

**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 September 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
Netherlands**

(Addresses of registrant's principal executive offices)

(713) 309-7200

+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 332,783,944 ordinary shares, €0.04 par value, outstanding at October 27, 2021 (excluding 7,361,634 treasury shares).

LYONDELLBASELL INDUSTRIES N.V.

TABLE OF CONTENTS

	<u>Page</u>
Part I – Financial Information	1
Item 1. Consolidated Financial Statements (Unaudited)	1
Consolidated Statements of Income	1
Consolidated Statements of Comprehensive Income	2
Consolidated Balance Sheets	3
Consolidated Statements of Cash Flows	5
Consolidated Statements of Shareholders’ Equity	6
Notes to the Consolidated Financial Statements	8
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	29
Item 3. Quantitative and Qualitative Disclosures About Market Risk	44
Item 4. Controls and Procedures	44
Part II – Other Information	45
Item 1. Legal Proceedings	45
Item 1A. Risk Factors	45
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	45
Item 4. Mine Safety Disclosures	45
Item 6. Exhibits	46
Signature	47

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

LYONDELLBASELL INDUSTRIES N.V. CONSOLIDATED STATEMENTS OF INCOME

<u>Millions of dollars, except earnings per share</u>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Sales and other operating revenues:				
Trade	\$ 12,401	\$ 6,587	\$ 32,586	\$ 19,261
Related parties	299	189	757	555
	12,700	6,776	33,343	19,816
Operating costs and expenses:				
Cost of sales	10,109	5,885	26,463	17,647
Impairment of long-lived assets	—	582	—	582
Selling, general and administrative expenses	313	259	927	842
Research and development expenses	30	27	91	79
	10,452	6,753	27,481	19,150
Operating income	2,248	23	5,862	666
Interest expense	(126)	(122)	(366)	(336)
Interest income	1	3	8	10
Other (expense) income, net	(12)	23	27	27
Income (loss) from continuing operations before equity investments and income taxes	2,111	(73)	5,531	367
Income from equity investments	104	62	389	123
Income (loss) from continuing operations before income taxes	2,215	(11)	5,920	490
Provision for (benefit from) income taxes	452	(125)	1,028	(82)
Income from continuing operations	1,763	114	4,892	572
Loss from discontinued operations, net of tax	(1)	—	(1)	—
Net income	1,762	114	4,891	572
Dividends on redeemable non-controlling interests	(2)	(2)	(5)	(5)
Net income attributable to the Company shareholders	\$ 1,760	\$ 112	\$ 4,886	\$ 567
Earnings per share:				
Net income attributable to the Company shareholders —				
Basic	\$ 5.25	\$ 0.33	\$ 14.58	\$ 1.69
Diluted	\$ 5.25	\$ 0.33	\$ 14.57	\$ 1.69

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES N.V.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<u>Millions of dollars</u>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income	\$ 1,762	\$ 114	\$ 4,891	\$ 572
Other comprehensive income (loss), net of tax –				
Financial derivatives	35	75	132	(289)
Unrealized (losses) gains on available-for-sale debt securities	—	—	(1)	1
Defined benefit pension and other postretirement benefit plans	28	10	56	31
Foreign currency translations	(97)	86	(127)	(47)
Total other comprehensive (loss) income, net of tax	(34)	171	60	(304)
Comprehensive income	1,728	285	4,951	268
Dividends on redeemable non-controlling interests	(2)	(2)	(5)	(5)
Comprehensive income attributable to the Company shareholders	<u>\$ 1,726</u>	<u>\$ 283</u>	<u>\$ 4,946</u>	<u>\$ 263</u>

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES N.V.
CONSOLIDATED BALANCE SHEETS

<u>Millions of dollars</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,893	\$ 1,763
Restricted cash	5	2
Short-term investments	36	702
Accounts receivable:		
Trade, net	5,003	3,291
Related parties	248	150
Inventories	4,982	4,344
Prepaid expenses and other current assets	1,819	1,382
Total current assets	13,986	11,634
Operating lease assets	1,789	1,492
Property, plant and equipment	22,575	21,484
Less: Accumulated depreciation	(7,739)	(7,098)
Property, plant and equipment, net	14,836	14,386
Equity investments	4,888	4,729
Goodwill	1,894	1,953
Intangible assets, net	666	751
Other assets	603	458
Total assets	<u>\$ 38,662</u>	<u>\$ 35,403</u>

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES N.V.
CONSOLIDATED BALANCE SHEETS

Millions of dollars, except shares and par value data	September 30, 2021	December 31, 2020
LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ 8	\$ 8
Short-term debt	563	663
Accounts payable:		
Trade	3,494	2,398
Related parties	678	550
Accrued liabilities	2,665	1,883
Total current liabilities	7,408	5,502
Long-term debt	12,945	15,286
Operating lease liabilities	1,518	1,222
Other liabilities	2,383	2,957
Deferred income taxes	2,478	2,332
Commitments and contingencies		
Redeemable non-controlling interests	116	116
Shareholders' equity:		
Ordinary shares, €0.04 par value, 1,275 million shares authorized, 333,627,352 and 334,015,220 shares outstanding, respectively	19	19
Additional paid-in capital	6,029	5,986
Retained earnings	8,216	4,440
Accumulated other comprehensive loss	(1,883)	(1,943)
Treasury stock, at cost, 6,518,226 and 6,030,408 ordinary shares, respectively	(581)	(531)
Total Company share of shareholders' equity	11,800	7,971
Non-controlling interests	14	17
Total equity	11,814	7,988
Total liabilities, redeemable non-controlling interests and equity	\$ 38,662	\$ 35,403

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES N.V.
CONSOLIDATED STATEMENTS OF CASH FLOWS

<u>Millions of dollars</u>	Nine Months Ended September 30,	
	2021	2020
Cash flows from operating activities:		
Net income	\$ 4,891	\$ 572
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,016	1,056
Impairment of long-lived assets	—	582
Amortization of debt-related costs	21	12
Share-based compensation	50	43
Inventory valuation charges	—	163
Equity investments—		
Equity income	(389)	(123)
Distributions of earnings, net of tax	169	104
Deferred income tax provision (benefit)	7	(135)
Changes in assets and liabilities that provided (used) cash:		
Accounts receivable	(1,915)	152
Inventories	(741)	452
Accounts payable	1,139	(90)
Other, net	368	(127)
Net cash provided by operating activities	4,616	2,661
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(1,285)	(1,673)
Purchases of available-for-sale debt securities	—	(270)
Proceeds from sales and maturities of available-for-sale debt securities	346	90
Purchases of equity securities	—	(267)
Proceeds from equity securities	309	313
Acquisition of equity method investment	(104)	(472)
Proceeds from settlement of net investment hedges	358	—
Payments for settlement of net investment hedges	(355)	—
Other, net	(66)	(28)
Net cash used in investing activities	(797)	(2,307)
Cash flows from financing activities:		
Repurchases of Company ordinary shares	(78)	(4)
Dividends paid - common stock	(1,110)	(1,053)
Purchase of non-controlling interest	—	(30)
Issuance of long-term debt	—	2,492
Payments of debt issuance costs	—	(18)
Repayments of long-term debt	(2,275)	(500)
Debt extinguishment costs	(57)	—
Issuance of short-term debt	—	521
Repayments of short-term debt	—	(504)
Net (repayments of) proceeds from commercial paper	(103)	194
Collateral paid for interest rate derivatives	—	(238)
Proceeds from settlement of cash flow hedges	—	346
Other, net	(4)	(14)
Net cash (used in) provided by financing activities	(3,627)	1,192
Effect of exchange rate changes on cash	(59)	50
Increase in cash and cash equivalents and restricted cash	133	1,596
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	\$ 1,898	\$ 2,484

See Notes to the Consolidated Financial Statements.

