2023 half-year financial report

IMERYS

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1 Half-Year Activity Report

Imerys delivered a solid performance with a resilient profitability and a strong cash generation in the first half of 2023. The Group revenue reached €1,982 million impacted by continued customer destocking, macroeconomic weakness in most end-markets and high comparatives. In this context, current EBITDA margin was resilient, at 16.7%, as a result in particular of cost discipline and positive price-cost balance. Imerys achieved a strong cash generation with net current free operating cash flow at €135 million before strategic capital expenditures versus €48 million in the first half of 2022, benefitting from several working capital actions. The Group made significant progress on its lithium roadmap, with the joint venture with British Lithium, and further advance in its decarbonation agenda, with new greenhouse gas emission reduction objectives.

Unaudited consolidated results[1] *(€ millions)*	H1 2022	H2 2022	H1 2023	Change year-on-year
Revenue	2,142	2,140	1,982	-7.4%
Organic growth[2]	-	-	-5.6%	-
Current EBITDA[2]	375	345	331	-11.8%
Current EBITDA margin	17.5%	16.1%	16.7%	-
Current operating income	227	211	218	-4.2%
Current operating margin	10.6%	9.9%	11.0%	-
Operating income	226	92	174	-23.0%
Current net income from continuing operations, Group share	149	128	139	-7.1%
Net income from continuing operations, Group share[2]	148	25	101	-31.6%
Net income from discontinued activities, Group share	45	20	44	-0.6%
Net income, Group share[2]	192	45	145	-24.5%
Net current free operating cash flow	6	8	96	-
Current net income from continuing op. per share, Group share	€1.76	€1.52	€1.64	-6.9%

DETAILED REVIEW OF THE GROUP'S RESULTS

REVENUE

Unaudited consolidated results *(€ millions)*	2022	2023	Change			
			Reported Change	Like-for-like change	Volumes	Price mix
First quarter	1,013	997	-1.6%	-0.9%	-11.9%	+11.0%
Second quarter	1,129	985	-12.7%	-10.0%	-13.7%	+3.8%
Total	**2,142**	**1,982**	**-7.4%**	**–5.6%**	**-12.9%**	**+7.3%**

Revenue was €985 million, down -10.0% year-on-year at constant scope and exchange rates in the second quarter of 2023. Group sales volumes were down 13.7%, reflecting the destocking impact, especially in Europe and weaker construction and industrial markets.

In the second quarter, Imerys' price effect was positive thanks to the carry-over effect of price increases implemented last year.

In the first semester, revenue included a negative currency effect of €13 million (-0.6%), primarily as a result of the depreciation of the U.S. dollar against the euro. Recent divestitures had a negative scope effect of €28 million.

[1] *According to IFRS 5, HTS is accounted for as a discontinued operation and reported under 'Net income from discontinued activities' in 2022 (its revenue, expenses and pre-tax profits are not detailed in the consolidated income statement).*
[2] *The definition of alternative performance measures can be found in the glossary at the end of the press release.*

CURRENT EBITDA

Unaudited quarterly data *(€ millions)*	2022	2023	Change
First quarter	156	151	-3.4%
Second quarter	219	180	-17.8%
Total current EBITDA	**375**	**331**	**-11.8%**
Margin	*17.5%*	*16.7%*	*-0.8 bps*

In spite of volume shortfalls, **current EBITDA**[3] was resilient in the second quarter of 2023. The price effect compensated for the increase in variable and fixed costs (+€22 million) and current EBITDA generation was supported by the dividend contribution of joint ventures and associates.

Current operating income reached €113 million for the second quarter of 2023, a 16.9% decrease compared with last year.

CURRENT NET INCOME FROM CONTINUING OPERATIONS

In the second quarter, **current net income from continuing operations** amounted to €72 million, down 20.6% vs. last year.

In the first semester, net financial result was negative at €-26 million, current net income from continuing operations reached €139 million, down 7.1% vs.last year, i.e. €1.64 per share.

NET INCOME

The **net income** in the second quarter includes €5 million of net income from discontinued activities, and €36 million of net operating expenses related to disposal and reorganization activities.

In the first half of 2023, **net income from continuing operations, Group share** reached €101 million, and **net income, Group share**, totaled €145 million.

NET CURRENT FREE OPERATING CASH FLOW

(€ millions)	H1 2022	H1 2023
Current EBITDA (including discontinued operations)	445	338
Increase (-) / decrease (+) in operating working capital	(160)	16
Notional tax on current operating income	(79)	(61)
Other	6	6
Net current operating cash flow (before capital expenditure)	**213**	**299**
Capital expenditure	(181)	(178)
Right of use assets (IFRS 16)	(15)	(25)
Net current free operating cash flow	**16**	**96**
of which discontinued operations	(6)	6
Net current free operating cash flow before strategic capex	**48**	**135**

The strong net current free operating cash flow in the first half of 2023 reflects several actions implemented to improve operating working capital. The Group pursued its strategic capital expenditures efforts.

[3] *The definition of alternative performance measures can be found in the glossary at the end of the press release.*

(€ millions)	H1 2022	H1 2023
Net current free operating cash flow	**16**	**96**
Acquisitions and disposals	71	673
Dividend	(131)	(330)
Change in equity	(2)	(10)
Change in non-operating working capital	7	6
Other non-recurring income and expenses	(23)	(28)
Debt servicing costs	(11)	(19)
Exchange rates and other	(7)	(5)
Change in net financial debt	**(80)**	**384**
Discontinued operations		84

FINANCIAL STRUCTURE

(€ millions)	Dec 31, 2022	June 30, 2023
Net financial debt	1,666	1,198
Shareholders' equity	3,385	3,293
Net financial debt / shareholders' equity	**49%**	**36%**
Net financial debt/current EBITDA*	**2.3x**	**1.7x**

**Based on the last twelve months current EBITDA*

As of June 30, 2023, net financial debt totaled €1,198 million, which corresponds to a net financial debt to current EBITDA ratio of 1.7 x, significantly lower than at December 31, 2022, thanks to the disposal of HTS at the end of January.

The Group's financial strength is demonstrated by the "investment grade" ratings confirmed by Standard and Poor's (November 29, 2022, BBB-, stable outlook) and Moody's (March 13, 2023, Baa3, stable outlook).

FIRST HALF 2023 HIGHLIGHTS

Imerys and British Lithium announce a strategic partnership to accelerate development of UK's largest lithium deposit

On June 29, 2023, Imerys and British Lithium formed a joint venture with the objective of creating the United Kingdom's first integrated producer of battery-grade lithium carbonate. Imerys contributes its lithium mineral resources, land and infrastructure for an 80% stake in the joint venture, whilst British Lithium brings its bespoke lithium processing technology, its technical team and its lithium pilot plant for the remaining 20%. As part of the agreement, Imerys will provide a large lithium deposit: 161 million tonnes of inferred resources at 0.54% lithium oxide content, indicating a life of mine exceeding 30 years. Drilling programme and pre feasibility study (PFS) are in progress. Cornwall would become the leading lithium hub in the UK, with target annual production of 20,000 tonnes of lithium carbonate equivalent, enough to equip 500,000 electric cars per year, by the end of the decade. The mine will adhere to the highest social and environmental standards and follow the Initiative for Responsible Mining Assurance (IRMA) Standard – the most demanding global benchmark for responsible mining.

This joint venture will reduce the UK's and Europe's dependence on critical raw materials imports, thus contributing to the achievement of the European and British climate change targets and the creation of the first fully integrated regional electrical vehicle value chain. The combination of this and the EMILI project in France would make Imerys the largest integrated lithium producer in Europe, representing more than 20% of the announced European lithium output by 2030.

Successful laboratory production of lithium for EMILI in France

The scoping study for the EMILI project in France has been completed, confirming its economic viability. The pre-feasibility study is currently in progress along with the permitting process for the construction of the pilot plant. Imerys has applied to the CNDP (Commission Nationale du Débat Public) to hold a public consultation before summer 2024.

Imerys managed to produce at laboratory scale the first battery-grade lithium hydroxide from the Beauvoir granite. Imerys' technology and process are validated by these encouraging results, which pave the way for the next steps in this key project.

Capacity expansion and new energy recovery plant to turn syngas into electricity at Willebroek, Belgium

As per plan, Willebroek third production line of carbon black for mobile energy was commissioned in the first semester. The construction of a fourth line is well underway at the same location.

Imerys signed a multi-year contract with E.On, one of Europe's largest operators of energy networks and energy infrastructure, in May 2023 to valorize waste syngas and generate electricity in Willebroek, Belgium. The majority of the energy produced will be supplied to the local grid to satisfy the yearly consumption of approximately 40,000 households. The installation of this energy recovery plant will represent a major milestone in Imerys roadmap to reduce its GHG emissions by 42% by 2030, and to enable a more sustainable carbon black production.

Long-term partnership with TotalEnergies for renewable power

Imerys has partnered with TotalEnergies to bring renewable energy to one of its major US production sites, in Lompoc, California. As part of a long-term energy service contract, TotalEnergies will install and operate solar panels and energy storage systems for Imerys under a 25-year power purchase and storage service agreement. The solar-plus-storage system is expected to meet 50% of the Lompoc industrial site's current electrical energy needs and reduce CO2 emissions by 7,000 metric tons annually.

New GHG emission reduction targets approved by the SBTi

In line with the commitments of the Paris Agreement, Imerys has set transparent objectives and concrete actions to significantly reduce the carbon emissions of its operations and develop low carbon products for its customers.

The Group disclosed new emission targets in absolute value, with a reduction of 42% of scope 1 and Scope 2, and 25% of scope 3[4] by 2030 with 2021 as a base year. These new targets have been approved by the SBTi.

OUTLOOK

The macroeconomic environment remains challenging in all main regions. The recovery in China is proceeding at a slower pace than expected and the weakness in the construction market continues to weigh on the industry. With limited visibility into customer demand, still impacted by ongoing destocking, the Group will focus on cost reduction measures and cash generation. Pricing is likely to remain stable at present levels.

Based on current trading, current EBITDA is expected to be in the range of €630-650 million for the full-year 2023 at current perimeter[5].

The Group remains confident that it will achieve its medium term objectives announced during its Capital Markets Day in November 2022 as a result of the Group's global geographic footprint and diversified market exposure, as well as ongoing strategic capital expenditures.

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[4] Scope 3 emissions covered by this target include: purchased goods and services, capital goods, fuel and energy related activities, upstream and downstream transportation and distribution, waste generated in operations, business travel, employee commuting, and investments
[5] including 12 months of the current EBITDA of the assets serving the paper markets expected to be disposed of by the end of the year

REVIEW BY BUSINESS GROUP

PERFORMANCE MINERALS

(67% of consolidated revenue)

Q2 2022 *(€ millions)*	Q2 2023 *(€ millions)*	Like for like change on Q2 2022	Unaudited quarterly data	H1 2022 *(€ millions)*	H1 2023 *(€ millions)*	Like for like change on H1 2022
297	258	-11.0%	Revenue Americas	558	514	-6.4%
348	304	-11.0%	Revenue Europe, Middle East and Africa (EMEA)	659	632	-2.8%
150	134	-6.0%	Revenue Asia-Pacific (APAC)	291	266	-3.5%
(53)	(37)	-	Eliminations	(108)	(76)	-
742	**659**	**-8.7%**	**Total revenue**	**1,400**	**1,336**	**-2.5%**
-	**-**	**-**	**Current EBITDA**	**276**	**215**	**-21.9% ***
-	-	-	Current EBITDA margin	19.7%	16.1%	-

** Reported variation*

Revenue generated by the **Performance Minerals** segment was down 8.7% like-for-like in the second quarter of 2023. On a reported basis, revenue was down 11.2% and includes a negative currency effect of €-12 million (-1.6%).

Revenue in the **Americas** was down 11.0% at constant scope and exchange rates in the second quarter of 2023. In the second quarter of 2023, the decline in the paper market and construction industry accelerated. Prices, however, have been largely maintained.

