our competitive position;
- we may be unable to meet our sustainability goals, including the ability to operate safely, increase production of recycled and renewable-based polymers, and reduce our emissions intensity;
- we have significant international operations, and fluctuations in exchange rates, valuations of currencies and our possible inability to access cash from operations in certain jurisdictions on a tax-efficient basis, if at all, could negatively affect our liquidity and our results of operations;
- we are subject to the risks of doing business at a global level, including wars, terrorist activities, political and economic instability and disruptions and changes in governmental policies, which could cause increased expenses, decreased demand or prices for our products and/or disruptions in operations, all of which could reduce our operating results;
- if we are unable to comply with the terms of our credit facilities, indebtedness and other financing arrangements, those obligations could be accelerated, which we may not be able to repay; and
- we may be unable to incur additional indebtedness or obtain financing on terms that we deem acceptable, including for refinancing of our current obligations; higher interest rates and costs of financing would increase our expenses.

Any of these factors, or a combination of these factors, could materially affect our future results of operations and the ultimate accuracy of the forward-looking statements. Our management cautions against putting undue reliance on forward-looking statements or projecting any future results based on such statements or present or prior earnings levels.

All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section and any other cautionary statements that may accompany such forward-looking statements. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market and regulatory risks is described in Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2020. Our exposure to such risks has not changed materially in the six months ended June 30, 2021.

Item 4. CONTROLS AND PROCEDURES

As of June 30, 2021, with the participation of our management, our Chief Executive Officer (principal executive officer) and our Chief Financial Officer (principal financial and accounting officer) carried out an evaluation, pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the Act), of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Act). Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2021.

There have been no changes in our internal controls over financial reporting, as defined in Rule 13a-15(f) of the Act, in the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Information regarding our litigation and legal proceedings can be found in Note 9 to the Consolidated Financial Statements, which is incorporated into this Item 1 by reference.

Additional information about our environmental proceedings can be found in Part I, Item 3 of our 2020 Annual Report on Form 10-K, which is incorporated into this Item 1 by reference.

Item 1A. RISK FACTORS

There have been no material changes to the risk factors associated with our business previously disclosed in “Item 1A. Risk Factors,” in our Annual Report on Form 10-K for the year ended December 31, 2020.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 6. EXHIBITS

Exhibit Number	Description
10.1+	LyondellBasell Industries Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on May 28, 2021)
10.2	Fourth Amendment to Receivables Purchase Agreement, dated as of June 30, 2021, among Lyondell Chemical Company, as servicer, LYB Receivables LLC, as seller, the conduit purchasers, related committed purchasers, LC participants and purchaser agents party thereto, the other parties thereto and Mizuho Bank, Ltd., as Administrator and LC Bank (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on July 2, 2021)
31.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934
32*	Certifications pursuant to 18 U.S.C. Section 1350
101.INS*	XBRL Instance Document—The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	XBRL Schema Document
101.CAL*	XBRL Calculation Linkbase Document
101.DEF*	XBRL Definition Linkbase Document
101.LAB*	XBRL Labels Linkbase Document
101.PRE*	XBRL Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

+ Management contract or compensatory plan, contract or arrangement

* Filed herewith

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LYONDELLBASELL INDUSTRIES N.V.

Date: July 30, 2021

/s/ Michael C McMurray

Michael C. McMurray

Executive Vice President and

Chief Financial Officer

(Principal Financial and Accounting Officer)

CERTIFICATION

I, Bhavesh V. Patel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LyondellBasell Industries N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 30, 2021

/s/ Bhavesh V. Patel
Bhavesh V. Patel
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Michael C. McMurray, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LyondellBasell Industries N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 30, 2021

/s/Michael C. McMurray
 Michael C. McMurray
 Executive Vice President and
 Chief Financial Officer
 (Principal Financial and Accounting Officer)

CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of LyondellBasell Industries N.V. (the Company) on Form 10-Q for the period ended June 30, 2021, as filed with the U.S. Securities and Exchange Commission on the date hereof (the Report), each of the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to their knowledge:

- (1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 30, 2021

/s/Bhaves V. Patel

Bhaves V. Patel
Chief Executive Officer
(Principal Executive Officer)

/s/Michael C. McMurray

Michael C. McMurray
Executive Vice President and
Chief Financial Officer
(Principal Financial and Accounting Officer)