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

<u>Millions of dollars</u>	<u>Ordinary Shares</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Company Share of Shareholders' Equity</u>	<u>Non- Controlling Interests</u>
	<u>Issued</u>	<u>Treasury</u>					
Balance, June 30, 2021	\$ 19	\$ (494)	\$ 6,011	\$ 6,837	\$ (1,849)	\$ 10,524	\$ 14
Net income	—	—	—	1,762	—	1,762	—
Other comprehensive loss	—	—	—	—	(34)	(34)	—
Share-based compensation	—	2	18	(1)	—	19	—
Dividends - common stock (\$1.13 per share)	—	—	—	(380)	—	(380)	—
Dividends - redeemable non-controlling interests (\$15.00 per share)	—	—	—	(2)	—	(2)	—
Repurchases of Company ordinary shares	—	(89)	—	—	—	(89)	—
Balance, September 30, 2021	<u>\$ 19</u>	<u>\$ (581)</u>	<u>\$ 6,029</u>	<u>\$ 8,216</u>	<u>\$ (1,883)</u>	<u>\$ 11,800</u>	<u>\$ 14</u>

<u>Millions of dollars</u>	<u>Ordinary Shares</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Company Share of Shareholders' Equity</u>	<u>Non- Controlling Interests</u>
	<u>Issued</u>	<u>Treasury</u>					
Balance, June 30, 2020	\$ 19	\$ (548)	\$ 5,958	\$ 4,188	\$ (2,259)	\$ 7,358	\$ 19
Net income	—	—	—	114	—	114	—
Other comprehensive income	—	—	—	—	171	171	—
Share-based compensation	—	8	17	(8)	—	17	—
Dividends - common stock (\$1.05 per share)	—	—	—	(352)	—	(352)	—
Dividends - redeemable non-controlling interests (\$15.00 per share)	—	—	—	(2)	—	(2)	—
Distributions to non-controlling interests	—	—	—	—	—	—	(2)
Balance, September 30, 2020	<u>\$ 19</u>	<u>\$ (540)</u>	<u>\$ 5,975</u>	<u>\$ 3,940</u>	<u>\$ (2,088)</u>	<u>\$ 7,306</u>	<u>\$ 17</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, December 31, 2020	\$ 19	\$ (531)	\$ 5,986	\$ 4,440	\$ (1,943)	\$ 7,971	\$ 17
Net income	—	—	—	4,891	—	4,891	—
Other comprehensive income	—	—	—	—	60	60	—
Share-based compensation	—	39	43	—	—	82	—
Dividends - common stock (\$3.31 per share)	—	—	—	(1,110)	—	(1,110)	—
Dividends - redeemable non-controlling interests (\$45.00 per share)	—	—	—	(5)	—	(5)	—
Repurchases of Company ordinary shares	—	(89)	—	—	—	(89)	—
Sales of non-controlling interest	—	—	—	—	—	—	(3)
Balance, September 30, 2021	<u>\$ 19</u>	<u>\$ (581)</u>	<u>\$ 6,029</u>	<u>\$ 8,216</u>	<u>\$ (1,883)</u>	<u>\$ 11,800</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, December 31, 2019	\$ 19	\$ (580)	\$ 5,954	\$ 4,435	\$ (1,784)	\$ 8,044	\$ 19
Net income	—	—	—	572	—	572	—
Other comprehensive loss	—	—	—	—	(304)	(304)	—
Share-based compensation	—	44	14	(9)	—	49	—
Dividends - common stock (\$3.15 per share)	—	—	—	(1,053)	—	(1,053)	—
Dividends - redeemable non-controlling interests (\$45.00 per share)	—	—	—	(5)	—	(5)	—
Repurchases of Company ordinary shares	—	(4)	—	—	—	(4)	—
Purchase of non-controlling interest	—	—	7	—	—	7	—
Distributions to non-controlling interests	—	—	—	—	—	—	(2)
Balance, September 30, 2020	<u>\$ 19</u>	<u>\$ (540)</u>	<u>\$ 5,975</u>	<u>\$ 3,940</u>	<u>\$ (2,088)</u>	<u>\$ 7,306</u>	<u>\$ 17</u>

See Notes to the Consolidated Financial Statements.

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

TABLE OF CONTENTS

	<u>Page</u>
1. Basis of Presentation	9
2. Accounting and Reporting Changes	9
3. Revenues	10
4. Accounts Receivable	11
5. Inventories	11
6. Debt	12
7. Financial Instruments and Fair Value Measurements	15
8. Income Taxes	20
9. Commitments and Contingencies	20
10. Shareholders' Equity and Redeemable Non-controlling Interests	22
11. Per Share Data	25
12. Segment and Related Information	26

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. Certain notes and other information have been condensed or omitted from the interim financial statements included in this report. 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. 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. In the opinion of management, all adjustments, including normal recurring adjustments, considered necessary for a fair statement have been included. These statements contain some amounts that are based upon management estimates and judgments. Future actual results could differ from such current estimates. The results for interim periods are not necessarily indicative of results for the entire year.

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. The standard also 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 September 30, 2021

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

3. Revenues

Contract Balances—Contract liabilities were \$250 million and \$194 million at September 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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Sales and other operating revenues:				
Olefins and co-products	\$ 1,453	\$ 568	\$ 3,729	\$ 1,695
Polyethylene	2,705	1,423	7,469	4,159
Polypropylene	2,162	1,103	5,876	3,173
Propylene oxide and derivatives	832	421	2,059	1,217
Oxyfuels and related products	1,088	573	2,533	1,669
Intermediate chemicals	910	486	2,436	1,434
Compounding and solutions	1,019	834	3,134	2,295
Advanced polymers	261	169	748	501
Refined products	2,050	1,003	4,784	3,193
Other	220	196	575	480
Total	<u>\$ 12,700</u>	<u>\$ 6,776</u>	<u>\$ 33,343</u>	<u>\$ 19,816</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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Sales and other operating revenues:				
United States	\$ 6,387	\$ 2,983	\$ 16,089	\$ 8,587
Germany	886	494	2,585	1,533
China	572	369	1,693	914
Italy	489	290	1,339	884
Mexico	496	285	1,133	868
France	384	213	1,040	644
The Netherlands	423	197	1,039	562
Japan	432	161	993	639
Poland	300	205	841	617
Other	2,331	1,579	6,591	4,568
Total	<u>\$ 12,700</u>	<u>\$ 6,776</u>	<u>\$ 33,343</u>	<u>\$ 19,816</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 September 30, 2021 and December 31, 2020, respectively.

5. Inventories

Inventories consisted of the following components:

<u>Millions of dollars</u>	September 30, 2021	December 31, 2020
Finished goods	\$ 3,329	\$ 2,816
Work-in-process	167	144
Raw materials and supplies	1,486	1,384
Total inventories	<u>\$ 4,982</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 nine months of 2020, we recognized an LCM inventory valuation charge of \$163 million related to the decline in pricing for many of our raw material and finished goods inventories since December 31, 2019. During the third quarter of 2020, we recognized an LCM inventory valuation benefit of \$160 million, largely driven by the recovery of market pricing for many of our raw material and finished goods inventories during the 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	September 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%	—	496
Guaranteed Notes due 2025, \$500 million, 1.25% (\$1 million of discount; \$3 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)	575	608
Guaranteed Notes due 2027, \$1,000 million, 3.5% (\$6 million of discount; \$5 million of debt issuance cost)	1,079	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)	499	495
Guaranteed Notes due 2030, \$500 million, 2.25% (\$4 million of discount; \$4 million of debt issuance cost)	491	492
Guaranteed Notes due 2031, €500 million, 1.625% (\$6 million of discount; \$3 million of debt issuance cost)	570	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)	983	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	24	28
Total	12,953	15,294
Less current maturities	(8)	(8)
Long-term debt	<u>\$ 12,945</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:

<u>Millions of dollars</u>	Gains (Losses)				Cumulative Fair Value Hedging Adjustments Included in Carrying Amount of Debt	
	Three Months Ended September 30,		Nine Months Ended September 30,		September 30, 2021	December 31, 2020
	2021	2020	2021	2020		
Senior Notes due 2021, 6.0%	\$ —	\$ 3	\$ —	\$ (11)	\$ —	\$ —
Guaranteed Notes due 2022, 1.875%	—	—	—	1	—	—
Guaranteed Notes due 2025, 1.25%	1	—	1	—	1	—
Guaranteed Notes due 2026, 0.875%	1	(1)	2	(2)	—	(2)
Guaranteed Notes due 2027, 3.5%	5	4	12	(69)	(90)	(102)
Guaranteed Notes due 2030, 3.375%	1	—	(3)	—	(3)	—
Guaranteed Notes due 2030, 2.25%	1	—	1	—	1	—
Guaranteed Notes due 2050, 4.2%	1	—	1	—	1	—
Total	<u>\$ 10</u>	<u>\$ 6</u>	<u>\$ 14</u>	<u>\$ (81)</u>	<u>\$ (90)</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:

<u>Millions of dollars</u>	September 30, 2021	December 31, 2020
U.S. Receivables Facility	\$ —	\$ —
Commercial paper	397	500
Precious metal financings	159	140
Other	7	23
Total Short-term debt	<u>\$ 563</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 September 30, 2021, we had no borrowings or letters of credit outstanding and \$2,104 million of unused availability under this facility.

Term Loan due 2022—In March 2019, LYB Americas Finance Company LLC, 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. During the nine months ended September 30, 2021, we repaid \$1,450 million outstanding under our Term Loan due 2022.

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

Guaranteed Notes due 2023—In July 2013, LYB International Finance B.V. 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.