Revenue in **Europe, Middle East and Africa** decreased by 11.0% at constant scope and exchange rates in the second quarter of 2023. Automotive followed a positive trend, while ceramics and paper were still impacted by destocking and mill downtimes.

Revenue in **Asia-Pacific** was down 6.0% at constant scope and exchange rates in the second quarter of the year. Volumes were impacted by a slow recovery in China and the downturn in the construction sector, both locally and for export markets, and by the decline in the paper sector.

HIGH TEMPERATURE MATERIALS AND SOLUTIONS

(33% of consolidated revenue)

Q2 2022 *(€ millions)*	Q2 2023 *(€ millions)*	Like for like change on Q2 2022	Unaudited quarterly data	H1 2022 *(€ millions)*	H1 2023 *(€ millions)*	Like for like change on H1 2022
387	328	-13.6%	Revenue Refractory, Abrasives & Construction	743	647	-12.3%
0	0	-	Eliminations	0	1	-
387	**328**	**-13.6%**	**Total revenue**	**743**	**648**	**-12.2%**
-	**-**	**-**	**Current EBITDA**	**126**	**77**	**-38.9% ***
-	-	-	Current EBITDA margin	17.0%	11.9%	-

** Reported variation*

Revenue in the **Refractory, Abrasives & Construction** business area was down 13.6% at constant scope and exchange rates in the second quarter of 2023. The sharp drop was largely due to Europe and a consequence of customer destocking, weak industrial activity and increased competition from Asia for energy-intensive businesses. The Indian market performed well and above expectations. The lower level of profitability for the segment relates to lower volumes.

RELATED PARTIES AND RISK FACTORS

RELATED PARTIES

Related parties disclosures in the first half of 2023 are detailed in the present 2023 Half-Year Financial Report: *Chapter 2 - Financial Statements - Note 22.*

RISK FACTORS

An analysis of major risks is regularly conducted within the Group. It results in the mapping of the estimated potential impact of each identified risk and the extent to which it is controlled. This risk analysis and management process of main risk factors of the Group are described in detail in *Chapter 2 of the 2022 Universal Registration Document*.

The main categories of identified risks in *Chapter 2, section 1 of the 2022 Universal Registration Document* are risks related to Imerys' business, industrial, environmental and legal risks. Information related to the management of risks arising from financial liabilities in the first half of 2023 are detailed in the present Half-Year Financial Report: *Chapter 2 - Financial Statements - Note 19.2*.

Management considers that the recent assessment of main risks and uncertainties does not modify the global perception about Imerys' risks as provided in *Chapter 2 of the 2022 Universal Registration Document*.

GLOSSARY

Imerys uses “current” indicators to measure the recurrent performance of its operations, excluding significant items that, because of their nature and their relatively infrequent occurrence, cannot be considered as inherent to the recurring performance of the Group (see *section 5.5 Definitions and reconciliation of alternative performance measures to IFRS indicators in the 2022 Universal Registration Document*).

Alternative Performance Indicators	Definitions and reconciliation to IFRS indicators
Growth at constant scope and exchange rates (also called life-for-like change, LFL growth organic or internal growth)	Calculated by stripping out the impact of currency fluctuations as well as acquisitions and disposals (scope effect). Restatement of the currency effect consists of calculating aggregates for the prior year at the exchange rate of the current year. The impact of exchange rate instruments qualifying as hedging instruments is taken into account in current data. Restatement of Group structure to take into account newly consolidated entities consists of: - subtracting the contribution of the acquisition from the aggregates of the current year, for entities entering the consolidation scope in the current year; - subtracting the contribution of the acquisition from January 1 of the current year, until the last day of the month of the current year when the acquisition was made the prior year, for entities entering the consolidation scope in the prior year. Restatement of entities leaving the consolidation scope consists of: - subtracting the departing entity’s contribution from the aggregates of the prior year as from the first day of the month of divestment, for entities leaving the consolidation scope in the current year; - subtracting the departing entity’s contribution from the aggregates of the prior year, for entities leaving the consolidation scope in the prior year.
Volume effect	The sum of the change in sales volumes of each business area between the current and prior year, valued at the average sales price of the prior year.
Price mix effect	The sum of the change in average prices by product family of each business area between the current and prior year, applied to volumes of the current year.
Current operating income	The operating income before other operating income and expenses (income from changes in control and other non-recurring items).
Net income from current operations	The Group’s share of income before other operating income and expenses, net (income from changes in control and other non-recurring items, net of tax) and income from discontinued operations.
Current EBITDA	Calculated from current operating income before operating amortization, depreciation and impairment losses and adjusted for changes in operating provisions and write-downs, share in net income and including dividends received from joint ventures and associates.
Net current operating cash flow	Net current free operating cash flow before capital expenditure and right-of-use assets (to reflect the IFRS 16 calculation).
Net current free operating cash flow	The Group’s current EBITDA after deducting notional tax, changes in working capital requirement and paid capital expenditure and including subsidies, value of divested assets and miscellaneous.
Net financial debt	The difference between borrowings and financial debt and cash and cash equivalents.
Notional income tax rate	Income tax rate on current income

2 | CONDENSED FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€ millions)	Notes	06.30.2023	06.30.2022(1)
Revenue	**4**	**1,982.4**	**2,141.8**
Raw materials and consumables used	5	(716.7)	(723.5)
External expenses	6	(518.7)	(603.9)
Staff expenses	7	(440.4)	(435.1)
Taxes and duties		(18.3)	(21.3)
Amortization, depreciation and impairment		(132.6)	(149.7)
Intangible assets, mining assets and property, plant and equipment		(113.4)	(129.4)
Right-of-use assets	15	(19.2)	(20.3)
Other current income and expenses		18.1	7.6
Share in net income of joint ventures and associates		44.1	11.4
Current operating income		**217.9**	**227.3**
Gain (loss) from changes in control	8	(13.2)	25.7
Other non-recurring items	8	(30.2)	(26.6)
Operating income		**174.5**	**226.4**
Net financial debt expense		**(13.1)**	**(14.2)**
Income from securities	9	7.2	1.9
Gross financial debt expense	9	(20.3)	(16.1)
Interest expense on borrowings and financial debt		(18.5)	(14.6)
Interest expense on lease liabilities		(1.8)	(1.5)
Other financial income (expenses)		**(12.7)**	**(4.5)**
Other financial income		129.5	131.1
Other financial expenses		(142.2)	(135.6)
Financial income (loss)	**9**	**(25.8)**	**(18.7)**
Income taxes	10	(47.0)	(57.4)
Net income from continuing operations		**101.7**	**150.3**
Net income from continuing operations, Group share(3)	11	101.1	148.1
Net income from continuing operations attributable to non-controlling interests		0.6	2.2
Net income from discontinued operations(2)		**45.3**	**58.5**
Net income from discontinued operations, Group share(3)	11	44.2	44.4
Net income from discontinued operations attributable to non-controlling interests		1.1	14.1
Net income		**147.0**	**208.8**
Net income, Group share(3)	12	145.3	192.5
Net income attributable to non-controlling interests		1.7	16.3
(1) First half 2022 flows were restated following the designation of the High Temperature Solutions line of business as a discontinued operation (Note 20).			
(2) High Temperature Solutions line of business (Note 20).			
(3) Net income per share			
Basic net income per share, Group share (in €)	12	*1.72*	*2.27*
Diluted income per share, Group share (in €)	12	*1.70*	*2.24*
Basic net income from continuing operations per share, Group share (in €)	12	*1.20*	*1.75*
Diluted net income from continuing operations per share, Group share (in €)	12	*1.18*	*1.72*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	Notes	06.30.2023	06.30.2022
Net income		**147.0**	**208.8**
Components that will not be reclassified in profit or loss, before tax			
Gains (losses) on remeasurements of defined benefit plans		(7.6)	58.8
Gains (losses) on investments in equity instruments measured at fair value		(0.5)	(0.6)
Gains (losses) on financial liabilities measured at fair value, attributable to the acquisition of a non-controlling stake			
Components that will be reclassified in profit or loss, before tax			
Cash flow hedges		**(9.0)**	**(5.3)**
Gains (losses)		(35.0)	49.9
Reclassification adjustments[1]		26,0	(55.2)
Hedges of net investments in foreign operations		**(9.4)**	**10.2**
Gains (losses)		(9.4)	10.2
Exchange rate differences		**119.9**	**111.4**
Gains (losses)		(17.2)	109.5
Reclassification adjustments[1] [2]		137.1	1.9
Other comprehensive income, before tax		**93.4**	**174.5**
Components that will not be reclassified in profit or loss, before tax		(8.1)	58.2
Components that will be reclassified in profit or loss, before tax		101.5	116.3
Aggregated income tax on components that will not be reclassified in profit or loss	10	**2.1**	**(15.0)**
Aggregated income tax on components that will be reclassified in profit or loss	10	**2.9**	**(3.1)**
Other comprehensive income		**98.4**	**156.4**
Total comprehensive income		**245.4**	**365.2**
Total comprehensive income, Group share		245.8	343.2
Total comprehensive income attributable to non-controlling interests		(0.4)	22.0

(1) Reclassification of other comprehensive income to the income statement.

(2) All reclassification adjustments relating to exchange rate differences correspond to the reclassification to the income statement of the translation reserve for the High Temperature Solutions line of business, which was sold on January 31, 2023 (Note 20).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	Notes	06.30.2023	12.31.2022
Non-current assets		**4,336.5**	**4,357.4**
Goodwill	13	1,848.5	1,852.2
Intangible assets	14	294.5	287.5
Right-of-use assets	15	137.3	133.1
Mining assets	15	412.2	415.5
Property, plant and equipment	15	1,402.8	1,410.7
Joint ventures and associates		98.9	90.5
Other financial assets		13.5	25.4
Other receivables		26.6	31.8
Derivative financial assets		2.0	-
Deferred tax assets		100.2	110.7
Current assets		**2,167.3**	**2,137.4**
Inventories	17	728.1	789.9
Trade receivables		467.9	489.9
Other receivables		262.7	208.4
Derivative financial assets		20.7	27.0
Other financial assets	19.1	3.7	2.0
Cash and cash equivalents	19.1	684.2	620.2
Assets held for sale(1)	**20**	**433.0**	**1,376.2**
Consolidated assets		**6,936.8**	**7,871.0**
Equity, Group share		**3,249.8**	**3,337.9**
Share capital		169.9	169.9
Share premium		614.4	614.4
Treasury shares		(13.2)	(18.7)
Reserves		2,333.4	2,335.1
Net income, Group share		145.3	237.2
Equity attributable to non-controlling interests		**43.6**	**47.5**
Equity		**3,293.4**	**3,385.4**
Non-current liabilities		**2,457.6**	**2,465.6**
Provisions for employee benefits		156.2	160.2
Other provisions	18	391.9	388.8
Borrowings and financial debt	19.1	1,694.7	1,694.5
Lease liabilities	19.1	100.2	98.1
Other debts		23.6	20.0
Derivative financial liabilities		0.9	4.1
Deferred tax liabilities		90.1	99.9
Current liabilities		**1,053.0**	**1,551.1**
Other provisions	18	41.5	34.3
Trade payables		449.9	540.1
Income tax payable		105.7	104.9
Other debts		322.3	344.3
Derivative financial liabilities		44.6	29.0
Borrowings and financial debt	19.1	17.1	452.7
Lease liabilities	19.1	42.0	42.1
Bank overdrafts	19.1	29.9	3.7
Liabilities related to assets held for sale(2)	**20**	**132.8**	**468.9**
Consolidated equity and liabilities		**6,936.8**	**7,871.0**

(1) Of which, at June 30, 2023, the High Temperature Solutions line of business for €2.4 million and the business serving the paper market for €430.6 million. At December 31, 2022, the High Temperature Solutions line of business for €942.8 million and the business serving the paper market for €432.4 million (Note 20).