Guaranteed Notes due 2025—In April 2020, LYB International Finance III, LLC (“LYB Finance III”) issued \$500 million of 2.875% guaranteed notes due 2025 at a discounted price of 99.911%. In September 2021, we redeemed the \$500 million outstanding notes. In conjunction with the redemption, we recognized \$37 million of debt extinguishment costs which are reflected in Interest expense in the Consolidated Statements of Income. The debt extinguishment costs include \$34 million paid for make-whole premiums, fees and expenses related to the redemption of the notes and non-cash charges of \$3 million for the write-off of unamortized debt issuance costs.

Guaranteed Floating Rate Notes due 2023—In October 2020, LYB Finance III issued \$650 million of guaranteed floating rate notes due 2023. In October 2021, we redeemed the \$650 million outstanding notes. In conjunction with the redemption, we recognized \$3 million of debt extinguishment costs related to the non-cash write-off of unamortized debt 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 September 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 September 30, 2021 are based on the terms of the notes and range from 0.13% to 0.17%. At September 30, 2021, we had \$397 million of outstanding commercial paper.

Weighted Average Interest Rate—At September 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 \$21 million and \$12 million for the nine months ended September 30, 2021 and 2020, respectively, which is included in Interest expense in the Consolidated Statements of Income.

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

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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 September 30, 2021 and December 31, 2020, we had marketable securities classified as Cash and cash equivalents of \$707 million and \$682 million, respectively.

Foreign Currency Gain (Loss)—Other income (expense), net, in the Consolidated Statements of Income includes foreign currency gains of \$4 million and \$2 million for the three and nine months ended September 30, 2021, respectively, and gains of \$3 million and losses of \$4 million for the three and nine months ended September 30, 2020, respectively.

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:

	September 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	\$ 35	\$ 47	\$ 19	\$ 3	Prepaid expenses and other current assets
Commodities	10	7	41	4	Other Assets
Foreign currency	614	82	—	26	Prepaid expenses and other current assets
Foreign currency	1,024	25	—	—	Other assets
Interest rates	—	5	—	—	Prepaid expenses and other current assets
Interest rates	416	3	122	2	Other assets
Derivatives not designated as hedges:					
Commodities	288	38	71	2	Prepaid expenses and other current assets
Commodities	1	1	—	—	Other assets
Foreign currency	150	2	149	—	Prepaid expenses and other current assets
Non-derivatives:					
Available-for-sale debt securities	—	—	348	349	Short-term investments
Equity securities	36	35	353	353	Short-term investments
Total	\$ 2,574	\$ 245	\$ 1,103	\$ 739	

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

<u>Millions of dollars</u>	<u>September 30, 2021</u>		<u>December 31, 2020</u>		<u>Balance Sheet Classification</u>
	<u>Notional Amount</u>	<u>Fair Value</u>	<u>Notional Amount</u>	<u>Fair Value</u>	
Liabilities—					
Derivatives designated as hedges:					
Commodities	\$ —	\$ —	\$ —	\$ 2	Accrued liabilities
Foreign currency	855	101	1,213	146	Accrued liabilities
Foreign currency	2,270	144	2,682	302	Other liabilities
Interest rates	—	1	—	—	Accrued liabilities
Interest rates	1,600	228	1,000	343	Other liabilities
Derivatives not designated as hedges:					
Commodities	3	—	113	14	Accrued liabilities
Foreign currency	842	16	76	1	Accrued liabilities
Total	\$ 5,570	\$ 490	\$ 5,084	\$ 808	

As of September 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 September 30, 2021, our outstanding foreign currency contracts, not designated as hedges, mature from October 2021 to March 2022. Our commodity contracts, not designated as hedges, mature from October 2021 to December 2021.

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>September 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	\$ 159	\$ 129	\$ 140	\$ 154
Long-term debt	12,929	14,493	15,266	17,290
Total	<u>\$ 13,088</u>	<u>\$ 14,622</u>	<u>\$ 15,406</u>	<u>\$ 17,444</u>

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

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

<u>Millions of euro/dollars</u>	<u>September 30, 2021</u>				<u>December 31, 2020</u>				<u>Expiration Date</u>
	<u>Notional Value</u>				<u>Notional Value</u>				
	<u>Equivalent US\$</u>				<u>Equivalent US\$</u>				
Foreign currency	€	2,367	\$	2,758	€	1,667	\$	1,890	2022 to 2030

In the first nine months of 2021, we entered into four foreign currency contracts with an aggregate notional value of €1,000 million that were designated as net investment hedges.

In July 2021, foreign currency contracts with an aggregate notional value of €300 million expired. Upon settlement of these foreign currency contracts, we paid €300 million (\$355 million at the expiry spot rate) to our counterparties and received \$358 million from our counterparties.

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

	September 30, 2021	December 31, 2020	
Millions of dollars	Notional Value	Notional Value	Expiration Date
Foreign currency	\$ 2,005	\$ 2,005	2021 to 2027
Interest rates	1,000	1,000	2023 to 2024
Commodities	45	60	2021 to 2022

As of September 30, 2021 and December 31, 2020, Other assets include \$238 million of collateral held with our counterparties related to our forward-starting interest rate swaps; this amount represents the maximum amount of collateral required in accordance with the swap agreements. Related cash flows are included in financing activities in the Consolidated Statements of Cash Flows.

As of September 30, 2021, on a pre-tax basis, \$6 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:

	September 30, 2021	December 31, 2020	
<u>Millions of dollars</u>	<u>Notional Value</u>	<u>Notional Value</u>	<u>Expiration Date</u>
Interest rates	\$ 1.016	\$ 122	2025 to 2030

In the first nine months of 2021, we entered into 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, 3.375% guaranteed notes due 2030, \$300 million of our \$1,000 million, 3.5% guaranteed notes due 2027, \$150 million of our \$500 million, 2.875% guaranteed notes due 2025, \$150 million of our \$500 million, 1.25% guaranteed notes due 2025 and \$150 million of our \$500 million, 2.25% guaranteed notes due 2030. The fixed-rate and variable-rate components for these trades are settled semi-annually and quarterly, respectively.

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

In September 2021, upon the redemption of our \$500 million, 2.875% guaranteed notes due 2025, the \$150 million fixed-for-floating interest rate swap entered in April 2021 was dedesignated and concurrently redesignated as a partial-term hedge 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 \$1,000 million, 4.2% guaranteed notes due 2050.

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 September 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	\$ 38	\$ 8	\$ (14)	\$ —	\$ —	\$ —		Cost of sales
Foreign currency	135	(125)	(60)	89	9	8		Interest expense
Interest rates	17	102	1	1	(5)	1		Interest expense
Derivatives not designated as hedges:								
Commodities	—	—	—	—	6	(1)		Sales and other operating revenues
Commodities	—	—	—	—	49	42		Cost of sales
Foreign currency	—	—	—	—	(32)	(1)		Other income (expense), net
Non-derivatives designated as hedges:								
Long-term debt	—	(38)	—	—	—	—		Other income (expense), net
Total	\$ 190	\$ (53)	\$ (73)	\$ 90	\$ 27	\$ 49		

Millions of dollars	Effects of Financial Instruments							Income Statement Classification
	Nine Months Ended September 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	\$ 67	\$ 6	\$ (18)	\$ —	\$ —	\$ —	Cost of sales	
Foreign currency	274	(47)	(128)	81	34	38	Interest expense	
Interest rates	117	(430)	4	3	—	91	Interest expense	
Derivatives not designated as hedges:								
Commodities	—	—	—	—	18	4	Sales and other operating revenues	
Commodities	—	—	—	—	72	116	Cost of sales	
Foreign currency	—	—	—	—	(61)	(11)	Other income (expense), net	
Non-derivatives designated as hedges:								
Long-term debt	—	(36)	—	—	—	—	Other income (expense), net	
Total	\$ 458	\$ (507)	\$ (142)	\$ 84	\$ 63	\$ 238		

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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 nine months ended September 30, 2021 were gains of \$1 million and \$5 million, respectively, and for the three and nine months ended September 30, 2020 were gains of \$1 million and losses of less than \$1 million, respectively.

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 nine months ended September 30, 2021 were gains of \$1 million and \$6 million, respectively, and for the three and nine months ended September 30, 2020 were gains of \$1 million and \$8 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 \$2 million and \$3 million decrease in Interest expense during each of the three and nine months ended September 30, 2021, respectively, and less than \$1 million and \$3 million decrease in interest expense during the three and nine months ended September 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>	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Debt securities at September 30, 2021	\$ —	\$ —	\$ —	\$ —
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 nine months ended September 30, 2021 and for the year ended December 31, 2020.

The proceeds from maturities and sales of our available-for-sale debt securities during the three and nine months ended September 30, 2021 and 2020 are summarized in the following table:

<u>Millions of dollars</u>	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Proceeds from maturities of available-for-sale debt securities	\$ 55	\$ —	\$ 346	\$ —
Proceeds from sales of available-for-sale debt securities	—	90	—	90

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 September 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 \$36 million and \$353 million as of September 30, 2021 and December 31, 2020, respectively. The carrying amount approximates fair value. The investment is carried at its net asset value as a practical expedient at September 30, 2021 and fair value at December 31, 2020. The investment is under an orderly 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.

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

We received proceeds of \$45 million and \$309 million related to our investments in equity securities during the three and nine months ended September 30, 2021, respectively, and \$312 million and \$313 million during the three and nine months ended September 30, 2020, respectively.

We recognized unrealized losses of less than \$1 million on our equity securities that were outstanding during the three and nine months ended September 30, 2021, and no unrealized gains or losses were recognized during the three and nine months ended September 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 rates for the third quarter and the first nine months of 2021 were 20.4% and 17.4%, respectively, compared to 1,136.4% and -16.7% for the third quarter and first nine months of 2020.

Our effective income tax rate decreased in the third quarter of 2021 compared to the third quarter of 2020. The lower effective tax rate for the third quarter of 2021 is primarily attributable to the recognition of a tax benefit of \$125 million, primarily from a non-cash impairment in 2020. This tax benefit on our \$11 million of pre-tax loss for the third quarter of 2020 resulted in an abnormally high effective tax rate.

Our effective income tax rate increased in the first nine months of 2021 compared to the first nine months of 2020. The higher effective tax rate for the first nine months of 2021 is primarily attributable to increased pre-tax earnings relative to our tax rate drivers, primarily exempt income (12.4%), coupled with the tax benefit recognized on a non-cash impairment in 2020 (21.7%).

As of September 30, 2021 and December 31, 2020, we had \$497 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 September 30, 2021, we had capital expenditure commitments, which we incurred in our normal course of business, including commitments of approximately \$472 million related to building our new PO/TBA plant in Houston, Texas.

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

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 \$144 million and \$133 million as of September 30, 2021 and December 31, 2020, respectively. At September 30, 2021, the accrued liabilities for individual sites range from less than \$1 million to \$27 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 September 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.

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.

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

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
September 2021	1.13	380	August 30, 2021
	<u>\$ 3.31</u>	<u>\$ 1,110</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.

The following table summarizes our share repurchase activity for the periods presented:

<u>Millions of dollars, except shares and per share amounts</u>	<u>Shares Repurchased</u>	<u>Average Purchase Price</u>	<u>Total Purchase Price, Including Commissions and Fees</u>
For nine months ended September 30, 2021:			
May 2021 Share Repurchase Authorization	953,681	\$ 93.34	\$ 89
For nine months ended September 30, 2020:			
September 2019 Share Repurchase Authorization	50,685	\$ 78.93	\$ 4

Total cash paid for share repurchases for the nine months ended September 30, 2021 and 2020 were \$78 million and \$4 million, respectively. Cash payments made during the reporting period may differ from the total purchase price, including commissions and fees, due to the timing of payments.

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

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

	Nine Months Ended September 30,	
	2021	2020
Ordinary shares outstanding:		
Beginning balance	334,015,220	333,476,883
Share-based compensation	415,857	246,640
Employee stock purchase plan	149,956	245,521
Purchase of ordinary shares	(953,681)	(50,685)
Ending balance	<u>333,627,352</u>	<u>333,918,359</u>

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

	Nine Months Ended September 30,	
	2021	2020
Ordinary shares held as treasury shares:		
Beginning balance	6,030,408	6,568,745
Share-based compensation	(415,857)	(246,640)
Employee stock purchase plan	(50,006)	(245,521)
Purchase of ordinary shares	953,681	50,685
Ending balance	<u>6,518,226</u>	<u>6,127,269</u>

Accumulated Other Comprehensive Loss—The components of, and after-tax changes in, Accumulated other comprehensive loss as of and for the nine months ended September 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 – December 31, 2020	\$ (426)	\$ 1	\$ (752)	\$ (766)	\$ (1,943)
Other comprehensive income (loss) before reclassifications	311	(1)	—	(92)	218
Tax expense before reclassifications	(69)	—	—	(35)	(104)
Amounts reclassified from accumulated other comprehensive loss	(142)	—	66	—	(76)
Tax (expense) benefit	32	—	(10)	—	22
Net other comprehensive income (loss)	132	(1)	56	(127)	60
Balance – September 30, 2021	<u>\$ (294)</u>	<u>\$ —</u>	<u>\$ (696)</u>	<u>\$ (893)</u>	<u>\$ (1,883)</u>

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

<u>Millions of dollars</u>	<u>Financial Derivatives</u>	<u>Unrealized Gains on Available -for-Sale Debt Securities</u>	<u>Defined Benefit Pension and Other Postretirement Benefit Plans</u>	<u>Foreign Currency Translation Adjustments</u>	<u>Total</u>
Balance – December 31, 2019	\$ (200)	\$ —	\$ (711)	\$ (873)	\$ (1,784)
Other comprehensive income (loss) before reclassifications	(447)	1	—	(53)	(499)
Tax benefit before reclassifications	93	—	—	6	99
Amounts reclassified from accumulated other comprehensive loss	84	—	42	—	126
Tax expense	(19)	—	(11)	—	(30)
Net other comprehensive income (loss)	(289)	1	31	(47)	(304)
Balance – September 30, 2020	<u>\$ (489)</u>	<u>\$ 1</u>	<u>\$ (680)</u>	<u>\$ (920)</u>	<u>\$ (2,088)</u>

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

<u>Millions of dollars</u>	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 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	\$ (60)	\$ 89	\$ (128)	\$ 81	Interest expense
Commodities	(14)	—	(18)	—	Cost of sales
Interest rates	1	1	4	3	Interest expense
Income tax (expense) benefit	17	(22)	32	(19)	Provision for income taxes
Financial derivatives, net of tax	(56)	68	(110)	65	
Amortization of defined pension items:					
Prior service cost	—	1	2	3	Other income (expense), net
Actuarial loss	14	13	40	39	Other income (expense), net
Settlement loss	20	—	24	—	Other income (expense), net
Income tax expense	(6)	(4)	(10)	(11)	Provision for income taxes
Defined pension items, net of tax	28	10	56	31	
Total reclassifications, before tax	(39)	104	(76)	126	
Income tax (expense) benefit	11	(26)	22	(30)	Provision for income taxes
Total reclassifications, after tax	<u>\$ (28)</u>	<u>\$ 78</u>	<u>\$ (54)</u>	<u>\$ 96</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 a consolidated subsidiary. As of September 30, 2021 and December 31, 2020, we had 115,374 shares of redeemable non-controlling interest stock outstanding. In February, May and August 2021, we paid cash dividends of \$15.00 per share to our redeemable non-controlling interest shareholders of record as of January 15, 2021, April 15, 2021 and July 15, 2021. These dividends totaled \$5 million for each of the nine months ended September 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. There was no impact to basic or diluted earnings per share from discontinued operations.

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

	Three Months Ended September 30,			
	2021		2020	
	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations
Millions of dollars				
Net income (loss)	\$ 1,763	\$ (1)	\$ 114	\$ —
Dividends on redeemable non-controlling interests	(2)	—	(2)	—
Net income attributable to participating securities	(4)	—	(1)	—
Net income (loss) attributable to ordinary shareholders – basic and diluted	\$ 1,757	\$ (1)	\$ 111	\$ —
Millions of shares, except per share amounts				
Basic weighted average common stock outstanding	334	334	334	334
Effect of dilutive securities	—	—	—	—
Potential dilutive shares	334	334	334	334
Earnings per share:				
Basic	\$ 5.25	\$ —	\$ 0.33	\$ —
Diluted	\$ 5.25	\$ —	\$ 0.33	\$ —

	Nine Months Ended September 30,			
	2021		2020	
	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations
Millions of dollars				
Net income (loss)	\$ 4,892	\$ (1)	\$ 572	\$ —
Dividends on redeemable non-controlling interests	(5)	—	(5)	—
Net income attributable to participating securities	(12)	—	(2)	—
Net income (loss) attributable to ordinary shareholders – basic and diluted	\$ 4,875	\$ (1)	\$ 565	\$ —
Millions of shares, except per share amounts				
Basic weighted average common stock outstanding	334	334	334	334
Effect of dilutive securities	—	—	—	—
Potential dilutive shares	334	334	334	334
Earnings per share:				
Basic	\$ 14.58	\$ —	\$ 1.69	\$ —
Diluted	\$ 14.57	\$ —	\$ 1.69	\$ —