(2) Of which, at June 30, 2023, the High Temperature Solutions line of business for €0.8 million and the business serving the paper market for €132 million (Note 20). At December 31, 2022, the High Temperature Solutions line of business for €335.5 million and the business serving the paper market for €133.5 million (Note 20).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€ millions)	Equity, Group share										
				Reserves							
	Share capital	Share premium	Treasury shares	Cash flow hedges	Translation reserve	Other reserves	Reserves subtotal	Net income, Group share	Equity, Group share subtotal	Equity attributable to non-controlling interests	Total
Equity at January 1, 2022	**169.9**	**614.4**	**(13.4)**	**44.0**	**(581.1)**	**2,719.5**	**2,182.4**	**240.1**	**3,193.4**	**48.5**	**3,241.9**
Total comprehensive income	**-**	**-**	**-**	**(3.9)**	**111.5**	**43.2**	**150.8**	**192.4**	**343.2**	**22.0**	**365.2**
Appropriation of net profit of the previous financial year	-	-	-	-	-	240.1	240.1	(240.1)	0.0	-	0.0
Transactions between shareholders	**-**	**-**	**4.0**	**-**	**(5.7)**	**(106.4)**	**(112.1)**	**-**	**(108.1)**	**(17.5)**	**(125.6)**
Dividends	-	-	-	-	-	(131.3)	(131.3)	-	(131.3)	-	(131.3)
Treasury share transactions	-	-	4.0	-	-	(5.7)	(5.7)	-	(1.7)	-	(1.7)
Share-based payments	-	-	-	-	-	7.4	7.4	-	7.4	-	7.4
Transactions with non-controlling interests	-	-	-	-	(5.7)	23.2	17.5	-	17.5	(17.5)	0.0
Equity at June 30, 2022	**169.9**	**614.4**	**(9.4)**	**40.1**	**(475.3)**	**2,896.4**	**2,461.2**	**192.4**	**3,428.5**	**53.0**	**3,481.5**
Equity at January 1, 2023	**169.9**	**614.4**	**(18.7)**	**(7.7)**	**(531.2)**	**2,874.0**	**2,335.1**	**237.2**	**3,337.9**	**47.5**	**3,385.4**
Total comprehensive income	**-**	**-**	**-**	**(6.8)**	**89.6**	**17.7**	**100.5**	**145.3**	**245.8**	**(0.4)**	**245.4**
Appropriation of net profit of the previous financial year	-	-	-	-	-	237.2	237.2	(237.2)	0.0	-	0.0
Transactions between shareholders	**-**	**-**	**5.5**	**-**	**(0.5)**	**(338.9)**	**(339.4)**	**-**	**(333.9)**	**(3.5)**	**(337.4)**
Dividends	-	-	-	-	-	(326.7)	(326.7)	-	(326.7)	(2.9)	(329.6)
Treasury share transactions	-	-	5.5	-	-	(15.9)	(15.9)	-	(10.4)	-	(10.4)
Share-based payments	-	-	-	-	-	4.7	4.7	-	4.7	-	4.7
Transactions with non-controlling interests	-	-	-	-	(0.5)	(1.0)	(1.5)	-	(1.5)	(0.6)	(2.0)
Equity at June 30, 2023	**169.9**	**614.4**	**(13.2)**	**(14.5)**	**(442.1)**	**2,790.0**	**2,333.4**	**145.3**	**3,249.8**	**43.6**	**3,293.5**

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ millions)	Notes	06.30.2023	06.30.2022
Net income		**147.0**	**208.8**
Adjustments			
Adjustments for depreciation and amortization	Appendix	152.0	176.1
Adjustments for impairment loss on goodwill	8	2.0	-
Adjustments for impairment loss (reversal of impairment loss) recognized in profit or loss, trade and other receivables		(6.1)	(0.9)
Adjustments for impairment loss (reversal of impairment loss) recognized in profit or loss, inventories		(2.3)	1.3
Adjustments for provisions	Appendix	9.4	7.3
Adjustments for share-based payments		4.7	7.4
Adjustments for losses (gains) on disposal of non-current assets	Appendix	(50.5)	(29.6)
Adjustments for undistributed profits from joint ventures and associates		(44.5)	(17.4)
Adjustments for net interest income and expense		13.3	16.3
Adjustments for fair value losses (gains)		2.8	1.0
Other adjustments for non-cash items		(0.2)	-
Other adjustments for which cash effects are investing or financing cash flow		17.4	9.4
Change in working capital requirement		**8.0**	**(203.0)**
Adjustments for decrease (increase) in inventories		60.1	(166.5)
Adjustments for decrease (increase) in trade receivables		37.7	(179.1)
Adjustments for increase (decrease) in trade payables		(81.7)	185.7
Adjustments for other receivables and debts		(8.1)	(43.1)
Adjustments for income tax expense		**43.3**	**78.1**
Net cash flow from (used in) operations		**296.3**	**254.8**
Interest paid		(11.9)	(13.3)
Income taxes refund (paid)		(40.7)	(50.4)
Adjustments for dividends received		(0.1)	-
Adjustments for dividends received from joint ventures and associates		30.3	2.3
Net cash flows from (used in) operating activities		**273.9**	**193.4**
of which discontinued operations[(1)]		*11.4*	*(2.3)*

(1) High Temperature Solutions line of business (Note 20).

(€ millions)	Notes	06.30.2023	06.30.2022
Acquisitions of intangible assets		(14.5)	(18.1)
Acquisitions of property, plant and equipment	Appendix	(125.6)	(125.4)
Change in payables on acquisitions of intangible assets and property, plant and equipment		(38.1)	(37.9)
Cash flows used in (from gaining) control of subsidiaries or other businesses		0.1	(19.9)
Other cash payments related to the acquisition of equity and debt instruments of other entities		(0.1)	-
Proceeds from disposals of intangible assets and property, plant and equipment	Appendix	3.2	6.0
Cash flows from losing control of subsidiaries or other businesses(1)		552.9	82.8
Cash advances and loans granted to third parties		0.5	(8.0)
Cash receipts from repayment of advances and loans granted to third parties		2.6	5.7
Interest received		4.3	1.8
Cash flow from investing activities		**385.3**	**(113.0)**
of which discontinued operations(2)		*(60.7)*	*(26.0)*
Proceeds from issuing shares		3.6	-
Payments to acquire or redeem treasury shares		(10.4)	(1.7)
Dividends paid		(329.6)	(131.3)
Proceeds from borrowings		0.7	0.3
Repayments of borrowings		-	(6.1)
Payments of lease liabilities		(23.4)	(24.1)
Other cash inflows (outflows)(3)		(358.4)	207.2
Cash flow from financing activities		**(717.5)**	**44.3**
of which discontinued operations(2)		*(58.4)*	*13.8*
Change in cash and cash equivalents		**(58.3)**	**124.7**

(1) Of which, at June 30, 2023, €552.0 million with respect to the High Temperature Solutions line of business. At December 31, 2022, €49.0 million received with respect to the loss of control of the hydrous kaolin business in the US and €33.4 million with respect to the loss of control of the natural graphite business in Canada and Namibia (Note 20).

(2) High Temperature Solutions line of business. Includes payables and cash outflows on sold entities in connection with disposals (Note 20).

(3) Mainly made-up of short-term negotiable debt securities issued.

(€ millions)	06.30.2023	12.31.2022
Cash and cash equivalents net of bank overdrafts at the beginning of the period	**616.5**	**547.1**
Change in cash and cash equivalents	(58.3)	232.0
Reclassification to assets held for sale(1)	109.4	(159.6)
Exchange rate effects	(13.0)	(3.0)
Cash and cash equivalents net of bank overdrafts at the end of the period	**654.3**	**616.5**
Cash	318.7	593.1
Cash equivalents	365.5	27.1
Bank overdrafts	(29.9)	(3.7)

(1) €107.1 million in the first half of 2023 with respect to the High Temperature Solutions business (-€107.1 million in 2022) and €2.3 million in the first half of 2023 with respect to the business serving the paper market (-€52.5 million in 2022) (Note 20).

Appendix: table of indirect references to the notes

The following table is intended to help users of the financial statements reconcile the amounts presented in the Consolidated Statement of Cash Flows and the amounts presented in the Notes to the Financial Statements.

(€ millions)	Notes	06.30.2023	06.30.2022
Consolidated Statement of Cash Flows			
Adjustments for depreciation and amortization		152.0	176.1
Increase in amortization – intangible assets	14	11.3	13.1
Increase in depreciation – property, plant and equipment	15	121.3	150.2
Impairment – intangible assets	14	-	0.1
Impairment – property, plant and equipment	15	20.3	12.7
Reversal of impairment – intangible assets and property, plant and equipment		(0.9)	-
Adjustments for provisions		9.4	7.3
Net change in provisions for employee benefits – Current operating income		(0.9)	(2.3)
Net change in provisions for employee benefit liabilities – Closed plans		(4.7)	(3.1)
Normative return on assets of defined benefit plans		(18.0)	(10.7)
Unwinding of defined employee benefit liabilities		20.6	12.5
Net change in termination benefits		(1.8)	0.2
Increase in other provisions	18	34.1	42.6
Change in adjusted provisions for the cost of property, plant and equipment		(3.3)	(5.1)
Use of other provisions	18	(14.2)	(17.7)
Reversals of unused portions of other provisions	18	(4.1)	(11.1)
Unwinding of other provisions	18	1.7	1.6
Unwinding of other debts		-	0.4
Adjustments for losses (gains) on disposal of non-current assets		(50.5)	(29.5)
Income from asset disposals – continuing operations	8	2.8	0.8
Income from disposals of consolidated businesses – continuing operations	8	(1.1)	(30.4)
Income from disposals of consolidated businesses – discontinued operations	20	(53.5)	0.4
Income from non-recurring asset disposals – continuing operations	8	1.3	0.1
Income from non-recurring asset disposals – discontinued operations		-	(0.4)
Acquisitions of property, plant and equipment		(125.6)	(125.4)
Property, plant and equipment	15	(128.9)	(130.5)
Change in adjusted provisions for the cost of property, plant and equipment		3.3	5.1
Proceeds from disposals of intangible assets and property, plant and equipment		3.2	5.9
Intangible assets	14	4.0	3.3
Property, plant and equipment	15	3.0	1.4
Income from asset disposals – continuing operations		(2.8)	(0.8)
Income from non-recurring asset disposals – continuing operations		(1.3)	(0.1)
Income from non-recurring asset disposals – discontinued operations		-	0.4
Change in receivables on disposals of intangible assets and property, plant and equipment		0.3	1.7

NOTES TO THE FINANCIAL STATEMENTS

SIGNIFICANT EVENTS OF THE PERIOD

This paragraph helps readers to easily identify the main notes addressing significant events that occurred in the first half of 2023.

- Disposal of the High Temperature Solutions line of business and planned disposal of the business serving the paper market: *Notes 8, 13 and 20*.
- Majority equity investment in British company Research British Lithium: *Note 20*.
- Developments in the operational litigation related to the historical talc business in North America: *Note 18*.

BASIS OF PREPARATION

Note 1 Accounting principles

The half-year financial statements at June 30, 2023 are intended to update the information published in the full-year financial statements at December 31, 2022 in accordance with International Financial Reporting Standards (IFRS) adopted within the European Union (hereafter "the Principles"). They are presented here in a condensed form in accordance with IAS 34, Interim Financial Reporting and do not include all the information covered in the complete financial statements as published at the end of the financial year. They must therefore be analyzed in conjunction with the Group's full-year financial statements published at December 31, 2022. The European Union's adoption process of certain decisions may result in temporary differences at the end of the reporting period between the Framework and IFRS. This was the case at June 30, 2023 for the amendments to IAS 12 relating to Pillar II rules as part of the OECD's International Tax Reform, without this temporary difference having a material impact *(Note 2.1)*. The half-year consolidated financial statements were approved by the Board of Directors of Imerys S.A., the parent company of the Group, at its meeting held on July 27, 2023.