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 September 30, 2021							
	O&P—Americas	O&P—EAI	I&D	APS	Refining	Technology	Other	Total
Sales and other operating revenues:								
Customers	\$ 3,071	\$ 3,262	\$ 2,851	\$ 1,280	\$ 2,050	\$ 186	\$ —	\$ 12,700
Intersegment	1,337	196	43	6	238	52	(1,872)	—
	4,408	3,458	2,894	1,286	2,288	238	(1,872)	12,700
Income from equity investments	29	66	9	—	—	—	—	104
EBITDA	1,568	474	348	121	41	155	(16)	2,691
Capital expenditures	72	54	327	20	17	22	2	514

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

	Three Months Ended September 30, 2020							
Millions of dollars	O&P– Americas	O&P– EAI	I&D	APS	Refining	Technology	Other	Total
Sales and other operating revenues:								
Customers	\$ 1,268	\$ 1,837	\$ 1,498	\$ 1,003	\$ 1,003	\$ 167	\$ —	\$ 6,776
Intersegment	572	145	40	1	98	26	(882)	—
	1,840	1,982	1,538	1,004	1,101	193	(882)	6,776
Income from equity investments	15	40	7	—	—	—	—	62
LCM inventory valuation benefit	(70)	(17)	(22)	(40)	(11)	—	—	(160)
EBITDA	474	148	267	157	(692)	111	1	466
Capital expenditures	130	38	103	18	15	24	97	425

	Nine Months Ended September 30, 2021							
Millions of dollars	O&P– Americas	O&P– EAI	I&D	APS	Refining	Technology	Other	Total
Sales and other operating revenues:								
Customers	\$ 7,770	\$ 9,342	\$ 7,086	\$ 3,882	\$ 4,784	\$ 479	\$ —	\$ 33,343
Intersegment	3,220	618	160	10	575	107	(4,690)	—
	10,990	9,960	7,246	3,892	5,359	586	(4,690)	33,343
Income from equity investments	94	263	32	—	—	—	—	389
EBITDA	4,011	1,594	1,126	385	(150)	341	(13)	7,294
Capital expenditures	219	141	717	55	62	64	27	1,285

	Nine Months Ended September 30, 2020							
Millions of dollars	O&P– Americas	O&P– EAI	I&D	APS	Refining	Technology	Other	Total
Sales and other operating revenues:								
Customers	\$ 3,514	\$ 5,543	\$ 4,370	\$ 2,796	\$ 3,193	\$ 400	\$ —	\$ 19,816
Intersegment	1,551	365	95	9	275	92	(2,387)	—
	5,065	5,908	4,465	2,805	3,468	492	(2,387)	19,816
Income (loss) from equity investments	24	88	12	(1)	—	—	—	123
LCM inventory valuation charge	3	53	76	29	2	—	—	163
EBITDA	1,088	522	571	226	(799)	279	(15)	1,872
Capital expenditures	524	114	761	41	52	80	101	1,673

During the third quarter of 2020, we assessed the Houston refinery for impairment and determined that the asset group carrying value exceeded its undiscounted estimated pre-tax cash flows and fair value. As a result, we recognized a non-cash impairment charge in the third quarter of 2020 of \$582 million, which includes a \$570 million impairment of property, plant and equipment and a \$12 million impairment of intangible assets. The fair value measurement for the asset group is a Level 3 within the fair value hierarchy.

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

We are currently weighing strategic options for our Refining segment, including a potential sale of our Houston refinery. While the refinery is a valuable asset, we believe that it may be even more valuable as part of a larger refining system. Any strategic option pursued for the Houston refinery remains subject to the approval of our Board of Directors and, assuming such approval is obtained, may require certain regulatory approvals or other closing conditions.

A reconciliation of EBITDA to Income (loss) 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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
EBITDA:				
Total segment EBITDA	\$ 2,707	\$ 465	\$ 7,307	\$ 1,887
Other EBITDA	(16)	1	(13)	(15)
Less:				
Depreciation and amortization expense	(351)	(358)	(1,016)	(1,056)
Interest expense	(126)	(122)	(366)	(336)
Add:				
Interest income	1	3	8	10
Income (loss) from continuing operations before income taxes	\$ 2,215	\$ (11)	\$ 5,920	\$ 490

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

Third quarter results reflect robust demand for our products and tight market conditions, which supported strong margins across most of our businesses. During the third quarter and first nine months of 2021 relative to the third quarter and first nine months of 2020, EBITDA increased largely due to margin improvements in our O&P—Americas, O&P—EAI, I&D and Refining segments. While results improved for our I&D segment, this segment was impacted by lost volume in connection with downtime in our acetyls business. Increasing mobility has improved demand and margins for transportation fuels produced by our Refining segment.

Strong business results and the benefits of recent growth investments enabled us to repay \$2,378 million of debt during the first nine months of 2021 and an additional \$650 million in October 2021. Additionally, we have resumed our share repurchase activity and purchased approximately 1 million shares for \$89 million during the third quarter.

During the second quarter of 2021, we 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.

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

<u>Millions of dollars</u>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Sales and other operating revenues	\$ 12,700	\$ 6,776	\$ 33,343	\$ 19,816
Cost of sales	10,109	5,885	26,463	17,647
Impairment of long-lived assets	—	582	—	582
Selling, general and administrative expenses	313	259	927	842
Research and development expenses	30	27	91	79
Operating income	2,248	23	5,862	666
Interest expense	(126)	(122)	(366)	(336)
Interest income	1	3	8	10
Other (expense) income, net	(12)	23	27	27
Income from equity investments	104	62	389	123
Income (loss) from continuing operations before income taxes	2,215	(11)	5,920	490
Provision for (benefit from) income taxes	452	(125)	1,028	(82)
Income from continuing operations	1,763	114	4,892	572
Loss from discontinued operations, net of tax	(1)	—	(1)	—
Net income	\$ 1,762	\$ 114	\$ 4,891	\$ 572

RESULTS OF OPERATIONS

Revenues—Revenues increased by \$5,924 million, or 87%, in the third quarter of 2021 compared to the third quarter of 2020 and by \$13,527 million, or 68%, in the first nine months of 2021 compared to the first nine months of 2020. Average sales prices in the third quarter and first nine 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 77% and 63% increase in revenue in the third quarter and first nine months of 2021, respectively. Higher sales volumes, driven by increased demand, resulted in a revenue increase of 10% and 3% in the third quarter and first nine months of 2021, respectively. Favorable foreign exchange impacts resulted in a revenue increase of 2% during the first nine months of 2021.

Cost of Sales—Cost of sales increased by \$4,224 million, or 72%, in the third quarter of 2021 compared to the third quarter of 2020 and by \$8,816 million, or 50%, in the first nine months of 2021 compared to the first nine months of 2020, respectively. This increase primarily related to higher feedstock and energy costs.

During the first nine months of 2020, we recognized an LCM inventory valuation charge of \$163 million related to the decline in market pricing for many of our raw material and finished goods inventories since December 31, 2019. During the third quarter of 2020, we recognized an LCM inventory valuation benefit of \$160 million largely driven by the recovery of market pricing for many of our raw material and finished goods inventories during the quarter.

Impairment of Long-Lived Assets—During the third quarter of 2020, we assessed the Houston refinery for impairment and determined that the asset group carrying value exceeded its undiscounted estimated pre-tax cash flows and fair value. As a result, we recognized a non-cash impairment charge in the third quarter of 2020 of \$582 million.

Operating Income—Operating income increased by \$2,225 million, or 9,674%, in the third quarter of 2021 compared to the third quarter of 2020 and by \$5,196 million, or 780%, in the first nine months of 2021 compared to the first nine months of 2020. In the third quarter of 2021, operating income in our O&P–Americas, Refining, O&P–EAI, I&D and Technology segments increased by \$1,094 million, \$758 million, \$309 million, \$67 million and \$43 million, respectively, relative to the third quarter of 2020. The increases were partially offset by a decline of \$22 million in our APS segment in the third quarter of 2021 compared to the third quarter of 2020. In the first nine months of 2021, operating income in our O&P–Americas, O&P–EAI, Refining, I&D, APS and Technology segments increased by \$2,831 million, \$903 million, \$731 million, \$493 million, \$196 million and \$56 million, respectively, compared to the first nine months of 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 \$42 million, or 68%, in the third quarter of 2021 compared to the third quarter of 2020 and by \$266 million, or 216%, in the first nine months of 2021 compared to the first nine months 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 third quarter of 2021 was 20.4% compared with 1,136.4% for the third quarter of 2020. Our effective income tax rate for the first nine months of 2021 was 17.4% compared with -16.7% for the first nine months of 2020. Changes in our effective income tax rate were primarily driven by changes in pre-tax income as well as a tax benefit recognized on the non-cash impairment of our Houston refinery in the third quarter of 2020. Our income tax results are discussed further in Note 8 to the Consolidated Financial Statements.

Comprehensive Income—Comprehensive income increased by \$1,443 million in the third quarter of 2021 compared to the third quarter of 2020 and by \$4,683 million in the first nine months of 2021 compared to the first nine months of 2020. These changes were primarily due to higher net income partially offset by the net unfavorable impacts of unrealized changes in foreign currency translation adjustments. Financial derivatives activity increased comprehensive income by \$421 million in the first nine months of 2021 compared to the first nine months of 2020, and decreased comprehensive income by \$40 million in the third quarter of 2021 compared to the third quarter of 2020.

In the third quarter and first nine months of 2021, the cumulative after-tax effects of our derivatives designated as cash flow hedges were net gains of \$35 million and \$132 million, respectively. Pre-tax gains of \$17 million and \$117 million related to forward-starting interest rate swaps were driven by periodic changes in benchmark interest rates in the third quarter and first nine months of 2021, respectively. The fluctuations of the U.S. dollar against the euro and the periodic changes in benchmark interest rates, in the third quarter and first nine months of 2021, resulted in pre-tax gains of \$63 million and \$127 million, respectively, related to our cross-currency swaps. Pre-tax losses of \$60 million and \$128 million related to our cross-currency swaps were reclassified from Accumulated other comprehensive loss to Interest expense in the third quarter and first nine months of 2021, respectively. The remaining change pertains to our commodity cash flow hedges.

In the first nine months of 2020, the cumulative after-tax effects of our derivatives designated as cash flow hedges were net losses of \$289 million. Included in this amount, were pre-tax losses of \$430 million related to forward-starting interest rate swaps, driven by the significant decline in benchmark interest rates in the first nine months 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 weakened in the third quarter and the first nine months of 2021, resulting in net losses reflected in the Consolidated Statements of Comprehensive Income. The net losses related to unrealized changes in foreign currency translation impacts include pre-tax gains of \$72 million and \$147 million in the third quarter and first nine months of 2021, respectively, which represent the effective portion of our net investment hedges.

In the first nine months of 2020, relative to the U.S. dollar, the value of the euro increased resulting in net gains in the Consolidated Statements of Comprehensive Income. The net gains related to unrealized changes in foreign currency translation impacts were partially offset by pre-tax losses of \$60 million in the first nine months of 2020, which represent the effective portion of our net investment hedges. Additionally, during the first nine months of 2020 we recognized unrealized foreign currency translation losses of \$75 million resulting from the decrease in the value of the Mexican peso and the Brazilian real.

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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Sales and other operating revenues:				
O&P–Americas segment	\$ 4,408	\$ 1,840	\$ 10,990	\$ 5,065
O&P–EAI segment	3,458	1,982	9,960	5,908
I&D segment	2,894	1,538	7,246	4,465
APS segment	1,286	1,004	3,892	2,805
Refining segment	2,288	1,101	5,359	3,468
Technology segment	238	193	586	492
Other, including intersegment eliminations	(1,872)	(882)	(4,690)	(2,387)
Total	<u>\$ 12,700</u>	<u>\$ 6,776</u>	<u>\$ 33,343</u>	<u>\$ 19,816</u>
Operating income (loss):				
O&P–Americas segment	\$ 1,403	\$ 309	\$ 3,485	\$ 654
O&P–EAI segment	361	52	1,171	268
I&D segment	247	180	828	335
APS segment	94	116	299	103
Refining segment	25	(733)	(200)	(931)
Technology segment	144	101	308	252
Other, including intersegment eliminations	(26)	(2)	(29)	(15)
Total	<u>\$ 2,248</u>	<u>\$ 23</u>	<u>\$ 5,862</u>	<u>\$ 666</u>
Depreciation and amortization:				
O&P–Americas segment	\$ 142	\$ 134	\$ 427	\$ 391
O&P–EAI segment	47	55	150	161
I&D segment	103	79	264	223
APS segment	28	40	83	123
Refining segment	20	40	58	131
Technology segment	11	10	34	27
Total	<u>\$ 351</u>	<u>\$ 358</u>	<u>\$ 1,016</u>	<u>\$ 1,056</u>
Income (loss) from equity investments:				
O&P–Americas segment	\$ 29	\$ 15	\$ 94	\$ 24
O&P–EAI segment	66	40	263	88
I&D segment	9	7	32	12
APS segment	—	—	—	(1)
Total	<u>\$ 104</u>	<u>\$ 62</u>	<u>\$ 389</u>	<u>\$ 123</u>

<u>Millions of dollars</u>	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Other (expense) income, net:				
O&P–Americas segment	\$ (6)	\$ 16	\$ 5	\$ 19
O&P–EAI segment	—	1	10	5
I&D segment	(11)	1	2	1
APS segment	(1)	1	3	1
Refining segment	(4)	1	(8)	1
Technology segment	—	—	(1)	—
Other, including intersegment eliminations	10	3	16	—
Total	<u>\$ (12)</u>	<u>\$ 23</u>	<u>\$ 27</u>	<u>\$ 27</u>
EBITDA:				
O&P–Americas segment	\$ 1,568	\$ 474	\$ 4,011	\$ 1,088
O&P–EAI segment	474	148	1,594	522
I&D segment	348	267	1,126	571
APS segment	121	157	385	226
Refining segment	41	(692)	(150)	(799)
Technology segment	155	111	341	279
Other, including intersegment eliminations	(16)	1	(13)	(15)
Total	<u>\$ 2,691</u>	<u>\$ 466</u>	<u>\$ 7,294</u>	<u>\$ 1,872</u>

Olefins and Polyolefins–Americas Segment

Overview—EBITDA improved in the third quarter and first nine months of 2021 relative to the third quarter and first nine 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 third quarter and first nine months of 2021 and 2020 approximately 60% 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 September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Sales and other operating revenues	\$ 4,408	\$ 1,840	\$ 10,990	\$ 5,065
Income from equity investments	29	15	94	24
EBITDA	1,568	474	4,011	1,088

Revenues—Revenues for our O&P–Americas segment increased by \$2,568 million, or 140%, in the third quarter of 2021 compared to the third quarter of 2020 and by \$5,925 million, or 117%, in the first nine months of 2021 compared to the first nine months of 2020. Higher average sales prices resulted in a 120% and 103% increase in revenue in the third quarter and first nine months of 2021, respectively, primarily driven by tight market conditions. Volume improvements resulted in a revenue increase of 20% and 14% in the third quarter and first nine months of 2021, respectively, due to improved demand in combination with industry-wide supply constraints.

EBITDA—EBITDA increased by \$1,094 million, or 231%, in the third quarter of 2021 compared to the third quarter of 2020 and by \$2,923 million, or 269%, in the first nine months of 2021 compared to the first nine months of 2020. Higher olefin results led to a 123% and 164% increase in EBITDA in the third quarter and first nine 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 69% and 60% increase in EBITDA in the third quarter and first nine months of 2021, respectively, while polypropylene results led to a 43% and 36% increase in EBITDA in the third quarter and first nine months of 2021, respectively. These improvements were primarily due to polyolefin sales price increases which outpaced higher feedstock costs.

Third quarter of 2020 results include an LCM inventory valuation benefit of \$70 million, or 15%, related to the reversal of an LCM inventory valuation charge recognized earlier in the year. These benefits were largely driven by recovery of market prices of ethylene and polymers.

Results also include a LIFO inventory charge of \$61 million which was recognized in the third quarter of 2020. The absence of similar adjustments in the third quarter and first nine months of 2021 resulted in a 13% and 6% change in EBITDA, respectively.

Olefins and Polyolefins—Europe, Asia, International Segment

Overview—EBITDA increased for the third quarter and first nine months of 2021 relative to the third quarter and first nine months of 2020 mainly as a result of higher margins and equity income.

While the majority of the feedstock used in our EAI segment’s ethylene crackers is naphtha, in the third quarter and first nine months of 2021 and 2020 approximately 35% of the raw materials used in our crackers were advantaged feedstocks, which consisted primarily of butane and hydrowax.

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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Sales and other operating revenues	\$ 3,458	\$ 1,982	\$ 9,960	\$ 5,908
Income from equity investments	66	40	263	88
EBITDA	474	148	1,594	522

Revenues—Revenues increased by \$1,476 million, or 74%, in the third quarter of 2021 compared to the third quarter of 2020 and by \$4,052 million, or 69%, in the first nine months of 2021 compared to the first nine months of 2020. Average sales prices in the third quarter and first nine 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 65% and 53% in the third quarter and first nine months of 2021, respectively. Volume improvements resulted in a revenue increase of 8% and 11% in the third quarter and first nine months of 2021, respectively, primarily due to strong demand in combination with tight market supply. Favorable foreign exchange impacts resulted in a revenue increase of 1% and 5% in the third quarter and first nine months of 2021, respectively.