Note 2 Changes in accounting policies, errors, estimates and judgments

2.1 Mandatory changes

Early adoption

Imerys did not early adopt any standard or interpretation in 2023.

Adoption upon effective date

Amendments to IAS 1, Disclosure of Accounting Policies. While the current standard requires that an issuer discloses its significant accounting policies; these amendments require the disclosure of material accounting policies. Such amendments provide that an accounting policy may be material because of its nature, even in the absence of significant amounts, especially if the users of the financial statements need to be aware of the policy to understand other information contained therein. The provisions of these amendments are currently being analyzed and no material impact has been identified to date.

Amendments to IAS 8, Definition of Accounting Estimates. Having observed that issuers may struggle to differentiate between changes in accounting policy that must be applied retrospectively and changes in accounting policy that must be applied prospectively, in particular regarding changes to measurement methods, the standard setter reviewed these two definitions with examples. The provision of these amendments did not have a material impact on the period presented.

Amendment to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendment clarifies that the initial recognition exemption for deferred taxes does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition, for example in relation to the initial recognition of leases. This clarification did not require any significant change to be made to the accounting policies applied by Imerys, which already complied with these principles.

Moreover, the following amendments to IAS 12, applicable at January 1, 2023, have yet to be adopted for use by the European Union.

Amendments to IAS 12, Income Taxes: International Tax Reform – Pillar II Model Rules. In December 2021, the Organisation for Economic Co-operation and Development (OECD) published a set of guidelines ("GloBE Rules") aimed at ensuring that issuers with revenue of €750.0 million or above pay tax of at least 15.0% on the income arising in each of the countries in which they operate. After having identified several sources of technical complexity relating to the calculation of deferred taxes as part of this project, the IASB proposed an amendment aimed at supporting the transition period until these rules are fully applied. The amendment therefore includes an exemption under which the issuer does not recognize deferred tax assets and liabilities relating to the GloBE Rules and provides for information to be supplied. Imerys has undertaken an assessment of the impact relating to the application of the GloBE Rules and has identified no material impact at this point.

2.2 Voluntary changes

No voluntary changes were applied in 2023 or 2022.

2.3 First application of accounting policies

The occurrence of transactions, events or conditions that did not occur previously or were immaterial may require the application of accounting policies previously provided for in the Framework. In the first half of 2022, the Turkish economy became hyperinflationary, requiring the first-time application of certain provisions of IAS 21, The Effects of Changes in Foreign Exchange Rates, IAS 29, Financial Reporting in Hyperinflationary Economies and the interpretation of IFRIC 7, Applying the Restatement Approach under IAS 29. These new accounting policies were applied to Imerys' main operation in Türkiye, Haznedar, which was sold as part of the High Temperature Solutions line of business *(Note 20)*. No first application of accounting policies previously provided for in the Framework took place in the first half of 2023.

2.4 Errors

No errors were corrected in 2022 or 2023.

2.5 Estimates and judgments

The matters that require Executive Management to make material estimates and judgments are identified in *Note 4* of *chapter 6 of the 2022 Universal Registration Document*. These factors remained relevant throughout the first half of 2023 and Executive Management continued to carefully consider these areas of estimates and judgments.

2.6 Presentation of the financial statements

Some comparative data may have been reclassified to comply with the current year's presentation or with IFRS.

Note 3 Standards and interpretations effective after the closing date

In line with the European Union's latest IFRS endorsement status report of May 30, 2023 published by the European Financial Reporting Advisory Group (EFRAG), Imerys will apply the following standards and interpretations in 2024.

Amendments to IAS 1, Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants. The modifications proposed by these amendments clarify that the split between current and non-current liabilities at the end of the reporting period is based on the contractual arrangements, irrespective of the issuer's intentions as well as any changes to covenants covering these liabilities after the end of the reporting period (*Note 19.2*). The provisions of these amendments are currently being analyzed and no material impact has been identified to date.

Amendments to IAS 7*, Statement of Cash Flows* and IFRS 7, *Financial instruments: Disclosures*: Supplier Finance Arrangements. The purpose of these amendments is to improve information relating to supplier finance arrangements, also referred to as reverse factoring. This type of arrangement allows an issuer to assign some of its trade payables to a factor. At the end of this transaction, the payable initially due to the supplier is due to the factor. Depending on the arrangement, the characteristics of the liability may be maintained or significantly amended, which, depending on the case, confirms the classification of the liability as a trade payable, or leads to its reclassification as financial debt. The amendment provides for the presentation of the characteristics of current arrangements, as well as their impact on the financial statements. Imerys does not have any supplier finance arrangements.

Amendment to IFRS 16, Lease liability in a sale and leaseback. A leaseback is a transaction through which an entity transfers the control of an asset to a purchaser, who immediately leases the same asset back to the entity. IFRS 16, Leases, already described the principle whereby, on the date the asset is sold, an amount reflecting the value of the rights transferred to the purchaser must be measured and a lease liability and right-of-use asset must be recognized. The present amendment clarifies the situation where the lease includes variable payments, for example related to the revenue generated from future sales using the leased asset. The variable payments must be integrated in the measurement of the lease liability, creating an exception to the general principle of the standard, which only considers fixed payments. The amendment also states that lease liabilities measured in this way then follow the general principles of the standard regarding subsequent measurements, and no gain or loss should be recognized in relation to the right-of-use retained during subsequent measurements. This amendment does not apply to any of the Group’s existing transactions.

INFORMATION BY SEGMENT

Imerys is split into two segments – Performance Minerals (PM) and High Temperature Materials & Solutions (HTMS) – grouping five business areas to focus on the Group's core markets. Each of the reported segments manufactures and sells goods and services presenting geological, industrial and commercial synergies. They are formed through the aggregation of business areas monitored each month by Executive Management in its business reporting. Executive Management does not consider the holding structure that handles the Group's centralized financing to be a segment. The aggregates for this activity are therefore presented in a reconciliation column with inter-segment eliminations (IS&H).

Consolidated Income Statement

Revenue from transactions made by Imerys with each of its external customers never exceeds the threshold of 10.0% of the Group's revenue.

At June 30, 2023

(€ millions)	**PM**	HTMS	IS&H	Total
Revenue	**1,335.9**	**648.0**	**(1.5)**	**1,982.4**
Current operating income	**141.3**	**37.9**	**38.7**	**217.9**
Of which amortization, depreciation and impairment	(80.6)	(43.5)	(8.5)	(132.6)
Other operating income and expenses				**(43.4)**
Operating income				**174.5**
Financial income (loss)				**(25.8)**
Interest income				7.2
Interest expense				(20.3)
Income taxes				**(47.0)**
Net income from discontinued operations [1]				**45.3**
Net income				**147.0**

(1) High Temperature Solutions line of business (Note 20).

At June 30, 2022

(€ millions)	PM	HTMS	IS&H	Total
Revenue	**1,400.4**	**743.0**	**(1.6)**	**2,141.8**
Current operating income	**175.0**	**79.1**	**(26.8)**	**227.3**
Of which amortization, depreciation and impairment	(96.4)	(44.7)	(8.7)	(149.7)
Other operating income and expenses				**(0.9)**
Operating income				**226.4**
Financial income (loss)				**(18.7)**
Interest income				1.9
Interest expense				(16.1)
Income taxes				**(57.4)**
Net income from discontinued operations [1]				**58.5**
Net income				**208.8**

(1) High Temperature Solutions line of business (Note 20).

Current EBITDA

At June 30, 2023

(€ millions)	PM	HTMS	IS&H	Total
Revenue	1,335.9	648.0	(1.5)	1,982.4
Current operating income	141.3	37.9	38.7	217.9
Adjustments				
Amortization, depreciation and impairment	80.6	43.5	8.5	132.6
Change in current operating write-downs and provisions	(3.8)	(4.1)	2.1	(5.8)
Share in net income of joint ventures and associates	(5.4)	(0.2)	(38.5)	(44.1)
Dividends received from joint ventures and associates	2.7	0.1	27.5	30.3
Current EBITDA	**215.5**	**77.1**	**38.3**	**330.9**

At June 30, 2022

(€ millions)	PM	HTMS	IS&H	Total
Revenue	1,400.4	743.0	(1.6)	2,141.8
Current operating income	175.0	79.1	(26.8)	227.3
Adjustments				
Amortization, depreciation and impairment	96.4	44.7	8.7	149.7
Change in current operating write-downs and provisions	5.8	2.8	(1.5)	7.1
Share in net income of joint ventures and associates	(3.7)	(0.2)	(7.5)	(11.4)
Dividends received from joint ventures and associates	2.3	0.1	(0.1)	2.3
Current EBITDA	**275.9**	**126.5**	**(27.1)**	**375.3**

Consolidated Statement of Financial Position

At June 30, 2023

(€ millions)	PM	HTMS	IS&H	Total
Capital employed – Assets	**3,441.3**	**2 063.2**	**175.1**	**5,679.6**
Goodwill(1)	1,101.4	746.3	0.8	1,848.5
Intangible assets and property, plant and equipment(2)	1,422.6	724.5	99.7	2,246.8
Inventories	361.1	367.0	-	728.1
Trade receivables	327.2	141.5	(0.7)	467.9
Other receivables – non-current and current	199.1	79.6	10.6	289.3
Joint ventures and associates	29.9	4.3	64.7	98.9
Unallocated assets				**824.3**
Assets held for sale(3)				**433.0**
Total assets				**6,936.9**
Capital employed – Liabilities	**559.0**	**361.1**	**(18.6)**	**901.5**
Trade payables	284.9	145.8	19.2	449.9
Other debts – non-current and current	242.4	177.2	(73.8)	345.8
Income taxes payable	31.7	38.0	36.0	105.7
Provisions	**381.3**	**106.4**	**101.9**	**589.6**
Unallocated liabilities				**2,019.5**
Liabilities related to assets held for sale(3)				**132.8**
Total non-current and current liabilities				**3 643.4**
Total capital employed	**2,882.3**	**1 702.1**	**193.7**	**4,778.1**
(1) Increase in goodwill	*-*	*-*	*-*	*-*
(2) Acquisitions of intangible assets and property, plant and equipment	*62.8*	*94.7*	*10.8*	*168.3*

(3) High Temperature Solutions line of business and the business serving the paper market (Note 20).

At December 31, 2022

(€ millions)	PM	HTMS	IS&H	Total
Capital employed – Assets	**3,400.8**	**2,122.8**	**186.0**	**5,709.5**
Goodwill(1)	1,100.3	751.2	0.8	1,852.2
Intangible assets and property, plant and equipment(2)	1,384.3	763.5	99.0	2,246.8
Inventories	381.2	411.5	(2.8)	789.9
Trade receivables	360.5	134.1	(4.7)	489.9
Other receivables – non-current and current	147.3	58.3	34.6	240.2
Joint ventures and associates	27.2	4.2	59.1	90.5
Unallocated assets				**785.3**
Assets held for sale(3)				**1,376.2**
Total assets				**7,871.0**
Capital employed – Liabilities	**636.2**	**329.6**	**43.5**	**1,009.3**
Trade payables	339.5	192.5	8.0	540.1
Other debts – non-current and current	256.7	95.9	11.7	364.3
Income taxes payable	39.9	41.2	23.8	104.9
Provisions	**382.8**	**103.1**	**97.4**	**583.3**
Unallocated liabilities				**2,424.1**
Liabilities related to assets held for sale(3)				**468.9**
Total non-current and current liabilities				**4,485.5**
Total capital employed	**2,764.5**	**1,793.4**	**142.3**	**4,700.2**
(1) Increase in goodwill	*-*	*6.3*	*-*	*6.3*
(2) Acquisitions of intangible assets and property, plant and equipment	*307.8*	*118.5*	*30.9*	*457.2*

(3) High Temperature Solutions line of business and the business serving the paper market (Note 20).

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 4 Revenue

Given the diversity of the Group's operations and geographic spread, Imerys is not materially affected by seasonal variations or economic cycles in certain markets, in particular the steel, automotive and construction industries. The following table presents a breakdown of revenue by sale of goods and rendering of services.