EBITDA—EBITDA increased by \$326 million, or 220%, in the third quarter of 2021 compared to the third quarter of 2020 and by \$1,072 million, or 205%, in the first nine months of 2021 compared to the first nine months of 2020. Polyethylene results led to a 86% and 78% increase in EBITDA in the third quarter and first nine months of 2021, respectively, while polypropylene results led to a 72% and 64% increase in EBITDA in the third quarter and first nine 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 55% and 16% increase in EBITDA in the third quarter and first nine months of 2021, respectively, primarily driven by higher margins attributable to increased ethylene and co-product prices which outpaced higher feedstock costs. Higher income from our equity investments led to increases in EBITDA of 18% and 34% in the third quarter and first nine months of 2021, respectively, mainly attributable to higher polyolefins margins associated with increased demand.

Results for the first nine months of 2020 included a \$53 million LCM inventory valuation charge primarily driven by a decline in the price of naphtha and polymers. Results in the third quarter of 2020 included a \$17 million LCM inventory valuation benefit related to the reversal of LCM inventory valuation charges recognized in the first half of 2020, largely driven by recovery of market prices of naphtha and polymers during the quarter. The absence of similar adjustments in the first nine months and the third quarter of 2021 resulted in a 10% and 11% change in EBITDA, respectively.

Intermediates and Derivatives Segment

Overview—EBITDA increased in the third quarter and first nine months of 2021 compared to the third quarter and first nine 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:

Millions of dollars	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Sales and other operating revenues	\$ 2,894	\$ 1,538	\$ 7,246	\$ 4,465
Income from equity investments	9	7	32	12
EBITDA	348	267	1,126	571

Revenues—Revenues increased by \$1,356 million, or 88%, in the third quarter of 2021 compared to the third quarter of 2020 and by \$2,781 million, or 62% in the first nine months of 2021 compared to the first nine months of 2020. Higher average sales prices resulted in a 82% and 61% increase in revenue in the third quarter and first nine months of 2021, respectively, as sales prices generally correlate with crude oil prices, which on average, increased compared to the same periods in 2020. Sales volumes increased in the third quarter of 2021 resulting in a 6% increase in revenue, due to improved demand for oxyfuels and related products as well as intermediate chemicals. Sales volumes declined in the first nine months of 2021 resulting in a 1% 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 2% in the first nine months of 2021.

EBITDA—EBITDA increased by \$81 million, or 30%, in the third quarter of 2021 compared to the third quarter of 2020 and by \$555 million, or 97%, in the first nine months of 2021 compared to the first nine months of 2020. Results for the third quarter and first nine months of 2021 declined 10% and 5%, respectively, due to site closure costs associated with the exit of our ethanol business. Propylene oxide and derivatives results increased by 55% and 58% in the third quarter and first nine 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. Intermediate chemicals results declined 7% during the third quarter of 2021, driven by lower volumes primarily in connection with downtime at our acetyls facilities in La Porte, Texas. Intermediate chemicals results increased 20% during the first nine months of 2021 due to improved margins driven by higher demand and tight market conditions. Oxyfuels and related products results increased 18% and 13% in the third quarter and first nine months of 2021, respectively, primarily driven by margin improvement as a result of improved demand and higher gasoline prices.

Results for the first nine months of 2020 included a \$76 million LCM inventory valuation charge primarily driven by a decline in the price of various gasoline blending components, benzene and styrene since December 31, 2019. Results in the third quarter of 2020 included a \$22 million LCM inventory valuation benefit related to the reversal of LCM inventory valuation charges recognized in the first half of 2020 driven by price improvements for various gasoline blending components since the second quarter of 2020. The absence of similar adjustments in the first nine months and third quarter of 2021 resulted in a 13% and 8% change in EBITDA, respectively.

Advanced Polymer Solutions Segment

Overview—EBITDA for our APS segment decreased in the third quarter of 2021 relative to the third quarter of 2020 primarily due to the absence of LCM inventory valuation benefits recognized in the third quarter of 2020. Results increased in the first nine months of 2021 relative to the first nine months of 2020, primarily due to higher compounding and solutions 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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Sales and other operating revenues	\$ 1,286	\$ 1,004	\$ 3,892	\$ 2,805
Income (loss) from equity investments	—	—	—	(1)
EBITDA	121	157	385	226

Revenues—Revenues increased by \$282 million, or 28%, in the third quarter of 2021 compared to the third quarter of 2020 and by \$1,087 million, or 39%, in the first nine months of 2021 compared to the first nine months of 2020. Average sales price increased resulting in a 34% and 23% increase in revenue in the third quarter and first nine months of 2021, respectively, as sales prices generally correlate with crude oil prices, which on average, increased compared to the same periods in 2020. Sales volumes decreased in the third quarter of 2021 resulting in a 7% decrease in revenue stemming from lower automotive demand in the third quarter on prolonged shortages of semi-conductors across the industry. Sales volumes increased in the first nine months of 2021 resulting in a 10% increase in revenue stemming from higher automotive and construction demand over the nine month period. Foreign exchange impacts resulted in a revenue increase of 1% and 6% in the third quarter and first nine months of 2021, respectively, relative to the comparable periods in 2020.

EBITDA—EBITDA decreased by \$36 million, or 23%, in the third quarter of 2021 compared to the third quarter of 2020 and increased by \$159 million, or 70%, in the first nine months of 2021 compared to the first nine months of 2020.

Results for the first nine months of 2020 included a \$29 million LCM inventory valuation charge primarily resulting from a decline in the price of polymers. Results in the third quarter of 2020 also include a \$40 million LCM inventory valuation benefit related to the reversal of LCM inventory valuation charges recognized in the first half of 2020 resulting from recovery of market prices of polymers. The absence of similar adjustments in the first nine months and third quarter of 2021 resulted in a 13% and 25% change in EBITDA, respectively.

Compounding and solutions results led to an EBITDA increase of 28% in the first nine months of 2021, primarily due to higher volumes driven by higher demand. Increased advanced polymer results led to an EBITDA increase of 16% in the first nine months of 2021 due to higher volumes driven by increased demand for our products utilized in the automotive and construction end markets. During the third quarter of 2021, margin improvements in our advanced polymers business, driven by higher price spreads, resulted in an 8% increase in results. This increase was completely offset by lower compounding and solutions volumes due to constrained production in automotive, appliance and other end markets as a result of semiconductor shortages.

Refining Segment

Overview—EBITDA increased in the third quarter and first nine months of 2021 relative to the third quarter and first nine months of 2020 due to higher margins and the absence of a non-cash impairment charge recognized during the third quarter of 2020.

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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Millions of dollars				
Sales and other operating revenues	\$ 2,288	\$ 1,101	\$ 5,359	\$ 3,468
EBITDA	41	(692)	(150)	(799)
Thousands of barrels per day				
Heavy crude oil processing rates	260	216	220	226
Market margins, dollars per barrel				
Brent - 2-1-1	\$ 16.10	\$ 5.71	\$ 14.00	\$ 5.86
Brent - Maya differential	7.01	4.18	5.97	7.61
Total Maya 2-1-1	\$ 23.11	\$ 9.89	\$ 19.97	\$ 13.47

Revenues—Revenues increased by \$1,187 million, or 108%, in the third quarter of 2021 compared to the third quarter of 2020 and by \$1,891 million, or 55%, in the first nine months of 2021 compared to the first nine months of 2020. Higher product prices led to a revenue increase of 95% and 63% in the third quarter and first nine months of 2021, respectively, due to an average Brent crude oil price increase of approximately \$30 and \$25 per barrel in the third quarter and first nine months of 2021, respectively. Sales volumes increased in the third quarter of 2021 resulting in a 13% increase in revenue due to improved demand. In the first nine months of 2021, revenue decreased 8% as a result of a decline in volumes 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 increased by \$733 million, or 106%, in the third quarter of 2021 compared to the third quarter of 2020 and by \$649 million, or 81%, in the first nine months of 2021 compared to the first nine months of 2020. During the third quarter of 2020, we recognized a non-cash impairment charge of \$582 million relating to our Houston refinery’s asset group with no corresponding charge in the third quarter and first nine months of 2021. The absence of a similar charge in the third quarter and first nine months of 2021 resulted in a 84% and 73% change in EBITDA, respectively. The remaining increase in EBITDA was primarily driven by margin improvements in the third quarter and first nine months of 2021. Margins improved due to an increase in the Maya 2-1-1 market margin resulting from higher demand for refined products. The first nine months of 2021 were also impacted by the absence of unplanned outages at our fluid catalytic cracking unit in 2021, which restricted the yield of higher-margin refined products in the first two quarters of 2020. This was partially offset by margin declines driven by unfavorable by-product crack spreads of \$7 per barrel, higher costs of Renewable Identification Numbers (“RINs”) of approximately \$1 per gallon and the absence of \$60 million of favorable mark-to-market gains on hedges recognized in the first nine months of 2020.