(€ millions)	06.30.2023	06.30.2022
Sale of goods	1,812.8	1,950.6
Rendering of services	169.6	191.2
Total	**1,982.4**	**2,141.8**

The following table presents a different breakdown of revenue by the time at which goods or services are transferred to customers, distinguishing between goods and services transferred to customers at a given point in time and services transferred to customers over time.

(€ millions)	06.30.2023	06.30.2022
Goods and services transferred to customers at a given point in time	**1,819.4**	**1,954.7**
Sale of material specialties	1,812.8	1,950.6
Rendering of industrial services	6.2	3.8
Rendering of other services	0.4	0.3
Services transferred to customers over time	**163.0**	**187.1**
Shipping revenue	160.9	180.3
Rendering of other services	2.1	6.8
Total	**1,982.4**	**2,141.8**

Note 5 Raw materials and consumables used

(€ millions)	06.30.2023	06.30.2022
Raw materials	(247.8)	(346.3)
Energy	(219.9)	(278.9)
Chemicals	(33.8)	(43.9)
Other consumables	(125.9)	(137.0)
Merchandise	(36.6)	(43.8)
Change in inventories	(58.1)	118.8
Self-constructed assets	5.4	7.6
Total	**(716.7)**	**(723.5)**

Note 6 External expenses

(€ millions)	06.30.2023	06.30.2022
Transportation	(263.6)	(335.9)
Lease payments recognized in expenses	(19.7)	(19.4)
Lease term of 12 months or less	(11.7)	(10.6)
Leases of low-value assets	(0.1)	(0.2)
Variable payments and services	(7.9)	(8.6)
Subcontracting	(65.5)	(59.7)
Maintenance and repair	(50.7)	(58.8)
Fees	(41.6)	(43.9)
Other external expenses	(77.6)	(86.2)
Total	**(518.7)**	**(603.9)**

Note 7 Staff expenses

(€ millions)	06.30.2023	06.30.2022
Salaries	(335.7)	(335.5)
Social security contributions	(67.3)	(61.8)
Net change in provisions for employee benefits	0.8	1.7
Contributions to defined benefit plans	(5.7)	(5.3)
Contributions to defined contribution plans	(10.5)	(13.2)
Profit-sharing	(18.4)	(14.3)
Other employee benefits	(3.6)	(6.7)
Total	**(440.4)**	**(435.1)**

Note 8 Other operating income and expenses

“Other operating income and expenses” corresponds to items of income and expenses resulting from a limited number of clearly identified, non-recurring and material events, such as the impact in profit of acquiring or losing control of a business *(Note 20)*, restructuring including any related asset disposals, impairment loss recognized against goodwill *(Note 13)* or material litigation *(Note 18)*.

(€ millions)	06.30.2023	06.30.2022
Gain (loss) from changes in control	**(13.2)**	**25.7**
Transaction costs	(14.3)	(4.7)
Income from disposals of consolidated businesses	1.1	30.4
Other non-recurring items	**(30.2)**	**(26.6)**
Impairment loss recognized against goodwill	(2.0)	-
Impairment due to restructuring	(19.3)	(16.3)
Income from non-recurring asset disposals	-	0.3
Restructuring expenses paid	(0.5)	(12.3)
Change in provisions	(8.4)	(1.3)
Share of net income from non-recurring operations of associates	-	3.0
Other operating income and expenses	**(43.4)**	**(0.9)**

Other operating income and expenses in the first half of 2023

“Other gross operating income and expenses” stood at -€43.4 million, of which -€24.5 million related to the project of disposal of the business serving the paper market *(Note 20)*, -€12.3 million to the restructuring of industrial assets in China and -€4.4 million to restructuring prior to 2022.

Other operating income and expenses in the first half of 2022

“Other operating income and expenses” represented a €0.9 million expense, of which:

- +€21.0 million of “Gain (loss) from changes in control”, mainly made up of €31.8 million in income from the disposal of the natural graphite business in Canada and Namibia *(Note 20)*, a €9.4 million expense incurred by the disposal of the hydrous kaolin business in the US *(Note 20)* and a €9.4 million expense in transaction costs; and
- a €21.9 million loss corresponding to “Other non-recurring items”, mainly made up of an €18.3 million expense for restructuring and write-down of assets of the Group’s operations in Russia and Ukraine.

Note 9 Financial income (loss)

At June 30, 2023

	Non-hedge accounting			Total		
	Categories IFRS 9					
(€ millions)	Amortized cost	Fair value through profit or loss	Non IFRS 9	Income	Expenses	Net
Net financial debt expense	**(20.3)**	**7.2**	**0.0**	**7.2**	**(20.3)**	**(13.1)**
Income from securities	-	7.2	-	7.2	-	7.2
Gross financial debt expense	(20.3)	-	-	-	(20.3)	(20.3)
Other financial income (expenses)	**(4.0)**	**(0.2)**	**(8.5)**	**129.5**	**(142.2)**	**(12.7)**
Dividends	-	-	0.2	0.2	-	0.2
Net exchange rate differences	(2.4)	(0.2)	(2.5)	106.7	(111.8)	(5.1)
Financial income and expenses of defined benefit plans	-	-	(4.3)	17.9	(22.2)	(4.3)
Unwinding of other provisions	-	-	(1.7)	-	(1.7)	(1.7)
Other financial income (expenses)	(1.6)	-	(0.2)	4.7	(6.5)	(1.8)
Financial income (loss)	**(24.3)**	**7.0**	**(8.5)**	**136.7**	**(162.5)**	**(25.8)**

At June 30, 2022

	Non-hedge accounting			Total		
	Categories IFRS 9					
(€ millions)	Amortized cost	Fair value through profit or loss	Non IFRS 9	Income	Expenses	Net
Net financial debt expense	**(16.1)**	**1.9**	**0.0**	**1.9**	**(16.1)**	**(14.2)**
Income from securities	-	1.9	-	1.9	-	1.9
Gross financial debt expense	(16.1)	-	-	-	(16.1)	(16.1)
Other financial income (expenses)	**1.9**	**(0.2)**	**(6.2)**	**131.1**	**(135.6)**	**(4.5)**
Net exchange rate differences	5.2	(0.7)	(0.1)	115.7	(112.6)	3.1
Financial income and expenses of defined benefit plans	-	-	(3.2)	10.6	(13.8)	(3.2)
Unwinding of other provisions	-	-	(2.9)	-	(2.9)	(2.9)
Other financial income (expenses)	(3.3)	0.5	-	4.8	(7.6)	(2.8)
Financial income (loss)	**(14.2)**	**1.7**	**(6.2)**	**133.0**	**(151.7)**	**(18.7)**

Note 10 Income taxes

Half-year income tax rate

The tax rate applied to the half-year income is obtained using an estimate of the rate applicable to the annual income. The estimate is calculated by taking the average legal rates weighted by the forecasted results. This weighted average is adjusted for permanent differences expected to occur over the period as well as events whose trigger events relate to the first half of the year.

Income taxes recognized in profit or loss

(€ millions)	**06.30.2023**	**06.30.2022**
Payable and deferred income taxes		
Income tax payable	(42.7)	(60.7)
Deferred taxes	(4.3)	3.3
Total	**(47.0)**	**(57.4)**
Income taxes by level of profit		
Income taxes on current operating and financial income (loss)	**(51.9)**	**(56.3)**
Income taxes payable on current operating and financial income (loss)	(46.5)	(54.5)
Deferred taxes on current operating and financial income (loss)	(5.4)	(1.8)
Income taxes on other operating income and expenses	**4.9**	**(1.1)**
Income taxes payable on other operating income and expenses	3.8	(6.2)
Deferred taxes on other operating income and expenses	1.1	5.1
Total	**(47.0)**	**(57.4)**

Income taxes recognized in equity

(€ millions)	**06.30.2023**	**06.30.2022**
Gains (losses) on remeasurements of defined benefit plans	2.0	(15.2)
Gains (losses) on investments in equity instruments measured at fair value	0.1	0.2
Income taxes on components that will not be reclassified	**2.1**	**(15.0)**
Cash flow hedges	**2.3**	**1.5**
Income taxes recognized in equity	9.3	(12.8)
Income taxes reclassified in profit or loss	(7.0)	14.3
Translation reserve	**0.6**	**(4.6)**
Income taxes recognized in equity	0.6	(4.6)
Income taxes reclassified in profit or loss	-	-
Income taxes on components that will be reclassified	**2.9**	**(3.1)**
Total	**5.0**	**(18.1)**

Income taxes paid

In the first half of 2023, income taxes paid in cash and using tax credits amounted to €40.7 million (€50.4 million in the first half of 2022).

Note 11 Net income from current operations and Net income, Group share

(€ millions)	06.30.2023	06.30.2022
Current operating income	217.9	227.3
Financial income (loss)	(25.8)	(18.7)
Income taxes on current operating income and financial income (loss)	(51.9)	(56.3)
Current operating income (expenses) and financial income (loss) attributable to non-controlling interests	(1.3)	(3.1)
Net income from continuing current operations, Group share	**138.9**	**149.2**
Net income from discontinued current operations, Group share[(1)]	**6.2**	**53.4**
Other operating income (expenses), gross	(43.4)	(0.9)
Income taxes on other operating income and expenses[(2)]	4.9	(1.1)
Other operating income (expenses) attributable to non-controlling interests	0.7	0.9
Net income from continuing operations, Group share	**101.1**	**148.1**
Net income from discontinued operations, Group share[(1)]	**44.2**	**44.4**

(1) High Temperature Solutions line of business (Note 20).

(2) Including income taxes on gain (loss) on the net monetary position.

Note 12 Earnings per share

(€ millions)	06.30.2023	06.30.2022
Numerator		
Net income from continuing operations, Group share	101.1	148.1
Net income from discontinued operations, Group share[(1)]	44.2	44.4
Net income, Group share	**145.3**	**192.5**
Net income from continuing current operations, Group share	138.9	149.2
Net income from discontinued current operations, Group share[(1)]	6.2	53.4
Net income from current operations, Group share	**145.1**	**202.6**
Denominator		
Weighted average number of shares used to calculate basic income per share	84,470,980	84,688,000
Diluted impact of free shares	1,238,625	1,399,813
Weighted average number of shares used to calculate diluted income per share	85,709,605	86,087,813
Basic income per share, Group share (in €)	**1.72**	**2.27**
Basic net income per share from continuing operations, Group share	1.20	1.75
Basic net income per share from discontinued operations, Group share[(1)]	0.52	0.52
Basic net income per share from continuing current operations, Group share	1.64	1.76
Basic net income per share from discontinued current operations, Group share[(1)]	0.07	0.63
Diluted income per share, Group share (in €)	**1.70**	**2.24**
Diluted net income per share from continuing operations, Group share	1.18	1.72
Diluted net income per share from discontinued operations, Group share[(1)]	0.52	0.52
Diluted net income per share from continuing current operations, Group share	1.62	1.73
Diluted net income per share from discontinued current operations, Group share[(1)]	0.07	0.62

(1) High Temperature Solutions line of business (Note 20).

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note 13 Goodwill

(€ millions)	06.30.2023	12.31.2022
Carrying amount at the beginning of the period	**1,852.2**	**2,144.7**
Gross amount	1,937.4	2,241.0
Impairment	(85.2)	(96.3)
Outgoing entities	-	(1.5)
Reclassification to assets held for sale(1)	2.9	(202.7)
Exchange rate differences	(4.6)	19.7
Impairment	(2.0)	(108.0)
Carrying amount at the end of the period	**1,848.5**	**1,852.2**
Gross amount	1,926.7	1,937.4
Impairment	(78.2)	(85.2)

(1) In 2022, €200.7 million with respect to the High Temperature Solutions line of business and €2.0 million with respect to the business serving the paper market (Note 20).

Note 14 Intangible assets

(€ millions)	Software	Trademarks, patents and licenses	Industrial processes	Emission rights	Assets in progress and other	Total
Carrying amount at January 1, 2022	**53.9**	**177.8**	**1.3**	**-**	**70.9**	**303.9**
Gross amount	163.7	198.3	6.6	-	160.1	528.7
Amortization and impairment	(109.8)	(20.5)	(5.3)	-	(89.2)	(224.8)
Outgoing entities	-	(0.3)	-	-	(1.5)	(1.8)
Acquisitions	3.3	0.1	-	11.5	29.6	44.5
Disposals	-	(0.2)	-	(3.1)	(2.9)	(6.2)
Amortization	(12.9)	(2.6)	(0.5)	-	(9.0)	(25.0)
Impairment	(0.4)	-	-	-	-	(0.4)
Reclassification and other	8.9	(0.1)	0.6	-	(9.4)	0.0
Reclassification to assets held for sale(1)	(0.6)	(38.6)	-	-	(0.8)	(40.0)
Exchange rate differences	-	11.7	(0.1)	(0.1)	1.0	12.5
Carrying amount at December 31, 2022	**52.2**	**147.8**	**1.3**	**8.3**	**77.9**	**287.5**
Gross amount	167.0	159.1	6.6	8.3	163.3	504.3
Amortization and impairment	(114.8)	(11.3)	(5.3)	-	(85.4)	(216.8)
Incoming entities	-	-	6.9	-	-	6.9
Acquisitions	0.2	-	-	-	14.3	14.5
Disposals	-	-	-	(4.0)	-	(4.0)
Amortization	(6.1)	(0.4)	(0.2)	-	(4.6)	(11.3)
Reclassification and other	2.2	(10.0)	0.1	2.0	6.5	0.8
Reclassification to assets held for sale(1)	0.2	0.8	-	-	(0.4)	0.6
Exchange rate differences	(0.4)	(0.0)	0.2	-	(0.1)	(0.3)
Carrying amount at June 30, 2023	**48.3**	**138.2**	**8.3**	**6.3**	**93.6**	**294.7**
Gross amount	165.1	148.0	11.9	6.3	170.3	501.6
Amortization and impairment	(116.8)	(9.8)	(3.6)	-	(76.7)	(206.9)

(1) Of which at June 30, 2023, €0.8 million with respect to the business serving the paper market. At December 31, 2022, €39.2 million with respect to the High Temperature Solutions line of business and €0.8 million with respect to the business serving the paper market (Note 20).

Note 15 Property, plant and equipment

Table of changes

The following table shows the change in the carrying amount of property, plant and equipment owned by the Group between the beginning and end of the periods presented. The “Right-of-use assets” column presents the change in rights conveyed by leases to use property, plant and equipment. The “Mining assets” column includes the carrying amount of mineral deposits that Imerys owns or leases, as well as the overburden work required to gain access to the deposit. The other columns in the table analyze the change in freehold movable and immovable property, depending on their nature.

(€ millions)	Right-of-use assets	Mining assets	Land and buildings	Plant and equipment	Down payments and plants under construction	Other plant and equipment	Total
Carrying amount at January 1, 2022	**175.6**	**419.0**	**302.4**	**1,022.0**	**224.4**	**73.8**	**2,217.2**
Gross amount	364.0	966.1	555.2	3,844.9	248.5	307.9	6,286.6
Depreciation and impairment	(188.4)	(547.1)	(252.8)	(2,822.9)	(24.1)	(234.1)	(4,069.4)
Incoming entities	-	-	-	-	1.5	-	1.5
Outgoing entities(1)	(0.2)	(2.5)	(0.1)	(8.9)	-	(0.4)	(12.1)
Acquisitions	-	72.1	5.4	58.9	212.7	7.8	356.9
Acquisition cost and subsequent adjustments	55.8	-	-	-	-	-	55.8
Disposals	-	-	(3.0)	(2.5)	(0.3)	-	(5.8)
Depreciation	(53.3)	(57.1)	(14.2)	(145.5)	(1.6)	(20.2)	(291.9)
Impairment	-	(2.3)	(4.3)	(11.3)	-	(0.2)	(18.1)
Reclassification and other	-	0.1	4.1	172.5	(189.9)	13.2	0.0
Reclassification to assets held for sale(2)	(45.9)	(23.6)	(66.0)	(220.5)	(23.9)	(7.7)	(387.6)
Exchange rate differences	1.1	9.8	3.4	22.4	5.7	1.0	43.4
Carrying amount at December 31, 2022	**133.1**	**415.5**	**227.7**	**887.1**	**228.6**	**67.3**	**1,959.3**
Gross amount	311.2	976.4	440.1	3,275.7	233.1	280.0	5,516.5
Depreciation and impairment	(178.1)	(560.9)	(212.4)	(2,388.6)	(4.5)	(212.7)	(3,557.2)
Incoming entities	-	-	-	0.2	-	0.1	0.3
Outgoing entities	-	-	-	-	(0.1)	-	(0.1)
Acquisitions	-	31.9	1.1	5.8	89.3	0.8	128.9
Acquisition cost and subsequent adjustments	24.9	-	-	-	-	-	24.9
Disposals	-	(0.5)	(0.7)	(1.4)	(0.6)	0.2	(3.0)
Depreciation	(19.2)	(23.9)	(5.5)	(64.4)	-	(8.3)	(121.3)
Impairment	-	-	(1.0)	(17.7)	(0.3)	(1.3)	(20.3)
Reversals of impairment	-	-	-	-	-	0.9	0.9
Reclassification and other	-	3.2	3.5	39.2	(52.8)	6.9	0.0
Reclassification to assets held for sale(2)	(1.0)	(12.6)	(0.5)	(0.3)	6.3	-	(8.1)
Exchange rate differences	(0.5)	(1.4)	(0.5)	(3.1)	(2.0)	(1.7)	(9.2)
Carrying amount at June 30, 2023	**137.3**	**412.2**	**224.1**	**845.4**	**268.4**	**64.9**	**1,952.3**
Gross amount	320.3	985.5	437.3	3,267.1	272.6	278.9	5,561.7
Depreciation and impairment	(183.0)	(573.3)	(213.2)	(2,421.7)	(4.2)	(214.0)	(3,609.4)

(1) Hydrous kaolin business in the US (Note 20)

(2) €200.3 million with respect to the High Temperature Solutions line of business and €185.7 million with respect to the business serving the paper market (Note 20).

Note 16 Impairment tests

At December 31, 2022, the impairment test on goodwill covering the scope of continuing operations did not lead to the recognition of any impairment loss. This test is performed systematically on goodwill at the end of the financial year. It is only performed at the half-year close when an impairment indicator is identified. After having considered the observable facts and circumstances likely to trigger an impairment test, particularly interest rate fluctuations and events that may affect operations, Executive Management identified there was no indication of impairment and the test on goodwill was not performed at the end of the first half of 2023. Impairment tests of operations held for sale or discontinued operations were carried out separately and their results are presented in *Note 20*.

Note 17 Inventories

	06.30.2023			12.31.2022		
(€ millions)	Gross amount	Write-down	Carrying amount	Gross amount	Write-down	Carrying amount
Raw materials	345.5	(18.3)	327.2	385.1	(19.3)	365.8
Work in progress	127.3	(5.2)	122.1	132.6	(4.5)	128.1
Finished goods	205.2	(10.6)	194.6	209.0	(12.2)	196.8
Merchandise	85.5	(1.3)	84.2	100.6	(1.4)	99.2
Total	**763.5**	**(35.4)**	**728.1**	**827.3**	**(37.4)**	**789.9**

Note 18 Other provisions

(€ millions)	06.30.2023	12.31.2022
Other non-current provisions	391.9	388.8
Other current provisions	41.5	34.3
Total	**433.4**	**423.1**

The following table presents the change in other provisions.

(€ millions)	Product warranties	Environmental and dismantling obligations	Mine site restoration	Legal, social and regulatory risks	Total
Balance at January 1, 2022	**2.6**	**134.4**	**154.5**	**175.7**	**467.2**
Change in the scope of consolidation	-	(4.2)	(4.9)	(0.5)	(9.6)
Increase	0.9	14.8	8.7	26.9	51.3
Utilizations	(0.1)	(5.9)	(8.1)	(18.9)	(33.0)
Unused decreases	(1.2)	(0.9)	-	(13.1)	(15.2)
Unwinding expense	-	0.8	1.3	0.8	2.9
Reclassification and other	-	(1.3)	-	(1.2)	(2.5)
Reclassification in liabilities related to assets held for sale(1)	(1.2)	(22.5)	(6.1)	(15.8)	(45.6)
Exchange rate differences	(0.2)	(2.3)	2.3	7.8	7.6
Balance at December 31, 2022	**0.8**	**112.9**	**147.7**	**161.7**	**423.1**
Change in the scope of consolidation	-	-	-	-	0.0
Increase	0.3	6.5	3.8	23.4	34.0
Utilizations	(0.2)	(1.4)	(2.6)	(9.9)	(14.1)
Unused decreases	-	(0.5)	-	(3.6)	(4.1)
Unwinding expense	-	0.8	0.9	-	1.7
Reclassification and other	-	-	-	(0.4)	(0.4)
Reclassification in liabilities related to assets held for sale(1)	-	(6.5)	0.4	(2.0)	(8.1)
Exchange rate differences	-	2.9	(0.8)	(0.7)	1.4
Balance at June 30, 2023	**0.9**	**114.7**	**149.4**	**168.5**	**433.4**

(1) Of which -€44.7 million with respect to the business serving the paper market (Note 20). At December 31, 2022, -€8.8 million with respect to the High Temperature Solutions line of business and -€36.6 million with respect to the business serving the paper market (Note 20).

The criteria used to measure other provisions at the end of the half-year reporting period are identical to those applied at the end of the annual reporting period *(Note 23.2 in chapter 6.1 of the 2022 Universal Registration Document)*. This amount includes in particular the balance of the provision set aside to resolve the litigation involving the Group's talc operations in the US.

On February 13, 2019, the Group's three North American talc subsidiaries (the "North American Talc Subsidiaries") decided to file for the protection, with immediate effect, of the special legal process of Chapter 11 under US bankruptcy law in order to permanently resolve the potential liabilities related to their historic commercial talc operations in the United States. Under Chapter 11, the Group remains the legal owner of the share capital of the North American Talc Subsidiaries, but their businesses are under the judicial control of the relevant US Delaware federal courts, which oversees the continuing operations of the entities concerned as well as the conclusion and execution of a business reorganization plan that the North American Talc Subsidiaries have sought to negotiate with representatives of existing and future potential claimants (the "Representatives of Claimants") in talc-related litigation brought against them. The Chapter 11 process also suspends all ongoing and future litigation proceedings and prevents any further claims being brought against these entities relating to past and current talc operations in the US.

Given effective control of the North American Talc Subsidiaries was transferred on February 13, 2019 to the court to repay creditors, the assets and liabilities held by the three subsidiaries were removed from the scope of consolidation of the Group's financial statements from this date forward, which led to an additional expense of €5.6 million being recognized in other operating income and expenses. Negotiations between the North American Talc Subsidiaries, which were joined by Imerys Talc Italy (the "Talc Subsidiaries Involved"), the Group and the Representatives of Claimants led to the agreement on May 15, 2020 of a joint reorganization plan (the "Plan"), which was filed on the same day with the competent Federal Court for the District of Delaware (the "Bankruptcy Court"). The Plan provides that once the necessary approvals have been obtained, the Talc Subsidiaries Involved will come out of the Chapter 11 process and the Group will be released from all existing and future talc-related liabilities arising out of their past operations, as such liabilities will be channeled into a dedicated trust to be established.

Following the approval by the Bankruptcy Court of the disclosure statement of the Plan (the "Disclosure Statement") in January 2021, the Plan was then submitted to the vote by the creditors and claimants against the Talc Subsidiaries Involved. In April 2021, the Plan was approved at a qualified majority exceeding the 75% required voting threshold under the applicable regulations. However, on

October 13, 2021, the Bankruptcy Court issued a ruling that certain ballots cast in favor of the Plan will not be counted and, as a consequence, the approval of the Plan fell just short of the required 75% majority vote. This ruling is expected to result in a new solicitation of votes on an updated Plan.