We are currently weighing strategic options for our Refining segment, including a potential sale of our Houston refinery. While the refinery is a valuable asset, we believe that it may be even more valuable as part of a larger refining system. Any strategic option pursued for the Houston refinery remains subject to the approval of our Board of Directors and, assuming such approval is obtained, may require certain regulatory approvals or other closing conditions.

Technology Segment

Overview—EBITDA increased in the third quarter and first nine months of 2021 relative to the third quarter and first nine months of 2020 driven by higher licensing revenues and catalyst volumes.

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

<u>Millions of dollars</u>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Sales and other operating revenues	\$ 238	\$ 193	\$ 586	\$ 492
EBITDA	155	111	341	279

Revenues—Revenues increased by \$45 million, or 23%, in the third quarter of 2021 compared to the third quarter of 2020 and by \$94 million, or 19%, in the first nine months of 2021 compared to the first nine months of 2020. Higher catalyst volumes resulted in a 8% and 6% increase in the third quarter and first nine months of 2021, respectively, primarily driven by strong demand. Changes in average catalyst sales price resulted in a revenue increase of 15% and 4% in the third quarter and first nine months of 2021, respectively. Licensing revenues increased by 3% in the first nine months of 2021. Favorable foreign exchange impacts increased revenue by 6% in the first nine months of 2021.

EBITDA—EBITDA increased by \$44 million, or 40%, in the third quarter of 2021 compared to the third quarter of 2020 and increased by \$62 million, or 22%, in the first nine months of 2021 compared to the first nine months of 2020. EBITDA improvements in the third quarter and first nine months of 2021 were driven by higher licensing revenue driven by more contracts reaching significant milestones. Favorable foreign exchange impacts resulted in an EBITDA increase of 1% and 5% in the third quarter and in the first nine 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>	Nine Months Ended September 30,	
	2021	2020
Cash provided by (used in):		
Operating activities	\$ 4,616	\$ 2,661
Investing activities	(797)	(2,307)
Financing activities	(3,627)	1,192

Operating Activities—Cash provided by operating activities of \$4,616 million in the first nine 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 nine months of 2021, the main components of working capital used \$1,517 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 sales volumes along with higher average sales prices. The increase in Inventories was primarily due to an increase in raw material costs coupled with the replenishment of inventory levels to support anticipated business demands. The increase in Accounts payable 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 \$2,661 million in the first nine 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 nine months of 2020, the main components of working capital provided \$514 million of cash driven primarily by a decrease in Inventory. The decrease in Inventory was primarily driven by company-wide inventory reduction initiatives and lower raw material costs across most of our segments.

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 nine months of 2021 and 2020, we received proceeds of \$309 million and \$313 million, respectively, from our investments in equity securities and \$346 million and \$90 million, respectively, upon the maturity and sales of certain available-for-sale debt securities.

In the first nine months of 2020, we invested \$270 million in debt securities that are deemed available-for-sale and \$267 million in equity securities. Our investments in available-for-sale debt securities and equity securities are classified as Short-term investments.

In the first nine 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. The joint venture is included in our I&D segment.

In the first nine months of 2020, we invested \$472 million in cash for a 50% equity interest in the Bora LyondellBasell Petrochemical Co. Ltd joint venture. This joint venture began operations during the third quarter of 2020 and is included in our O&P—EAI segment.

In July 2021, foreign currency contracts with an aggregate notional value of €300 million expired. Upon settlement of these foreign currency contracts, we paid €300 million (\$355 million at the expiry spot rate) to our counterparties and received \$358 million from our counterparties.

Capital expenditures in the first nine months of 2021 totaled \$1,285 million compared to \$1,673 million in the first nine months of 2020. Approximately 60% 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 will continue to increase in the fourth quarter of 2021 compared to prior quarters, while remaining flat on an annual basis compared to the prior year. See Note 12 to the Consolidated Financial Statements for additional information regarding capital spending by segment.

Financing Activities— In the first nine months of 2021 and 2020, we made payments of \$78 million and \$4 million to acquire approximately 1.0 million and 0.1 million, respectively, of our outstanding ordinary shares. We made dividend payments totaling \$1,110 million and \$1,053 million in the first nine months of 2021 and 2020, respectively.

In 2021, we repaid \$2,275 million outstanding under our Term Loan due 2022, 4% Guaranteed Notes due 2023 and 2.875% Guaranteed notes due 2025.

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 at a discounted price of 99.911%, \$500 million of 3.375% guaranteed notes due 2030 at a discounted price of 99.813% and \$1,000 million of 4.2% guaranteed notes due 2050 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 nine months of 2021 and 2020, we made net repayments of \$103 million and received net proceeds of \$194 million, respectively, through the issuance and repurchase of commercial paper instruments under our commercial paper program.

In the first nine months of 2020, we posted collateral of \$238 million related to the positions held with our counterparties for certain forward-starting interest rate swaps.

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 allocation strategy. In the near term, we are prioritizing debt reduction on our balance sheet.

Cash and Liquid Investments

As of September 30, 2021, we had Cash and cash equivalents and marketable securities classified as Short-term investments totaling \$1,929 million, which includes \$1,593 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 September 30, 2021, we had total debt, including current maturities, of \$13,516 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 \$3,004 million at September 30, 2021, which included the following:

- \$2,104 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 September 30, 2021, we had \$397 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 September 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.

During the first nine months of 2021, we repaid \$2,275 million outstanding under our Term Loan due 2022, 4% Guaranteed Notes due 2023 and 2.875% Guaranteed notes due 2025, and made net repayments of \$103 million of our commercial paper. Additionally, in October 2021 we repaid \$650 million outstanding under our Guaranteed Floating Rate Notes due 2023. We continue to prioritize debt reduction in 2021 and expect total reduction of our outstanding debt for the year to be up to \$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.

Share Repurchases

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. Our share repurchase authorization does not have a stated dollar amount, and purchases may be made through open market purchases, private market transactions or other structured transactions. Repurchased shares could be retired or used for general corporate purposes, including for various employee benefit and compensation plans. The maximum number of shares that may yet be purchased is not necessarily an indication of the number of shares that will ultimately be purchased. In the first nine months of 2021, we purchased approximately 1.0 million shares under our share repurchase authorization for \$89 million.

As of October 27, 2021, we had approximately 32.2 million shares remaining under the current authorization. The timing and amounts of additional shares repurchased, if any, will be determined based on our evaluation of market conditions and other factors, including any additional authorizations approved by our shareholders. For additional information related to our share repurchase authorizations, see Note 10 to the Consolidated Financial Statements.

CURRENT BUSINESS OUTLOOK

We expect strong demand for our products to continue as vaccine rollouts drive further improvements in economic activity around the world. Over the next several quarters, we expect constrained consumer demand will extend strength in automotive, construction and other durable goods markets. While margins are likely to moderate due to increasing feedstock prices, energy costs and winter seasonality, we anticipate ongoing benefits from strong markets and tight industry supply.

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. Additionally, we expect cash generation will continue to provide flexibility for opportunistic share repurchases.

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;
- 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 nine months ended September 30, 2021.

Item 4. CONTROLS AND PROCEDURES

As of September 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 September 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.

In connection with an enforcement initiative of the U.S. Environmental Protection Agency (“EPA”) regarding flare emissions at petrochemical plants, we have settled with the EPA and the Department of Justice (“DOJ”) in order to resolve claims related to alleged improper operation and maintenance of flares at four of our U.S. facilities. Under the terms of the settlement, we will pay a penalty of \$3,400,000, conduct fence line monitoring, and make investments in equipment at the facilities. The consent decree related to the settlement has been filed in the U.S. District Court for the Southern District of Texas.

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

Issuer Purchases of Equity Securities				
Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Authorizations	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Authorizations
July 1 - July 31	—	\$ —	—	34,004,563
August 1 - August 31	—	\$ —	—	34,004,563
September 1 - September 30	953,681	\$ 93.34	953,681	33,050,882
Total	<u>953,681</u>	<u>\$ 93.34</u>	<u>953,681</u>	<u>33,050,882</u>

On May 28, 2021, our shareholders approved a share repurchase authorization of up to 34,004,563 shares of our ordinary shares, through November 28, 2022, which superseded any prior repurchase authorizations. The maximum number of shares that may yet be purchased is not necessarily an indication of the number of shares that will ultimately be purchased.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 6. EXHIBITS

Exhibit Number	Description
10.1+	Form of 2021 Cash Incentive Award Agreement (incorporated by reference to our Current Report on Form 8-K filed with the SEC on August 27, 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: October 29, 2021

/s/ Chukwuemeka A. Oyolu

Chukwuemeka A. Oyolu

Senior Vice President,

Chief Accounting Officer and Investor Relations

(Principal 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.

October 29, 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.

October 29, 2021

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

October 29, 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 Officer)