The North American Talc Subsidiaries, the Representatives of the Claimants, and other stakeholders in the Chapter 11 process are still engaged in a mediation approved by the Bankruptcy Court, with a successively extended timeline, to reach a revised Plan (the “Revised Plan”) that will achieve the required 75% majority approval vote. The key remaining disputed issues in the Chapter 11 process involve (i) monetization of the North American Talc Subsidiaries’ rights to insurance coverage and contractual indemnity and (ii) allocation of the North American Talc Subsidiaries’ assets, including current and future potential settlement proceeds with third parties, among claimants alleging different injuries. These issues are not related to the terms and conditions of the settlement with the Group as embedded in the Plan announced in May 2020, which continues to be supported by the Representatives of the Claimants. Once the relevant stakeholders reach an agreed Revised Plan following the ongoing mediation and other negotiations, the supporting documents of the Revised Plan will be submitted to the approval of the Bankruptcy Court before a new solicitation of claimants’ votes on the Revised Plan is undertaken by the Talc Subsidiaries Involved. Subject to approval of the Revised Plan at the required 75% voting threshold, it will then undergo a confirmation procedure before the Bankruptcy Court to be followed by a final approval process before the competent Federal Court.

The mediation and negotiation process to agree on a Revised Plan continues to progress but at a lower pace than anticipated. This results primarily from the distraction of the Representatives of the Claimants caused by the individual and separate chapter 11 cases commenced by a new subsidiary of the Johnson & Johnson group - LTL Management LLC (“LTL”) - specifically created for this purpose. After a dismissal in January 2023 by the relevant Court of Appeals of the LTL’s first chapter 11 petition, LTL re-filed for chapter 11 protection in April 2023 before the same Bankruptcy Court for the District of New Jersey. This separate and specific chapter 11 case is highly contested judicially and involves many of the same stakeholders, including claimants, as the Chapter 11 of the North American Talc Subsidiaries.

Imerys Talc Italy has been named in a few talc related lawsuits in the United States. Upon the grant of the required majority vote on the Revised Plan, Imerys Talc Italy also intends to file for Chapter 11 protection before the final confirmation of the Revised Plan and join the Revised Plan in order to benefit from the same comprehensive and permanent resolution of historic talc-related liabilities as the North American Talc Subsidiaries. In accordance with the Plan, the North American Talc Subsidiaries sold their assets to Magris Resources, a Canadian investment fund, for USD223.0 million on February 17, 2021. Imerys Talc Italy’s business was not included in this sale and will remain part of the Group throughout and after the closing of the Chapter 11 proceedings. Under the terms and conditions of the settlement with the Group as embedded in the Plan, the Group’s contribution consists of (i) a minimum cash payment of USD75.0 million, (ii) an additional amount of up to USD102.5 million subject to a reduction mechanism proportionate to the sale price for the assets of the North American Talc Subsidiaries, and (iii) certain other components further outlined in the Plan. These commitments primarily include certain insurance assets, financing of minor unsecured trade claims (USD5.0 million) and certain potential excess administrative costs of the Chapter 11 process incurred by the Talc Subsidiaries Involved up to a maximum of USD15.0 million.

Given the North American Talc Subsidiaries assets were sold for USD223.0 million, the Group’s contribution under the above-mentioned (i) and (ii) of the Revised Plan is not expected to exceed the minimum amount of USD75.0 million. In light of the current state and progress of mediation and negotiation toward a Revised Plan between the relevant stakeholders, at the date the Group’s 2023 half-year financial results were approved, Executive Management reviewed with the help of independent third-party experts and reiterated its prior estimate of the risk related to the resolution of the Chapter 11 procedure and the forecast financial impact for the Group. A provision of €250.0 million was initially accrued in Imerys’ 2018 consolidated financial accounts, bearing in mind that the North American Talc Subsidiaries have been deconsolidated since February 13, 2019. At June 30, 2023, the provision recognized in the Imerys financial statements, which amounted to USD114.2 million, i.e. €105.1million, was considered appropriate to cover the expected financial impact of the Revised Plan for the Group.

Note 19 Financial liabilities

19.1 Financial debt

Gross financial debt includes the non-current and current portion of “Borrowings and financial debt” and “Lease liabilities” as well as derivative financial assets and liabilities hedging debt risks. Net financial debt reflects the Group’s net position on the market and with financial institutions, i.e. the total financial liabilities contracted in the market and with financial institutions in the form of bonds, bank credits, lease liabilities and bank overdrafts, less cash, cash equivalents and other current financial assets. It is used to manage the Group’s financial resources, in particular to calculate covenants with which Imerys has to comply as part of the financing agreements entered into with financial markets *(Note 19.2)*.

This note analyzes the change in net financial debt in two stages – from current EBITDA to net current free operating cash flow, and from net current free operating cash flow to the change in net financial debt. The following table presents the link between net financial debt and the Consolidated Statement of Financial Position with a distinction between non-derivative and derivative financial instruments. Derivative financial instruments included in the calculation of net financial debt correspond to financing hedge assets and liabilities since they are part of the future cash outflows of this aggregate *(Note 19.2)*. Operational hedge instruments are not included in the calculation of net financial debt.

At June 30, 2023, “Cash and cash equivalents” amounted to €684.2 million (€620.2 million at December 31, 2022), of which €318.7 million in cash (€593.1 million at December 31, 2022) and €365.5 million in cash equivalents (€27.1 million at December 31, 2022). At June 30, 2023, cash included a restricted balance of €3.0 million (€3.5 million at December 31, 2022) not available for Imerys S.A. and its subsidiaries, of which €2.7 million (€3.1 million at December 31, 2022) due to legal restrictions on foreign exchange controls and €0.3 million (€0.4 million at December 31, 2022) due to statutory requirements. Furthermore, the Group holds €2.2 million in cash in its entities in Russia, which, although available for Imerys S.A. and its subsidiaries, are subject to certain restrictive regulatory provisions (€8.3 million at December 31, 2022). Cash equivalents were composed of €365.5 million in short-term deposits and similar investments at June 30, 2023 (€27.1 million at December 31, 2022).

Imerys’ PM segment has had a permanent factoring agreement in place for several years *(Note 21.2 of Chapter 6.1 of the 2022 Universal Registration Document)*. The carrying amount of derecognized receivables relating to this agreement stood at €3.3 million at June 30, 2023 (€6.2 million at December 31, 2022). Moreover, at June 30, 2023 Imerys has introduced for the first time an ad-hoc factoring program. Through this, the company retains an ongoing application in assigned receivables through the risk of dilution, as well as through the obligation to return to the factor the cash flows received from customers. The risks and benefits associated with the assigned receivables have been substantially transferred to the factor and these receivables have been derecognized. At June 30, 2023, these derecognized receivables had a carrying amount of €69.7 million.

(€ millions)	**06.30.2023**	**12.31.2022**
Non-derivative financial liabilities	**1,883.9**	**2,291.1**
Borrowings and financial debt - non-current	1,694.7	1,694.5
Lease liabilities - non-current	100.2	98.1
Borrowings and financial debt - current	17.1	452.7
Lease liabilities - current	42.0	42.1
Bank overdrafts	29.9	3.7
Non-derivative financial assets	**(687.9)**	**(622.2)**
Other financial assets	(3.7)	(2.0)
Cash and cash equivalents	(684.2)	(620.2)
Hedge derivatives	**2.4**	**(2.7)**
Financing hedge instruments - liabilities	4.8	1.7
Financing hedge instruments - assets	(2.4)	(4.4)
Net financial debt	**1,198.4**	**1,666.2**

19.2 Borrower's liquidity risk

Description. Borrower's liquidity risk is the risk whereby Imerys would not be in a position to meet the repayment obligations of its financial liabilities. To assess the exposure of the Group to this risk, the following table presents maturity on issue at June 30, 2023.

	Less than 1 year		2 to 5 years		More than 5 years		
(€ millions)	Capital	Interest	Capital	Interest	Capital	Interest	Total
Non-derivative financial liabilities	**47.5**	**29.8**	**1,483.7**	**81.8**	**345.6**	**25.0**	**2,013.4**
Eurobond/EMTN/Sustainability-Linked Bonds	-	27.6	1,400.0	74.5	300.0	9.0	1,811.1
Private placements	-	-	-	-	-	-	0.0
Short-term negotiable debt securities issued	-	-	-	-	-	-	0.0
Bilateral facilities	-	-	-	-	-	-	0.0
Other facilities	(2.4)						(2.4)
Lease liabilities	49.9	2.2	83.7	7.3	45.6	16.0	204.7
Hedge derivatives	**2.4**	**-**	**-**	**-**	**-**	**-**	**2.4**
Financing hedge instruments - liabilities	4.8	-	-	-	-	-	4.8
Financing hedge instruments - assets	(2.4)	-	-	-	-	-	(2.4)
Future cash outflows with respect to gross financial debt	**49.9**	**29.8**	**1,483.7**	**81.8**	**345.6**	**25.0**	**2,015.8**
Non-derivative financial liabilities	**29.9**	**-**	**-**	**-**	**-**	**-**	**29.9**
Bank overdrafts	29.9	-	-	-	-	-	29.9
Non-derivative financial assets	**(687.9)**	**-**	**-**	**-**	**-**	**-**	**(687.9)**
Other current financial assets	(3.7)	-	-	-	-	-	(3.7)
Cash and cash equivalents	(684.2)	-	-	-	-	-	(684.2)
Future cash outflows with respect to net financial debt	**(608.1)**	**29.8**	**1,483.7**	**81.8**	**345.6**	**25.0**	**1,357.8**
of which items recognized at June 30, 2023 (net financial debt)	(608.1)	(22.8)	1,483.7	-	345.6	-	1,198.4
Non-derivative financial liabilities	**772.2**	**-**	**-**	**-**	**-**	**-**	**772.2**
Trade payables	449.9	-	-	-	-	-	449.9
Other debts	322.3	-	-	-	-	-	322.3
Hedge derivatives	**20.4**	**-**	**-**	**-**	**-**	**-**	**20.4**
Operational hedge instruments - liabilities	40.7	-	-	-	-	-	40.7
Operational hedge instruments - assets	(20.4)	-	-	-	-	-	(20.4)
Future cash outflows	**184.5**	**29.8**	**1,483.7**	**81.8**	**345.6**	**25.0**	**2,150.4**

The maturity of the net financial debt after interest rate swaps is as follows:

(€ millions)	Less than 1 year	2 to 5 years	More than 5 years	Total
Debt at fixed rate	**46.1**	**1.503.0**	**300.0**	**1,849.1**
Debt at fixed rate on issue	46.1	1.503.0	300.0	1,849.1
Fixed-for-floating swap	-	-	-	0.0
Debt at floating rate	**(650.7)**	**-**	**-**	**(650.7)**
Debt at floating rate on issue	7.2	-	-	7.2
Net cash and other current financial assets	(657.9)	-	-	(657.9)
Fixed-for-floating swap	-	-	-	0.0
Net financial debt	**(604.6)**	**1.503.0**	**300.0**	**1,198.4**

Risk Management. Imerys is required to maintain one covenant for a portion of its finance agreements. The main restrictive terms and conditions attached to certain bilateral facilities are as follows:

- Purpose: general corporate financing requirement.
- Covenant compliance obligations: consolidated net financial debt excluding IFRS 16 lease liabilities/consolidated equity shall, in accordance with the related financing agreements, be less than or equal to 1.60 at the end of each reporting period for annual consolidated financial statements. At June 30, 2023, the ratio worked out at 0.32 (0.45 at December 31, 2022).
- Absence of any collateral in favor of lenders.

Failure to comply with the above obligations in any of the related financing agreements could lead to the available amount being canceled and the corresponding financial debt becoming immediately due, upon demand of the lender(s) in question. Other than with two exceptions, the Group's financing agreements do not provide for any cross default if a mandatory covenant is breached. At June 30, 2023, Imerys had a long-term rating of *Baa3 stable outlook* from Moody's (*Baa3 stable outlook* at December 31, 2022) and of *BBB- stable outlook* from S&P (*BBB- stable outlook* at December 31, 2022).

On June 27, 2023, Imerys updated its Euro Medium Term Note program (EMTN) with the Financial Industry Regulatory Authority in Luxembourg, the Commission de Surveillance du Secteur Financier. The program amounted to €3.0 billion and is approved to issue notes similar to ordinary bonds with maturities from one month to 30 years. At June 30, 2023, outstanding securities amounted to €1,400.0 million (€1,400.0 million at December 31, 2022).

Imerys also has a Negotiable European Commercial Paper (NEU CP) program capped at €1,000.0 million (€1,000.0 at December 31, 2022) rated P-3 by Moody's (P-3 at December 31, 2022). At June 30, 2023, outstanding short-term commercial paper amounted to €0.0 million (€433.0 million at December 31, 2022).

In 2022, Imerys implemented a Negotiable European Medium-Term Note (NEU MTN) program with the Banque de France capped at €300.0 million (€300.0 million at December 31, 2022) rated Baa3 by Moody's and BBB- by S&P. No securities were issued during the first half of 2023 or in 2022. At June 30, 2023, Imerys had access to €1,010.0 million in available bilateral facilities (€1,010.0 million at December 31, 2022), a portion of which secures the commercial paper issued, in accordance with the Group's financial policy.

Moreover, Imerys further underscored its commitment in its sustainable development policy by tying its financing strategy to its environmental ambition in 2021. On May 14, 2021, the Group completed an issue of bonds indexed to its sustainable development objectives (*Sustainability-Linked Bonds*) for a principal amount of €300.0 million. These bonds, due to mature on July 15, 2031, bear an annual coupon of 1.00% and are admitted to trading on the regulated market of the Luxembourg Stock Exchange. Issued in accordance with the Sustainability-Linked Bond Principles as published by the International Capital Market Association (ICMA), these instruments are indexed to a target to reduce greenhouse gas emissions by 22.9% in 2025 and 36.0% in 2030 in relation to revenue (tCO_2e/million euros) considering 2018 as the reference year, as approved by the Science Based Target initiative (SBTi).

This includes Scope 1 emissions (direct emissions from sources owned or controlled by Imerys) and Scope 2 emissions (indirect emissions from the production of electricity, heat or steam imported or purchased by the Group). Failure to comply with these targets at December 31, 2025 and/or at December 31, 2030 could lead to the payment of penalties corresponding to 25 basis points of the principal amount for the 2025 target and/or 50 basis points of the principal amount for the 2030 target. At June 30, 2023, Imerys had reduced the metric tons of CO_2 emitted per million euros of revenue by 35.2% compared with 2018 levels (31.0% since 2018 at December 31, 2022).

OTHER INFORMATION

Note 20 Changes in the scope of consolidation

Performance Minerals (PM). In the first half of 2022, the segment completed two disposals: on one hand, of a group of hydrous kaolin mining and industrial transformation assets serving the paper market in Georgia (United States) sold to the American group Thiele Kaolin Company (disposal price of €49.7 million paid in cash, €9.4 million loss on the disposal *(Note 8)*); on the other hand, of a natural graphite business in Canada and Namibia sold to Canadian group Northern Graphite Corporation (NGC) (disposal price of €37.2 million, of which €33.5 million in cash and €3.7 million in shares of the acquirer NGC; €32.0 million gain on the disposal *(Note 8)*).

Following the offer received on September 9, 2022, the parties entered into an agreement for the disposal of shares and assets relating to a group of mining and industrial assets serving the paper market in the United States, Europe and Asia. This agreement includes a condition relating to the prior authorization of the transaction, which has been met, as well as the completion of carve-out transactions to separate certain assets contributed and deliver a stand-alone business. These carve-out transactions remain underway in Europe and South America, with a projected completion date for the transaction in the second half of 2023. The parties are working to complete this transaction by that date, which could be extended in the event that these carve-out measures are implemented.

The assets involved in this transaction, as well as their related liabilities, were classified as assets and liabilities held for sale as of September 9, 2022. Amortization and depreciation were no longer recognized after this date. At December 31, 2022, the €110.0 million share of goodwill from the Performance Minerals business allocated to this business was impaired by €108.0 million in order to limit the carrying amount of the business assets (and liabilities related to assets) to the net fair value of the costs of the sale. In the first half of 2023, an additional impairment loss of €10.0 million was recognized. On the transaction date, Imerys will reclassify to profit and loss the translation differences associated with the sold assets, which amounted to -€214.0 million at June 30, 2023.

Assets and liabilities held for sale in the business serving the paper market

(€ millions)	**06.30.2023**	**12.31.2022**
Non-current assets	236.2	222.0
Current assets	194.4	211.4
Assets held for sale	**430.6**	**433.4**
Non-current liabilities	63.3	55.8
Current liabilities	68.7	77.7
Liabilities related to assets held for sale	**132.0**	**133.5**

On June 29, 2023, Imerys and British Lithium created the joint-venture Research by British Lithium “RBL”, with the aim of becoming the first integrated producer of battery-grade lithium carbonate in the United Kingdom. Imerys contributed its lithium mineral resources, its land and infrastructure in return for an 80% stake in RBL, while British Lithium contributed its bespoke lithium processing technology, its teams and pilot plant in return for the remaining 20%. RBL’s opening balance sheet was included in the Group’s financial statements at June 30, 2023.

High Temperature Materials & Solutions (HTMS). On July 28, 2022, Imerys’ Executive Management designated almost all of its High Temperature Solutions line of business as a discontinued operation. Amortization and depreciation were no longer recognized after this date. In the financial statements at June 30, 2023, as was the case for the financial statements at December 31, 2022, the contribution of discontinued operations to earnings and cash flow were presented separately in the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of cash flows for the current and previous fiscal year presented. On January 31, 2023, the business was sold to US investment fund Platinum Equity. Proceeds of the disposal received in cash amounted to €706.8 million, composed of a disposal price of shares in the entities sold of €646.5 million, €57.3 million in debt refinancing and €3.0 million for the entities remaining to be sold. The carrying amount of the asset sold was €456.0 million. Translation differences reclassified in profit or loss as part of this transaction stood at -€137.0 million. Income from the disposal was +€53.5 million.

Consolidated Income Statement

(€ millions)	06.30.2023	06.30.2022
Revenue	72.9	474.4
Current operating income	7.4	65.3
Operating income	7.2	59.5
Financial income (loss)	1.6	1.9
Income taxes	(2.6)	(20.7)
Gain (loss) on the net monetary position (1)	-	17.8
Net income from discontinued operations	**6.1**	**58.5**

(1) First-time application of IAS 29 on hyperinflationary economies (Note 2.3).

Consolidated Statement of Financial Position

(€ millions)	06.30.2023	12.31.2022
Non-current assets	1.5	503.2
Current assets	0.9	439.6
Assets held for sale	**2.2**	**942.8**
Non-current liabilities(1)	0.0	164.7
Current liabilities	0.8	170.8
Liabilities related to assets held for sale	**0.8**	**335.5**

(1) Including in 2022 debt of €61.1 million corresponding to the commitment to purchase a non-controlling stake in the Turkish group Haznedar.

Note 21 Translation of foreign currencies

		06.30.2023		06.30.2022		12.31.2022	
(€1 =)	**Currency**	**Closing**	**Average**	**Closing**	**Average**	**Closing**	**Average**
Brazil	BRL	5.2365	5.4846	5.4407	5.5583	5.5652	5.4410
India	INR	89.1477	88.8108	81.9972	83.3146	88.2998	82.7117
Singapore	SGD	1.4732	1.4439	1.4483	1.4924	1.4300	1.4517
Türkiye	TRY	28.3193	21.5653	17.3220	16.2395	19.9649	17.3961
US	USD	1.0866	1.0806	1.0387	1.0939	1.0666	1.0537
UK	GBP	0.8583	0.8766	0.8582	0.8422	0.8869	0.8527

Note 22 Related parties

Related parties outside Imerys

Imerys has related party relationships with The Desmarais Family Residuary Trust established for the benefit of certain members of the Desmarais family and Stichting A.K. Frère-Bourgeois, controlled by the Frère family. These entities are the ultimate controlling parties of Imerys. Through their joint venture Pargesa, jointly controlled by Power Corporation du Canada (Canada) and Frère (Belgium), they jointly control the Belgian group Groupe Bruxelles Lambert (GBL) (Belgium), which controls Belgian Securities BV (the Netherlands), a shareholder of Imerys. In this respect, GBL is considered a related party of Imerys. Imerys is not involved in any transactions with these related parties.

Key management personnel of Imerys

The managers qualifying as related parties at June 30, 2023 are the 12 members of the Board of Directors, including the two employee representative directors but excluding the non-voting observer (12 members at December 31, 2022) and the 10 members of the Executive Committee, including the Chief Executive Officer (10 members at December 31, 2022) *(Note 27 of Chapter 6.1 of the 2022 Universal Registration Document)*.

In accordance with the acquisition agreement concluded between Imerys, S&B GP, Blue Crest and K and R Holdings Sàrl on November 5, 2014 and subsequently amended, PropCo2, an entity affiliated with Blue Crest, which holds 5.97% of voting rights in Imerys, in which Paris Kyriacopoulos, director of Imerys, also holds a directorship, must reimburse Imerys Industrial Minerals Greece S.A., which owns land in the name and on behalf of these entities, for the expenses it incurred in relation to its ownership of this land. This €10,949 commitment was considered a related party transaction. No amount was reimbursed in 2022 or 2023.

Post-employment benefits for Imerys employees

The post-employment benefit plans to which Imerys employees are entitled are deemed to be related party agreements. The amount of the contributions to external funds recognized as an expense in the first half of 2023 amounted to €8.8 million (€15.7 million in 2022), including €5.4 million for Imerys UK Pension Fund Trustees Ltd, United Kingdom (€8.6 million in 2022) and €1.1 million for Comerica, United States (€1.6 million in 2022).

Transactions with joint ventures and associates

Of the main joint ventures and associates in which Imerys holds a stake, The Quartz Corporation joint venture is the only one to which Imerys granted a loan, which was fully repaid in 2022.

Note 23 Subsequent events

None.

3 | Statutory auditors' review report

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Statutory auditors' review report on the half-year financial information

For the period from January 1, 2023 to June 30, 2023

This is a free translation into English of the statutory auditors' review report on the half-year financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-year management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders
IMERYS
43, quai de Grenelle
75015 PARIS

In compliance with the assignment entrusted to us by the General Shareholders' Meeting and in accordance with the requirements of article L. 451-1-2-III of the French Monetary and Financial Code *("Code monétaire et financier")*, we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Imerys for the period from January 1, 2023 to June 30, 2023,
- the verification of the information presented in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Specific verification

We have also verified the information presented in the half-year management report on the condensed half-year consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, July 28, 2023
The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit
Cédric HAASER

Deloitte & Associés
Olivier BROISSAND

4 Person responsible for the Half-Year Financial Report

1 - Person responsible for the Half-Year Financial Report

Alessandro Dazza, Chief Executive Officer

2 - Certificate of the person responsible for the Half-Year Financial Report

I certify that to the best of my knowledge the condensed financial statements for the past six months have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the reporting entity and the companies included in the scope of consolidation, and that the enclosed half-year activity report includes a fair review of the material events that occurred in the first six months of the financial year, their impact on the financial statements, an account of the main related-party transactions as well as a description of the principal risks and the principal uncertainties for the remaining six months of the year.

Paris, July 27, 2023

Alessandro Dazza
Chief Executive Officer

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Imerys – French Limited Liability Company (*Société Anonyme*)
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